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Panel on Welfare Services

Updated background brief prepared by the Legislative Council Secretariat for the meeting on 21 June 2021

Measuring poverty and poverty alleviation

Purpose

This paper provides background information and gives an account of past discussions of Members on measuring poverty and poverty alleviation.

Background

2. The Commission on Poverty ("CoP") was reinstated in December 2012¹ to deliberate on various policies and measures in support of the Government's poverty alleviation work for achieving the objectives of preventing and alleviating poverty. Chaired by the Chief Secretary for Administration and now in its fourth-term (from 1 July 2020 to 31 December 2022),² CoP comprised 20 non-official appointed members and four secretaries of policy bureaux. Together with its two task forces (i.e. the Community Care Fund

¹ The Commission on Poverty ("CoP") which was chaired by the Financial Secretary was set up in 2005 and terminated on 30 June 2007.

² The major terms of reference of the fourth-term CoP include (a) keeping track of the poverty situation through the annual updating of the poverty line and keeping its analytical framework under review with a view to introducing refinements as needed; (b) reviewing existing policies and exploring new measures to achieve the objective of preventing and alleviating poverty to facilitate upward mobility and provide support to groups with special needs; (c) conducting researches and thematic studies on issues and topics on poverty alleviation to facilitate the formulation of relevant policies and initiatives; (d) overseeing the operation of the Community Care Fund ("CCF") and the Social Innovation and Entrepreneurship Development Fund to plug the gaps in the existing system and promote social innovation to tackle poverty; and (e) promoting cross-sector collaboration in poverty alleviation work and engaging other government advisory committees on poverty alleviation work.

Task Force and the Social Innovation and Entrepreneurship Development Fund Task Force), CoP has been promoting a tripartite partnership among the community, the business sector and the Government.³

3. The setting of a poverty line appropriate to Hong Kong's circumstances was one of the main tasks of CoP. In September 2013, the first-term CoP announced the first official poverty line. It adopted the concept of "relative poverty" as the analytical framework of the poverty line, with monthly household income before policy intervention (i.e. before taxation and social welfare transfers) as the basis for measurement. The poverty line was set at 50% of the median monthly household income ("MMHI") by household size. Poverty statistics for Hong Kong have since then been updated annually under the poverty line analytical framework for ongoing monitoring of the poverty situation in the territory.⁴ To date, the Government has published eight annual analyses of the poverty situation, with statistics covering the period between 2009 and 2019.⁵ The poverty lines and the poverty rates from 2009 to 2019 are in **Appendices I and II**.

Deliberations of Members

4. Issues relating to the subject were discussed at a number of meetings of the Panel on Welfare Services ("the Panel"), the Subcommittee on Poverty formed under the House Committee ("HC") in the Fifth Legislative Council ("LegCo"), the Subcommittee on Children's Rights and the Subcommittee on Rights of Ethnic Minorities formed under HC in the Sixth LegCo.

³ According to the Administration, the first-term CoP set a poverty line that suited Hong Kong's context and offered advice on the formulation of the Low-income Working Family Allowance Scheme, while the second-term CoP was mainly engaged in enhancing the retirement protection system in Hong Kong and promoting social innovation. The third-term CoP proactively introduced more CCF programmes and regularized a number of measures that were found to be effective in alleviating poverty and supporting the disadvantaged. It also attended to social housing and youth issues, and advised on how the poverty statistics currently compiled could better reflect the Government's efforts in poverty alleviation.

⁴ Adopting the analytical framework of the poverty line endorsed by CoP, the Office of the Government Economist in collaboration with the Census and Statistics Department ("C&SD") update and analyse the poverty statistics using data from the General Household Survey by C&SD as the basis.

⁵ The first Hong Kong Poverty Situation Report was published in 2013 to provide a detailed analysis of the poverty situation in 2012. It also examined the poverty trend between 2009 and 2012. The annual Hong Kong Poverty Situation Reports are available at the CoP's website <https://www.povertyrelief.gov.hk/eng/archives.html>.

Poverty line

5. Some members considered that the Administration should review the practice of adopting the concept of "relative poverty" in setting the poverty line and study the adoption of the concept of "absolute poverty" which identified individuals who could not meet a level of minimum subsistence or basic needs as poor, or set another subsistence living protection line to identify individuals living in severe poverty.

