

Commission on Poverty

Indicators of Poverty - An update for 2005 -

Background

The Commission on Poverty (CoP) agreed in its earlier meetings to have a set of multi-dimensional indicators for monitoring the poverty situation in Hong Kong at a macro level, and to update these indicators regularly. Moreover, these macro poverty indicators are meant to give a broad indication of how the poverty situation evolves over time and to highlight areas for more focused study. They provide additional reference information for bureaux and departments to formulate and evaluate policies to assist the needy. An update of these indicators up to the third quarter of 2005 was released in CoP Paper 26/2005 and discussed at the CoP meeting on 25 November 2005.

Purpose

2. This paper provides an annual update of the poverty indicators for the year 2005. The set of poverty indicators is listed at Annex I. Detailed analysis of their performance is given at the Annex II, with the data listed at the Statistical Appendix. Members are invited to note the performance of the poverty indicators in 2005 and the highlights of analysis given below.

Highlights of analysis

3. There was a general improvement in the poverty indicators, in tandem with the sustained revival in economic activity. Among the 18 life-cycle-based poverty indicators, most of them exhibited improvements in 2005. This was contributed in part by the sustained economic upturn, and in part by the continued effort of the Government and other community groups in the provision of social services. As to the six district-based indicators, all the districts attained improvements one way or the other in 2005. The improvements had been most distinct for Sham Shui Po and North District among the less well-off ones.

4. The 12 indicators under the following 10 groups exhibited improved performance in 2005 :

- ❑ Unemployed persons (Indicator 11)
- ❑ Persons unemployed for six months or longer, and 12 months or longer (Indicator 12)
- ❑ Employed persons working 35 hours or above per week and with monthly employment earnings less than 50% of the median (Indicator 13)
- ❑ Persons living in households with income below average Comprehensive Social Security Assistance (CSSA) payment (Indicators 2 and 10)
- ❑ School attendance rate of youth aged 16-19 (Indicator 5)
- ❑ Persons aged 20-24 with tertiary education (Indicator 6)
- ❑ Non-engaged youth aged 15-19 and 20-24 (Indicator 7)
- ❑ Elderly patients under the medical fee waiver mechanism of public hospitals and clinics (Indicator 17)
- ❑ Persons living in private temporary housing and private shared units (Indicators 8 and 18)
- ❑ Children aged 0-5 and 6-14 with single parent and in households with income below average CSSA payment (Indicator 3)

5. On the other hand, mixed performance was seen for the six indicators under the following two groups:

- ❑ Persons living in workless households (Indicators 1 and 9)

The economic upturn since mid-2003 had reduced significantly the number of persons living in workless households in 2004. Nevertheless the pace of improvement slowed down in 2005, with a slight decrease in the total number and percentage share but an increase in number and proportion of people for some younger age groups (those aged 0-5 and 15-19).

It is recognised that “workless” does not necessarily imply “poverty”. In fact, most of the workless households have household heads aged 60 or above and / or being economically inactive. They could have relied on income other than employment earnings, such as welfare assistance for the poor and asset income for the richer ones. It is estimated that two-thirds of the persons aged 0-59 living in workless households were classified as living in the low-income households with monthly household income below average CSSA payment, while the other one-third was not. Yet

participation of these workless people in the economy, apart from generating income, would also constitute a useful role model especially for children and youngsters.

□ CSSA recipients (Indicators 4, 14, 15 and 16)

The size of CSSA recipients decreased marginally in both absolute and proportionate terms. But a more detailed analysis of the recipients by age group reveals that the shares of children CSSA recipients aged 0-5 and those young recipients aged 15-21 in the population of the corresponding age groups edged higher between end-2004 and end-2005.

On the other hand, the shares of children recipients aged 6-14, able-bodied recipients aged 15-59 and elderly recipients aged 60 or above in the population of the respective age groups all edged lower, while that of disability/ill health recipients aged 15-59 remained unchanged.

