# "Hong Kong Poverty Situation Report 2019" published

        The Government released today (December 23) the "Hong Kong Poverty Situation Report 2019" (the Report). The key analyses (see Annex) were presented to the Commission on Poverty (CoP) at its online meeting held this afternoon.

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

• In 2019, the Hong Kong economy, hit by a double whammy of local social incidents and China-US trade tensions, fell into the first recession since the Global Financial Crisis in 2009. The labour market slackened noticeably in the second half. As the local social incidents caused severe disruptions and battered the consumption- and tourism-related sectors that involved substantial lower-skilled jobs, grassroots families were particularly hard-hit. All these unfavourable developments, coupled with an accelerated ageing trend and continued dwindling household size, exerted unprecedented upward pressure on the poverty indicators.

• The Government has allocated substantial resources to improve the livelihood of the disadvantaged, providing recurrent cash, non-recurrent cash and means-tested in-kind benefits (i.e. all selected measures). In 2019, the overall poor population and poverty rate stood at 641 500 persons and 9.2 per cent respectively after taking into account all the selected measures. Compared with 2018, the size of the poor population increased slightly by 3 500 persons, and the poverty rate edged down by 0.1 percentage point.

• However, the core analysis under the current PL analytical framework only takes into account the effect of the Government's recurrent cash intervention. According to the main analytical framework, the poverty rate went up by 0.9 percentage point over 2018 to 15.8 per cent in 2019, while the poor population increased by 73 500 persons to 1 097 800 persons.

• One of the major functions of the PL is to assess the poverty alleviation impact of policies. A comparison between the post-intervention poverty statistics and the purely theoretically assumed pre-intervention poverty statistics helps estimate the poverty alleviation impact of the Government's measures. In this regard, the poverty alleviation impact of recurrent cash policies in 2019 was a record high since the publication of the PL in 2013. Compared to the pre-intervention (purely theoretical assumption) figures in 2019 (with a poor population and poverty rate of 1 490 700 persons and 21.4 per cent respectively), recurrent cash measures successfully lifted 392 900

persons out of poverty and reduced the poverty rate by 5.6 percentage points, 0.1 percentage point higher than that in 2018.

• Amongst the recurrent cash measures, Comprehensive Social Security Assistance and Old Age Living Allowance yielded the most notable impact in alleviating poverty, lifting 155 200 persons and 154 400 persons respectively out of poverty in 2019, reducing the overall poverty rate by 2.2 percentage points each. The Working Family Allowance (WFA) lifted 47 600 persons (residing in 13 100 beneficiary households) out of poverty, reducing the overall poverty rate by 0.6 percentage point.

• It is noteworthy that over 35 per cent of the increase in poor population (post-recurrent cash policy intervention) in 2019 came from working households, somewhat different from the trend in previous years when increases in the size of poor population and poverty rate were mainly attributable to economically inactive households. This illustrated that the weakened economic environment with fewer job opportunities would have a negative bearing on the situation of working poor. The poverty rate of working households increased by 0.4 percentage point over 2018 to 8.4 per cent.

• Apart from recurrent cash measures, the Government also introduced various non-recurrent cash measures and means-tested in-kind benefits. While the impact of these measures in alleviating poverty is not reflected in the core analysis of the PL framework, their actual effect on poverty alleviation remains notable. In 2019, mainly owing to the one-off Caring and Sharing Scheme and the offering of an additional two-month payment of social security allowance, the WFA and Work Incentive Transport Subsidy , the poverty alleviation impact of non-recurrent cash policies (as compared to the pre-intervention (purely theoretical assumption) figures) increased notably from only 0.9 percentage point in 2018 to 2.1 percentage points in 2019, lifting 151 500 persons out of poverty. On the other hand, amongst the various means-tested in-kind benefits, the poverty alleviation impact of public rental housing (PRH) provision (as compared to the pre-intervention (purely theoretical assumption) figures) is the most notable, reaching 3.7 percentage points in 2019, up by 0.1 percentage point over 2018, lifting 261 000 persons out of poverty.

• The poverty statistics used for core analysis under the current PL analytical framework only take into account the effect of the Government's recurrent cash intervention. The poverty alleviation impacts of other measures, such as Community Care Fund, PRH and cash benefits of one-off measures are presented as supplementary information for reference only. As for the wide range of non-means-tested services and measures, they are not covered in the PL analytical framework. Nonetheless, the existing PL analytical framework is a useful tool for examining the poverty situation in Hong Kong, providing a quantitative basis that is simple and easy to understand, with data and analyses cited by academia, think tanks and social welfare organisations. The Government and the CoP will continue to listen to views on the PL analytical framework and consider different proposals and recommendations on enhancing the framework to facilitate the public to understand the poverty situation in a more comprehensive manner.

• This Report only covers the situation up to 2019, and is yet to reflect the negative impact of the COVID-19 outbreak on grassroots individuals in Hong Kong. In 2020, under the threat of the COVID-19 pandemic, both the global and Hong Kong economies were mired in an unprecedented recession and faced exceptionally high uncertainties. The pandemic has battered the already weak consumption- and tourism-related sectors, and in turn impacted further on the livelihoods of many grassroots workers and their family members amid the further deterioration in the labour market. The Government launched a series of one-off relief measures that amounted to over $300 billion in 2020 to help tide the community and various sectors over  the difficult times. However, given the current design of the PL framework, the effects of these one-off measures could not be completely reflected in the main poverty statistics next year.

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