6. According to the Administration, the concept of "relative poverty" had been widely adopted amongst developed economies, such as the Organisation for Economic Co-operation and Development and the European Union. The statistics so compiled were generally comparable internationally and easy to understand. The fact that some non-governmental organizations in Hong Kong had for years adopted the concept of "relative poverty" as the basis for analysing the poverty situation also demonstrated the receptiveness of the relevant analytical framework generally. As regards the concept of "absolute poverty", it was more widely adopted amongst developing economies. On the suggestion of setting a subsistence living protection line, the Administration advised that the poverty line provided a simple quantitative basis for understanding the trends of the poverty situation. It would continue to make use of the poverty line analysis to monitor the poverty situation, evaluate the effectiveness of various initiatives on poverty alleviation, as well as review and improve policy initiatives in the light of relevant data analyses.

7. Some members opined that as CoP had incorporated public housing benefits in the calculation of the poverty line, the size of the poor population would be substantially reduced, thus understating the poor population. The Administration advised that one of the functions of the poverty line was to assess the effectiveness of government policy intervention on the poverty situation of Hong Kong, and public housing provision was one of the most important intervention points and most effective policies for assisting low-income families.

8. Noting that assets were disregarded in measuring poverty, some members pointed out that the poverty rate of elderly persons would continue to increase statistically with the growth in the elderly population as most of the retired elderly persons did not have regular income and hence, could not truly reflect the poverty situation of elderly persons. The Administration advised that the Government and CoP were cognizant of the limitation of using household income as the sole indicator for measuring poverty. When analyzing the elderly poverty situation, the Government also utilized other statistics to conduct a multi-faceted supplementary analysis in parallel so as to reflect the livelihood of the poor elderly in a more holistic manner. This, to a certain extent, had made up for the current analytical framework's limitation of not taking assets

into account.

9. Some members considered it more desirable to delineate the poverty line at 60% rather than 50% of MMHI. They opined that for a one-person household, 50% of MMHI would be far lower than the average Comprehensive Social Security Assistance ("CSSA") payment for such households. They considered that 50% of MMHI was already the level of absolute poverty, and the poverty line should not be delineated below this level. The Administration advised that it had been a common practice, both internationally and locally, to delineate the poverty line at 50% of MMHI. The setting of a poverty line did not mean that people in need but with income level above the poverty line would be deprived of the opportunity to receive government assistance. Poverty alleviation measures would continue to be considered by the Administration based on the needs of various underprivileged groups.

Enhancing poverty alleviation measures

10. In response to the call of some members for setting a target for poverty alleviation, the Administration advised that to do so would focus its resources on lowering the poverty line. However, based on the concept of "relative poverty", the poverty line thresholds would continue to rise with increasing wage levels. Given the difficulties in predicting the increase in wages, it was technically not feasible to set a target for poverty alleviation. At present, its poverty alleviation initiatives, which included cash-based support measures and in-kind benefits, aimed at achieving the dual functions of poverty prevention and alleviation and would benefit not only those below but also those above the poverty line.

11. Some members were of the view that the current poverty alleviation measures were ineffective in improving the poverty situation. They called on the Administration to provide additional support for specific groups, such as elderly persons, persons with disabilities, the ethnic minorities ("EMs"), women, new arrivals, youth. The Administration advised that the poverty situation study conducted by the Office of the Government Economist and the Census and Statistics Department would identify the various characteristics (e.g. social, economic, housing conditions and district characteristics) of households below the poverty line, and conduct detailed analyses on specific groups such as the working poor, poor elderly, households receiving CSSA, single-parent families, new arrivals, etc. The analyses would facilitate the Administration's formulation of targeted poverty alleviation initiatives. For instance, the Low-income Working Family Allowance Scheme was launched in 2016⁶ to encourage members of low-income families to stay in active employment so as to help

⁶ The Scheme was renamed as the Working Family Allowance Scheme on 1 April 2018 with the implementation of a series of enhancements.

alleviate inter-generational poverty. Various welfare services and employment support services had also been enhanced to encourage able-bodied persons to join the labour market with a view to lifting them out of poverty. In the light of the time lag of the data collected, the effectiveness of the various welfare measures would only be reflected in subsequent poverty situation analyses. Analyses showed that the Administration's recurrent cash measures in 2017 had lifted about 370 000 persons out of poverty, which was about 3% more than the figure in 2016. The Administration would continue to draw up more new pilot schemes through the Community Care Fund to better support the disadvantaged and regularize those schemes with proven results.

12. Taking the view that children living under poverty tended to have less access to opportunities and therefore were more likely to remain poor in adulthood, members urged the Administration to formulate comprehensive policies with clear targets and timeline to tackle child poverty, and conduct a holistic review of welfare policies for children. There was a suggestion that the Administration should review and reform the student financial assistance schemes so as to assist needy students to meet various education-related expenses.