However, it is worth noting that while the number of able-bodied recipients aged 15-59 and having been on CSSA for less than one year decreased from 26 000 at end-2004 to 19 000 at end-2005 (largely because more jobs were available and fewer of such people needed to apply for CSSA), the number of those able-bodied recipients who had been on CSSA for more than one year increased further from 117 000 to 119 000. Further analysis indicated that able-bodied adults who had been on CSSA for less than three years generally had better chances to benefit from the recent economic recovery and join the labour market again. This points to the importance of getting unemployment CSSA recipients out of the welfare safety net at an early stage (Indicator 14).

6. As to the six district-based indicators, improvements had been widespread across most of the districts in 2005. In particular, 15 out of the 18 districts recorded declines in the proportion of low-income households (Indicator 20) and the unemployment rate (Indicator 24). In aggregate, the number and proportion of low-income households (excluding elderly households), workless households (Indicator 19) and single-parent low-income households (Indicator 21) all fell in 2005. Furthermore, while the overall median monthly employment earnings held stable at \$10,000 (Indicator 23), the overall median monthly household income picked up further to \$15,700 in 2005 (Indicator 22) as total employment increased. Among the 18 districts, seven districts had improved employment earnings and 10 had improved household income. The Central and Western, Eastern and North

Districts were the ones with improvements in both indicators.

7. Among the less well-off districts, Sham Shui Po and North District attained improvements in five indicators, while Yau Tsim Mong, Kwai Tsing, Tuen Mun and Tai Po attained four. Yet the performance was less encouraging for Kwun Tong, Yuen Long, Islands and Sha Tin, where only two indicators turned better in the former three districts whilst only one indicator did so in the last district. Viewed from another perspective, in 2005 three districts (Kwai Tsing, Tuen Mun and Yuen Long) were found to have fared less well than the overall average on all the six fronts as represented by Indicators 19-24.

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Indicators of Poverty***Children/youth (aged 0-14 / 15-24)***

1. *Children aged 0-5 and 6-14 living in workless households*
2. *Children aged 0-5 and 6-14 living in households with income below average CSSA payment*
3. *Children aged 0-5 and 6-14 with single parent and in households with income below average CSSA payment*
4. *CSSA recipients aged 0-5 and 6-14, and those aged 15-21 who are on child rate*
5. *School attendance rate of youth aged 16-19*
6. *Persons aged 20-24 with tertiary education*
7. *Non-engaged youth aged 15-19 and 20-24*
8. *Children aged 0-5 and 6-14 living in private temporary housing and private shared units*

Working people / adults (aged 15-59)

9. *Persons aged 15-19 and 20-59 living in workless households*
10. *Persons aged 15-19 and 20-59 living in households with income below average CSSA payment*
11. *Unemployed persons aged 15-19, 20-24 and 25-59*
12. *Persons unemployed for 6 months or longer, and 12 months or longer*
13. *Employed persons aged 15-19, 20-24 and 25-59 working 35 hours or above per week and with monthly employment earnings less than 50% of the median*
14. *Adult able-bodied CSSA recipients having been on CSSA for 1 or less, and longer than 1 year*
15. *Adult recipients of permanent disability/temporary disability/ill health CSSA*

Older people (aged 60 or above)

16. *Recipients of old-age CSSA*
17. *Number of elderly patients under the medical fee waiver mechanism of public hospitals and clinics*
18. *Elderly persons living in private temporary housing and private shared units*

Community

19. *Workless households by district*
20. *Households with income below average CSSA payment by district*
21. *Single-parent households with income below average CSSA payment by district*
22. *Median monthly household income by district*
23. *Median monthly employment earnings by district*
24. *Unemployed persons by district*

**Indicators of Poverty
- An update for 2005 -**

Background

A set of selected poverty indicators up to the third quarter of 2005 was released in CoP Paper 26/2005 and discussed at the CoP meeting on 25 November 2005. Members generally agreed that instead of a single income-based indicator, a set of multi-dimensional indicators should be used for monitoring the poverty situation in Hong Kong at a macro level, supplemented by the more detailed and specific indicators at the district level. Moreover, the poverty indicators selected should not be simplistically employed as a tool for assessing the progress of the Government's poverty alleviation work, as the indicators themselves particularly those involving short-term movements, are subject to the influence of a host of factors other than Government policies and actions.

