

“Hong Kong Poverty Situation Report 2018” published

The Government released today (December 13) the "Hong Kong Poverty Situation Report 2018". The key analyses (see Annex) were presented to the Commission on Poverty (CoP) at its meeting held this afternoon.

Adopting the analytical framework of the poverty line endorsed by the CoP, the Office of the Government Economist in collaboration with the Census and Statistics Department (C&SD) updated and analysed poverty statistics using the data from the General Household Survey by the C&SD as the basis. This is the seventh annual update of the poverty situation analysis since the publication of the first official poverty line in 2013. The major findings were as follows:

- * In 2018, after taking into account the Government's recurrent cash policy intervention, the poor population amounted to 1 024 300 persons and the poverty rate was 14.9 per cent. Compared with the pre-intervention (i.e. before tax and social welfare transfer) poverty figures (1 406 500 persons and 20.4 per cent respectively), recurrent cash policies effectively lifted 382 200 persons out of poverty and reduced the poverty rate by 5.5 percentage points.

- * The figures for the poor population and the poverty rate in 2018 were slightly higher than those in 2017 (before policy intervention: increased by 29 800 persons and 0.3 percentage point; after recurrent cash policy intervention: increased by 15 500 persons and 0.2 percentage point). This is mainly because of the acceleration of population ageing, which offset the positive impacts brought about by favourable economic and employment conditions and the Government's strengthened efforts in poverty alleviation.

- * The poverty alleviation impact of recurrent cash policies was the most notable since the release of the poverty line in 2013, mainly reflecting the strengthened effectiveness of the enhanced Working Family Allowance (WFA) and the Old Age Living Allowance (OALA). Among various recurrent cash benefits, the Comprehensive Social Security Assistance (CSSA) and OALA had the largest impact on poverty alleviation, lifting 163 000 persons and 147 100 persons out of poverty respectively and reducing the overall poverty rate by 2.3 percentage points and 2.1 percentage points.

- * The child poverty situation improved visibly in 2018 as a result of the provision of additional subsidies to families with children under the WFA. The enhanced WFA 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 per cent.

- * The post-intervention elderly poverty rate rebounded by 0.4 percentage point compared with 2017 to 30.9 per cent in 2018. The increased poor elders

mainly resided in elderly households without any income before government intervention. Even with government benefits, there was still a gap between the household income of some elders and the poverty line. Nevertheless, further analysis indicates that over 80 per cent of the poor elders residing in non-CSSA households (accounting for 89.2 per cent of overall poor elders) had no financial needs, reflecting that some retired elders possessed certain amounts of savings and assets. The actual living standards of elders might be understated under the existing poverty line analytical framework, which adopts household income as the sole indicator. Elderly poverty statistics should therefore be interpreted with caution.

* Other than recurrent cash measures, the Government has been spending significant resources to provide the grassroots with various non-recurrent cash (including one-off relief measures) and in-kind benefits. After taking into account both recurrent and non-recurrent cash measures, the post-intervention poverty rate fell to 13.3 per cent in 2018. After taking into account recurrent cash measures as well as in-kind benefits (comprising mainly public rental housing), the post-intervention poverty rate fell further to 10.6 per cent, lifting additional 294 000 persons out of poverty. This indicates the important role of public rental housing in the Government's poverty alleviation work.

* The Government is committed to providing a variety of support to the needy groups through different services and subsidies. Some non-means-tested universal measures, such as the Elderly Health Care Voucher Scheme and the Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities, are not covered in the poverty line analytical framework, but have helped increase the disposable economic resources of needy households, thereby improving their living standards.

* In 2019, the local economy has weakened visibly, which will likely have repercussions on the earnings and employment prospects for the grassroots. Structural factors such as population ageing would also continue to put pressure on poverty indicators. The Government will closely monitor Hong Kong's poverty situation and continue to adopt a multi-pronged approach in poverty alleviation by providing appropriate assistance to grassroots families to ease their poverty situation and achieve poverty prevention.

The Report has been uploaded to the CoP's dedicated website (www.povertyrelief.gov.hk).