13. According to the Administration, the child poverty situation improved visibly in 2018 as a result of the provision of additional subsidies to families with children under the Working Family Allowance Scheme ("WFA Scheme"). This reduced the child poverty rate by 1.8 percentage points, a notable improvement as compared to the 1.1 percentage point reduction in 2017. The post-intervention child poverty rate also fell to a record low of 16.8%. On education-related expenses, eligible students on CSSA were entitled to a wide range of special grants to meet their educational expenses, which included grants to cover transport fares to and from school, examination fees, application fee for the Joint University Programmes Admissions System, monthly meal allowance for full-day students taking lunch away from home, and a flat-rate grant for selected items of school-related expenses (e.g. books, stationery, school uniforms, miscellaneous and minor one-off expenses, etc.) in each school year.

14. Some members considered that Child Allowance under the WFA Scheme should not be limited by working hours of parents and that all children from grassroot families should be equally benefited. The Administration advised that it had no plan to delink the Child Allowance from the working hour requirements as the objective of the WFA Scheme was to encourage self-reliance of low-income families through employment. Various welfare measures had been put in place to support the working households in need, including increasing the rate of Child Allowance.

15. Pointing out that the poverty rate of elderly persons (aged 65 and above) was 30.5% in 2016 and it was difficult for elderly persons to seek employment, some members urged the Administration to enhance the employment support services for elderly persons. The Administration advised that to encourage employers to hire mature persons and provide them with on-the-job training, the Labour Department ("LD") had further enhanced the Employment Programme for the Elderly and Middle-aged in September 2018. The Employees Retraining Board ("ERB") had also been providing suitable courses for mature persons. Of all trainees attending the training courses provided by ERB in recent years, around 55% were aged 50 or above and one-fourth were aged 60 or above.

16. Some members urged the Administration to lower the age threshold for receiving the non-means-tested Old Age Allowance ("OAA") from 70 to 65 and relax the means test requirements for the Old Age Living Allowance ("OALA"). According to the Administration, it had no plan to lower the age requirement of OAA. Elderly persons with financial needs might consider applying for OALA, Higher OALA or CSSA having regard to their circumstances and wishes. As regards the initiative of combining the Normal and Higher OALA (currently at \$2,845 and \$3,815 per month respectively) with the adoption of the higher payment rate and the raising of the standardized asset limit (to \$500,000 for elderly singletons and \$750,000 for elderly couples) as announced by the Chief Executive in January 2020, the timing of implementation would be reassessed in light of the significant financial implications of the two measures.

17. In view of the high poverty rate of EMs as revealed in the Hong Kong Poverty Situation Report on Ethnic Minorities 2016,⁷ some members opined that the Administration should conduct a study on the poverty situation of EM students with special needs and EM women and strengthen the employment support for EMs. The Administration advised that it would continue to enhance the support services for various groups of population in need by conducting a focused analysis of their situation. LD and ERB had been actively providing employment support services and job-related training for EMs with a view to enhancing their employability and skills. In addition, LD had since May 2017 engaged two employment assistants who were proficient in EM languages at the Kowloon West Job Centre and the Employment in One-stop on a pilot basis to strengthen employment support for EM job seekers. The Administration further advised that it had conducted a comprehensive review of the entry requirements relating to Chinese language proficiency for all civil service grades to ensure that the Chinese language proficiency

⁷ Before policy intervention, there were 22 400 poor ethnic minority ("EM") households and 49 400 poor EMs, with a poverty rate of 19.4%. The corresponding figures after policy intervention (recurrent cash) were lower, at 19 500 households, 44 700 persons and 17.6% respectively.

requirements of all the grades would be commensurate with their job requirements and no more than necessary for performance of the job, thereby removing any unreasonable barrier to EMs in applying for civil service jobs.