2. The basic idea behind the multi-dimensional approach is that given the general affluence of the Hong Kong economy, it would not be appropriate to measure the size of the poor based on a single income-based indicator or a poverty line alone. We should also be concerned about the other relevant aspects of people's living, and be vigilant of the risk of certain groups of people falling into poverty. The gist of the considerations behind the choice of the poverty indicators has already been discussed in CoP Paper 26/2005 and will not be repeated here.

3. As stated in CoP Paper 26/2005, the set of selected poverty indicators would be updated on an annual basis. The purpose of this paper is to present the figures compiled for the whole year of 2005, and to incorporate, where feasible, the suggestions from Members about these indicators. The following paragraphs will give a consolidated view of the performance of the poverty indicators by segregating the life-cycle-based Indicators No. 1-18 into those which exhibited improvements and those which had mixed performance in 2005. The community-based Indicators No. 19-24 will be discussed separately, as performance of the individual indicators varied among districts. The detailed statistics for the indicators are listed at the Statistical Appendix.

Indicators exhibiting improvements in 2005

Employment and earnings / income

4. The sustained robust economic growth had contributed to further improvement in the labour market conditions. The overall unemployment rate went down from an average of 6.8% in 2004 to that of 5.6% in 2005, with an addition of 77 000 jobs for the year. Meanwhile, labour earnings in terms of payroll per person engaged bounced up by 3.5% in money terms, reversing the downtrend in the preceding three years. The trend has been extended well into 2006, with the seasonally adjusted unemployment rate falling to 5.2% in the first quarter and further to 4.9% in March-May.

5. It is against this favourable economic background that the indicators relating to employment and earnings/income fared generally well in 2005, as summarised below :

□ *Unemployed persons aged 15-19, 20-24 and 25-59 (Indicator 11)*

The number of unemployed persons aged 15-59 went down from 236 000 in 2004 to 196 000 in 2005, leading to a 1.2 percentage points fall in the unemployment rate for persons of this age group to 5.7%. The improvement was most distinct for the youngsters aged 15-19, followed by persons in the prime working age group of 25-59.

□ *Persons unemployed for six months or longer, and 12 months or longer (Indicator 12)*

The problem of long-term unemployment was significantly relieved upon the sustained economic upturn. The number of persons unemployed for six months or longer dropped from 83 000 in 2004 to 61 000 in 2005. The decline was equally marked for those unemployed for 12 months or longer, from 50 000 to 37 000.

□ *Employed persons aged 15-19, 20-24 and 25-59 working 35 hours or above per week and with monthly employment earnings less than 50% of the median (Indicator 13)*

There was an across-the-board decline in both the number and proportion of full-time workers (i.e. working 35 hours or above per week) earning less than 50% of the median employment earnings in 2005. Taking the full-time low-income employed persons aged 15-59 together, there were 161 000 of them in 2005, representing 6.0% of the total full-time

workforce of this age group, improved considerably from the corresponding figures of 181 000 and 6.9% in 2004. In proportionate terms, the low-income workers were still concentrated among the younger age group of 15-19, conceivably due to their lesser working experience in the labour market.

Nevertheless, it is noticed that less than one-fifth (28 000 or 17%) of these full-time low-income workers actually lived in the households with income below the average Comprehensive Social Security Assistance (CSSA) payment in 2005. This means that most of the low-income workers either lived on their own or there were other household members earning better income or other sources of income, and hence they did not fall into the low-income household category.

- *Persons living in households with income below average CSSA payment (Indicators 2 and 10)*

Taking these two indicators together, there were 729 000 persons aged 0-59 living in households with income below average CSSA payment in 2005, representing 13.0% of the population of this age group. These were much reduced from the corresponding figures of 806 000 and 14.4% in 2004, as contributed by improved employment and pay conditions. The improvement took place across all age groups, namely 0-5, 6-14, 15-19 and 20-59.

Therefore, contrary to the misconception in some quarters, the set of multi-dimensional indicators is able to indicate the size of the poor should household income be used as the sole criterion, i.e. a total of 729 000 persons among those aged 0-59. Taking into account also older persons aged 60 or above, the size of the poor would be 1.03 million in 2005. This is close to the estimate of 1.13 million by counting all the persons living in households with income below 50% of the median household income, which is one of the criteria used by the Hong Kong Council of Social Services (HKCSS) in sizing the poor. Yet HKCSS is also of the view that income alone is not adequate for reflecting the situation of poverty in an affluent society like Hong Kong. Attention should be paid to the wider social and preventive aspects of poverty as well.