Recent development

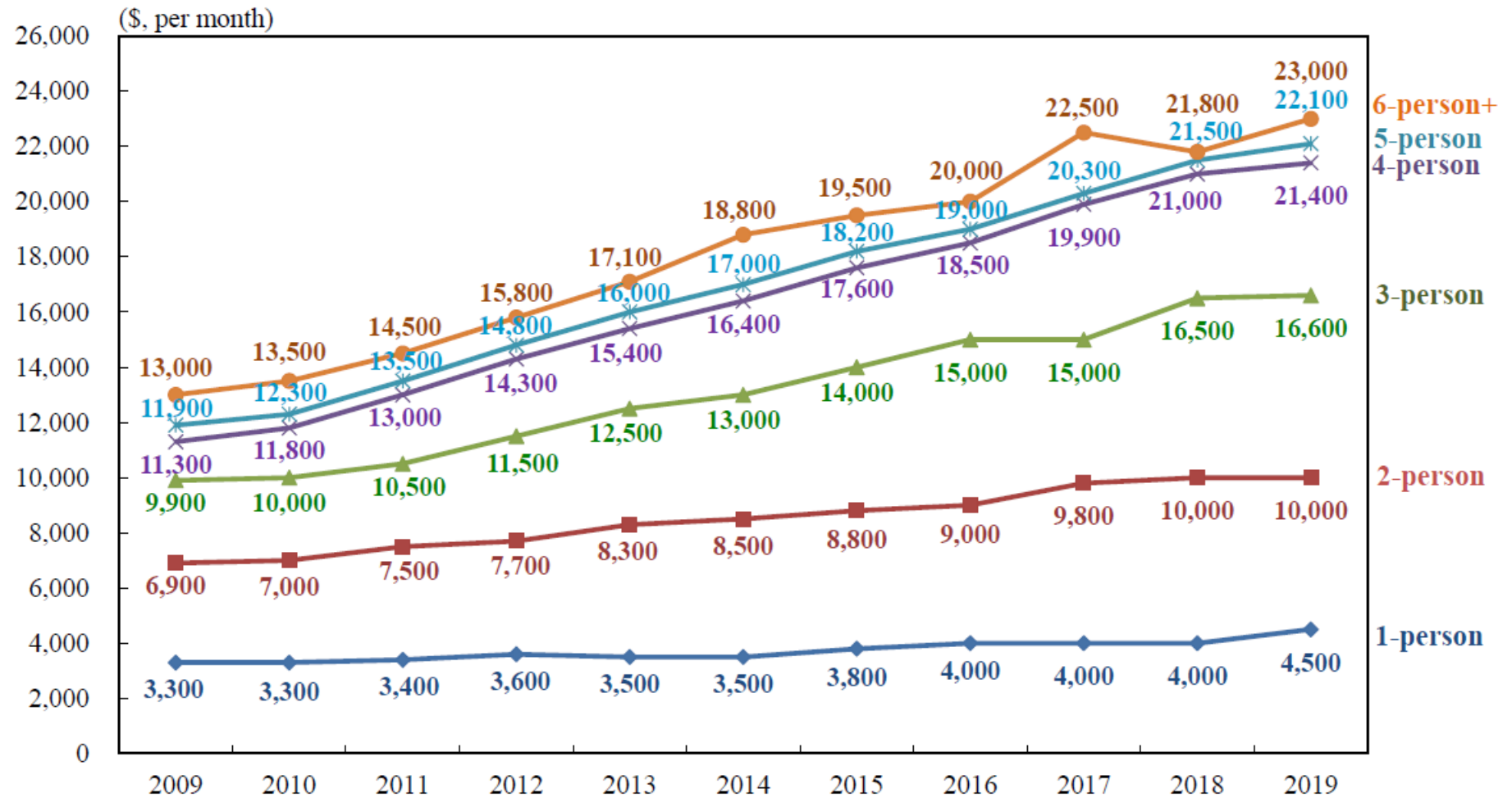
18. The Hong Kong Poverty Situation Report 2019 was released in December 2020. The Administration will brief the Panel on 21 June 2021 on the major findings of the analysis of poverty situation in Hong Kong in 2019 based on the poverty line analytical framework formulated by CoP.