Education

6. Expenditure on education has taken up the largest share of the

Government's total expenditure, amounting to \$55.6 billion or 24% of the total in 2005/06. This has contributed to a continuous upgrade of the education and skill levels of local workforce, thereby strengthening their capability in meeting the requirements of a knowledge-based economy. Coupled with the environment of a free and fair society, education is an effective channel for upward social mobility and for avoiding entrenched poverty.

7. The education-related indicators have improved steadily over the years :

□ *School attendance rate of youth aged 16-19* (Indicator 5)

This indicates the proportion of youth continuing with their study after the nine-year universal free education. The attendance rate picked up further from 80.8% in 2004 to 82.5% in 2005.

□ *Persons aged 20-24 with tertiary education* (Indicator 6)

52.2% of the population of this age group attained tertiary education in 2005, rising further from that of 50.6% in 2004. 62% of them attained degree tertiary education.

Health

8. In 2005/06, the Government's expenditure on health amounted to \$31.6 billion or 14% of the total. This supports a wide range of medical and health care services for the general public at heavily subsidized rates. As to patients who need further financial support, they could apply for the medical fee waiver. Statistics show that the number of elderly people requiring additional support decreased slightly in 2005/06 :

□ *Elderly patients under the medical fee waiver mechanism of public hospitals and clinics* (Indicator 17)

Despite the ageing of the population, the number of elderly people under the medical fee waiver mechanism of public hospitals fell slightly in 2005/06. Actually only a very small proportion of the elderly people used this service, at around 1% for both the age groups of 60 or above and 65 or above.

Living conditions

9. The provision of public housing has contributed substantially to improving the living conditions of the needy :

- *Persons living in private temporary housing and private shared units (Indicators 8 and 18)*

The total number of children aged 0-14 living in such private housing declined further from 17 000 in 2004 to 16 000 in 2005, whereas their share in the population of the corresponding age group held stable at 1.6%. There was, however, some increase in the number of children aged 0-5 living in such housing.

Meanwhile, notwithstanding the gradual ageing of the population, the size of the elderly living in poor housing conditions declined further in both absolute and proportionate terms. In 2005, there were 24 000 elderly persons aged 60 or above living in private temporary housing and private shared units, reduced from that of 28 000 in 2004. Their share in the population of the respective age group likewise fell, from 2.8% to 2.3%. The same trend was observed for those elderly persons aged 65 or above. The corresponding number declined from 21 000 in 2004 to 18 000 in 2005, and the proportion from 2.7% to 2.3%.

Community / family support

10. The improved economic conditions in 2005 also benefited the single-parent low-income families :

- *Children aged 0-5 and 6-14 with single parent and in households with income below the average CSSA payment (Indicator 3)*

The number of children aged 0-14 living in such low-income households stood at 26 000 in 2005, representing a share of 2.5% in the population of this age group. These were smaller than the respective figures of 27 000 and 2.6% in 2004, with the decline occurring among both the 0-5 and 6-14 age groups.

11. Upon continuous efforts of the education sector and the other community groups, the problem of non-engaged youth showed signs of abating :

- *Non-engaged youth aged 15-19 and 20-24 (Indicator 7)*

In 2005, there were 11 400 non-engaged youth aged 20-24, equivalent to 2.7% of the population of this age group. These were the same as the figures in 2004. Nevertheless, the number of non-engaged youth aged 15-19 declined to 10 100 or 2.3% of the population of this age group in

2005, from 11 200 and 2.5% in 2004.

Indicators showing mixed performance in 2005

Employment

12. The economic upturn since mid-2003 had reduced significantly the number of persons living in workless households in 2004. Nevertheless the pace of improvement slowed down in 2005, with the numbers and percentage shares rising back for some of the age groups. It could be that despite the better employment conditions, it might still be difficult for some of the workless households to have at least one member getting back to work, due to job matching problems, health reasons, the need to take care of dependent family members, or some other reasons.

□ *Persons living in workless households* (Indicators 1 and 9)

In aggregate terms, there was a total of 398 000 persons aged 0-59 living in workless households in 2005, representing 7.1% of the population of this age group, slightly smaller than the corresponding figures of 405 000 and 7.2% in 2004.

Analysed by individual age group, the number and proportion of persons aged 6-14 and 20-59 living in workless households declined in 2005, whereas those in respect of persons aged 0-5 and 15-19 increased. Among persons at the prime working age of 20-59, there were 246 000 or 5.9% of them living in workless households in 2005, somewhat reduced from the figures of 252 000 and 6.1% in 2004.

It is recognised that “workless” does not necessarily imply “poverty”. In fact, most of the workless households have household heads aged 60 or above and / or being economically inactive. They could have relied on income other than employment earnings, such as welfare assistance for the poor and asset income for the richer ones. It is estimated that two-thirds of the persons aged 0-59 living in workless households were classified as living in the low-income households with monthly household income below average CSSA payment, while the other one-third was not. Yet participation of these workless people in the economy, apart from generating income, would also constitute a useful role model especially for children and youngsters.

Community / family support

13. The number of CSSA recipients could be classified as income-related indicators, as these are the people who are genuinely in need of income support and are receiving it. Thus effectively they are the group being supported by the community mainly in terms of income. Yet a decrease in their numbers and shares should not be interpreted as the community providing less income support to the disadvantaged group. Rather it could indicate more people have been able to move to self-reliance.

□ *CSSA recipients* (Indicators 4, 14, 15 and 16)

The total number of CSSA recipients decreased marginally from 542 000 at end-2004 to 540 000 at end-2005, with their share in total population edging down from 7.8% to 7.7%.

But a more detailed analysis of the recipients by age group reveals that children CSSA recipients aged 0-5 as a share in the population of the corresponding age group increased from 8.2% at end-2004 to 8.5% at end-2005, as did the share of young recipients aged 15-21 who were on child rate, from 7.0% to 7.4%.

On the other hand, the shares of children recipients aged 6-14, able-bodied recipients aged 15-59, and elderly recipients aged 60 or above in the population of the respective age groups all edged lower between end-2004 and end-2005, while that of disability/ill health recipients aged 15-59 remained unchanged. Regarding the elderly recipients, 17.2% of the population aged 60 or above and 19.3% of those aged 65 or above were on CSSA at end-2005, both slightly below the corresponding figures of 17.3% and 19.4% at end-2004. The proportions were considerably smaller for those persons who were on adult rates.

However, it is worth noting that while the number of able-bodied recipients aged 15-59 and having been on CSSA for less than one year decreased from 26 000 at end-2004 to 19 000 at end-2005 (largely because more jobs were available and fewer of such people needed to apply for CSSA), the number of those able-bodied recipients who had been on CSSA for more than one year increased further from 117 000 to 119 000. Further analysis indicated that able-bodied adults who had been on CSSA for less than three years had better chances to benefit from the recent economic recovery and join the labour market again. This points to the

importance of getting unemployment CSSA recipients out of the welfare safety net at an early stage (Indicator 14).

Performance of the district-based poverty indicators in 2005

14. Improvements in the poverty indicators were widespread across most of the districts, especially those pertaining to the proportion of low-income households (Indicator 20) and the unemployment rate (Indicator 24), where 15 out of the 18 districts experienced improvements in 2005. In aggregate, the number of low-income households (excluding elderly households) declined further from 273 000 in 2004 to 259 000 in 2005, and their share in the total number of households from 13.7% to 12.8%. The numbers and proportions of workless households and single-parent low-income households also fell over the period (Indicators 19 and 21).

15. While the overall median monthly employment earnings held stable at \$10,000 (Indicator 23), the overall median monthly household income picked up further to \$15,700 in 2005 (Indicator 22) as total employment increased. Among the 18 districts, seven districts had improved employment earnings and 10 had improved household income. The Central and Western, Eastern and North Districts were the ones with improvements in both indicators.