Relevant papers

19. A list of relevant papers on the LegCo website is in **Appendix III**.

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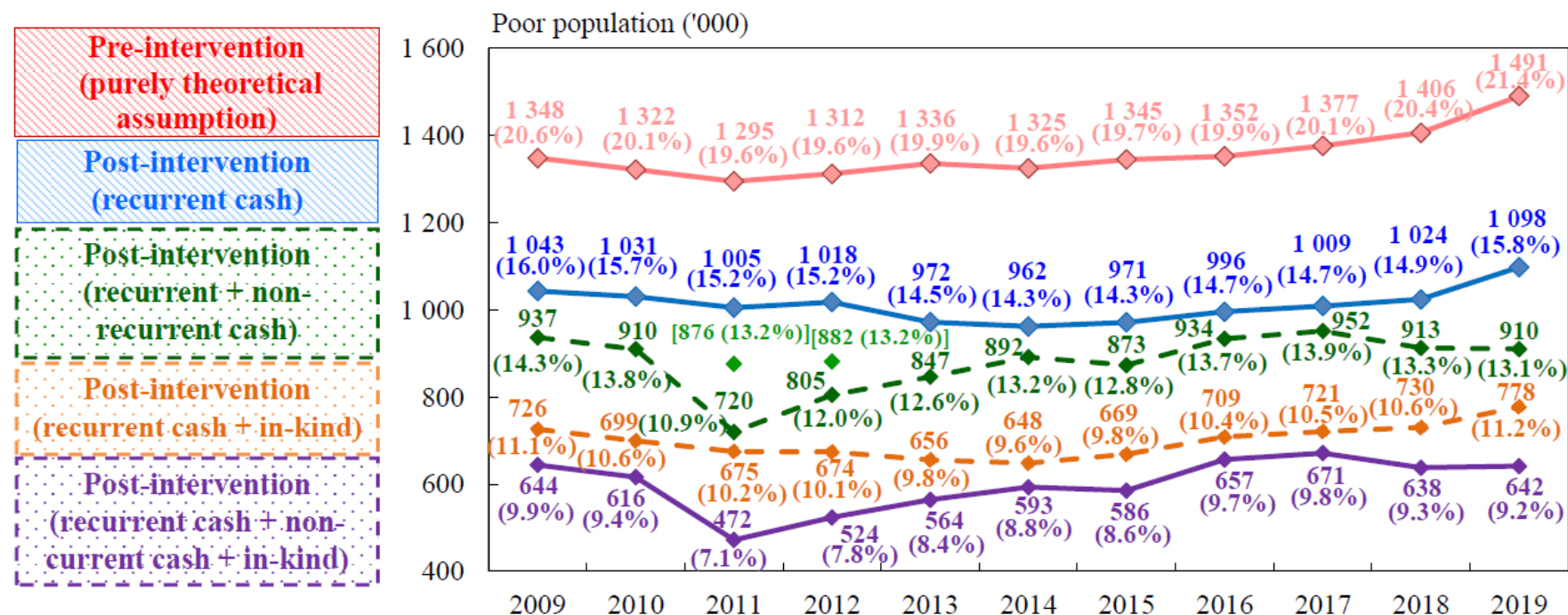
Poverty lines by household size from 2009 to 2019



Source of the above figure: General Household Survey, Census and Statistics Department

Source: Hong Kong Poverty Situation Report 2019

Poor population and poverty rate
after taking into account non-recurrent cash and/or in-kind benefits from 2009 to 2019



Poor households ('000)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Pre-intervention (purely theoretical assumption)	541	536	530	541	555	555	570	582	594	613	649
Post-intervention (recurrent cash)	406	405	399	403	385	383	392	412	420	435	474
Post-intervention (recurrent + non-recurrent cash)	361	354	281 [339]	312 [341]	333	355	354	387	397	385	399
Post-intervention (recurrent cash + in-kind)	284	278	271	272	269	271	281	304	308	316	340
Post-intervention (recurrent cash + non-recurrent cash + in-kind)	253	246	194	216	233	250	250	284	287	276	287

Notes: () Figures in parentheses denote the corresponding poverty rates.
 [] Figures in square brackets denote the corresponding poverty figures, taking into account non-recurrent cash benefits, with the effect of "Scheme \$6,000" excluded. As "Scheme \$6,000" was covered in 2011 and 2012 only, there were no corresponding figures for other years.

Source of the above figure: General Household Survey, Census and Statistics Department

Relevant papers on measuring poverty and poverty alleviation

Committee	Date of meeting	Paper
Subcommittee on Poverty	11 December 2012 (Item III)	Agenda Minutes
	27 April 2013 (Item III)	Agenda Minutes
	8 May 2013 (Item I)	Agenda Minutes
	24 May 2013 (Item III)	Agenda Minutes
	29 October 2013 (Item I)	Agenda Minutes
	28 October 2014 (Item I)	Agenda Minutes
	16 December 2014 (Item II)	Agenda Minutes
	20 October 2015 (Item II)	Agenda Minutes
	18 May 2016*	Report of the Subcommittee to the House Committee
Subcommittee on Children's Rights	4 November 2017 (Item I)	Agenda Minutes
	May 2018*	Report of the Subcommittee to the House Committee
Subcommittee on Rights of Ethnic Minorities	12 June 2017 (Item I)	Agenda Minutes

Committee	Date of meeting	Paper
	October 2018*	Report of the Subcommittee to the House Committee
Panel on Welfare Services	12 March 2018 (Item IV)	Agenda Minutes
	2 April 2019 (Item I)	Agenda Minutes

*Issue date

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