16. Appendix I shows the performance of the indicators in each of the districts in 2005 relative to that in 2004. While Eastern District had all the six indicators improved in 2005, Sham Shui Po and North District attained improvements in five of them. Concurrently, 10 districts got improvements in four indicators, including Yau Tsim Mong, Kwai Tsing, Tuen Mun and Tai Po. The performance was less encouraging for Kwun Tong, Yuen Long and Islands, where just two indicators turned better as well as for Sha Tin where only one indicator improved.

17. Viewed from another perspective, in 2005 three districts were found to have fared less well than the overall average on all the six fronts as represented by Indicators 19-24 (Appendix II). This, however, still represented an improvement from the situation in 2004 when five districts had below-average performance. Sham Shui Po and Kwun Tong were the two districts falling out of the “all-six hit” list in 2005. Moreover, the performance of North District also attracted attention. It no longer had a larger proportion of workless households, lower median monthly employment earnings and a higher unemployment rate than the overall average in 2005, though it turned to have proportionately more single-parent low-income households. Yet the situation of Islands District deserved closer monitoring, which

had three more employment/income related indicators falling below the overall average in 2005. Also, Kowloon City, Sha Tin and Sai Kung were newly included in the list in 2005, though they had only one indicator faring less well than the overall average.

Concluding remarks

18. It is clear from the analysis for 2005 that economic and employment growth are vital for improving the well-being of the disadvantaged and low-income group in general. Apart from helping them directly with jobs and employment earnings, economic growth also provide the Government with the necessary resources for its spending on education, health, welfare and other social services. Government spending serves an important function of nurturing equal and fair development opportunities for everyone in society.

19. Among the 18 life-cycle-based poverty indicators, most of them exhibited improvements in 2005, with only the few relating to workless households and CSSA recipients showing mixed performance within the sub-groups. As to the district-based indicators, all the districts attained improvements one way or the other in 2005. Among the less well-off ones, the improvements had been most distinct for Sham Shui Po and North District.

A Comparison of the Poverty Indicators between 2004 and 2005

In the following table, the indicators which performed better in 2005 than in 2004 in the individual districts are marked by a “✓”. The shaded rows represent the districts having more distinct improvements in 2005.

Indicator	19	20	21	22	23	24
	Proportion of workless households	Proportion of low-income households	Proportion of single-parent low-income households	Median monthly household income	Median monthly employment earnings	Unemployment rate
Central & Western		✓		✓	✓	✓
Wan Chai	✓	✓	✓	✓		
Eastern	✓	✓	✓	✓	✓	✓
Southern	✓	✓	✓			✓
Yau Tsim Mong	✓	✓			✓	✓
Sham Shui Po	✓	✓	✓	✓		✓
Kowloon City		✓	✓	✓		✓
Wong Tai Sin		✓	✓	✓		
Kwun Tong			✓			✓
Kwai Tsing	✓	✓		✓		✓
Tsuen Wan	✓	✓		✓		✓
Tuen Mun	✓	✓	✓			✓
Yuen Long		✓			✓	
North	✓	✓		✓	✓	✓
Tai Po		✓	✓		✓	✓
Sha Tin						✓
Sai Kung	✓	✓		✓		✓
Islands					✓	✓

A Comparison of the District-based Indicators with the Overall Average

In the following table, the indicators which fared less well in the individual districts as compared to the overall average in 2005 are marked by a “x”. The shaded rows are the districts where all the six indicators showed below average performance.

Indicators	19	20	21	22	23	24
	Proportion higher than the overall average :			Median below the overall median :		Unemployment rate above the overall average
	Workless households	Low-income households	Single-parent households	Monthly household income	Monthly employment earnings	
Yau Tsim Mong	x			x		
Sham Shui Po	x			x	x	x
Kowloon City ^(new)	x					
Wong Tai Sin	x	x		x	x	x
Kwun Tong	x	x		x	x	x
Kwai Tsing	x	x	x	x	x	x
Tuen Mun	x	x	x	x	x	x
Yuen Long	x	x	x	x	x	x
North		x	x	x		
Tai Po		x	x	x		x
Sha Tin ^(new)			x			
Sai Kung ^(new)			x			
Islands	x	x		x		x