

Chapter 4 Poverty

The Asian financial turmoil had led to the closing down of many companies and resulted in high unemployment rates. The social effects of inadequate income or resources for young people are significant since social and psychological adjustments are affected by the ability to participate in normal activities in the community.

Table 4.1 shows examples of indicators that attempt to identify the number of the youth living in poverty and probes into the extent of poverty in terms of financial aspects, labour market participation and social networks. Before discussing the findings of youth poverty in detail, various typologies of poverty approaches will be discussed as follows.

4.1 Poverty approaches

The setting of poverty thresholds has moved away from defining poverty as physical necessities. The poverty thresholds include not only lack of basic necessities of food, clothing, fuel and shelter, but also taking account of the membership in society. Among the typology of poverty approaches, there have been:

4.1.1 Budget Standards studies

This followed the essence of Rowntree approach, which defined poverty threshold as the income required to purchase mere physical necessities. However, recent studies have extended to 'low cost and modest but adequate budgets' (Bradshaw, 1993; Saunders *et al.*, 1998).

4.1.2 Relative Income or Expenditure thresholds

The US poverty line followed this tradition and was on the basis of an income threshold where the family of four spent more than one-third of their budgets on food (Ruggles, 1990). In addition, taking a point, such as 40%, 50% or 60% of mean or median income was commonly adopted by the national governments and international organizations, such as OECD, as poverty threshold.

4.1.3 *Relative Deprivation Indicators*

Townsend's work pioneered the use of social indicators to establish a poverty threshold and a relative deprivation was defined as a family does not have three or more deprivation indicators (Townsend, 1979). Mack & Lansley (1983) and Gordon & Pantazis' (1997) studies recognized the matter of taste and choice when adopting Townsend's approach. The questions included 'what the general population considered to be "socially perceived necessities"', 'items that were lacking because they cannot afford' and 'items that were lacking because they did not want'. The recent study on *Poverty and Social Exclusion in Britain*, further included a wider range of items which concerned issues of poverty and social exclusion (Gordon, *et al.*, 2000). Poverty thresholds not only cover the subsistence level of living, but also include socially determined or relative lack of resources. Besides, it does not only focus on exclusion from income/resources, but also concerns about labour market exclusion, service exclusion, as well as exclusion from social relations.

4.1.4 *Subjective measures*

The poverty thresholds have been established on the basis of self-perceived or subjective methods. Townsend's study on *Absolute and Overall Poverty*¹² in Britain (1997), which was established by the Copenhagen Summit, was to operationalize these poverty thresholds empirically.

¹² The Absolute poverty was defined by the United Nations (UN) as 'a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to services'. The Overall poverty was defined as a condition characterized by 'lack of income and productive resources to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments and social discrimination and exclusion. It is also characterized by lack of participation in decision-making and in civil, social and cultural life. It occurs in all countries: as mass poverty in many developing countries, pockets of poverty amid wealth in developed countries, loss of livelihoods as a result of economic recession, sudden poverty as a result of disaster or conflict, the poverty of low-wage workers, and the utter destitution of people who fall outside family support systems, social institutions and safety nets' (UN, 1995:57).

Table 4.1: Indicators of youth poverty

Dimensions	Examples of Indicators
Youth in low income households	<ul style="list-style-type: none"> ■ Number of youth living in households whose median household income below or equivalent to 50% in respective of household size
Households with youth receiving Comprehensive Social Security Allowance (CSSA) Scheme	<ul style="list-style-type: none"> ■ Number of youth living in CSSA households
Number of students receiving full textbook allowance	<ul style="list-style-type: none"> ■ Number of students receiving full textbook allowance
Labour market participation*	<ul style="list-style-type: none"> ■ Working youth population ■ Unemployed youth population ■ Labour force participation rates
Participation in common social activities *	<ul style="list-style-type: none"> ■ Extracurricular activities ■ After school activities ■ Leisure activities
Contact with friends and family*	<ul style="list-style-type: none"> ■ Frequency of contact
Availability of and participating in public/private services*	<ul style="list-style-type: none"> ■ Libraries ■ Public sports facilities ■ Museums ■ Transportation
Affordability of public/private Services*	<ul style="list-style-type: none"> ■ Public sports facilities ■ Museums ■ Transportation

Note: * dimensions of exclusion (including labour market exclusion; service exclusion and exclusion from social relations).

Sources: Gordon, D. *et al.*, (2000)
Ruggles, P. (1990)

4.2 Data availability

Table 4.2 shows obtained indicators on youth poverty. With reference to the data available, the following discussions will focus on financial deprivation of the youth in Hong Kong which includes (i) youth in low-income household, (ii) youth receiving CSSA, (iii) students under School Textbook Assistance Scheme, and (iv) labour market participation among the youth.

Most of the proposed relative deprivation indicators on the dimensions of exclusion were not able to be collected during data collection period, including contact with friends and family, availability of and participating in public/private services, and affordability of public/private services.

Table 4.2: Obtained indicators on youth poverty

Dimensions	Obtained Indicators	Sources
Youth in low income households	<ul style="list-style-type: none"> ■ Percentage of youth aged 15-19 in low-income households 	Hong Kong Council of Social Service
Households with youth receiving CSSA	<ul style="list-style-type: none"> ■ Youth aged 15-24 receiving CSSA ■ Percentage and number of young CSSA recipients under the reason of being unemployed 	Social Welfare Department
Number of students receiving full textbook allowance	<ul style="list-style-type: none"> ■ Percentage of primary and secondary students receiving Full Grant under School Textbook Assistance Scheme 	Student Financial Assistance Agency Census and Statistics Department
Labour market participation	<ul style="list-style-type: none"> ■ Working youth population ■ Number of unemployed youth ■ Labour school participation rates ■ Medium monthly income from main employment of working youth ■ Monthly income from main employment of working youth 	Census and Statistics Department
Participation in common social activities	<ul style="list-style-type: none"> ■ After school activities 	Hong Kong Federation of Youth Groups

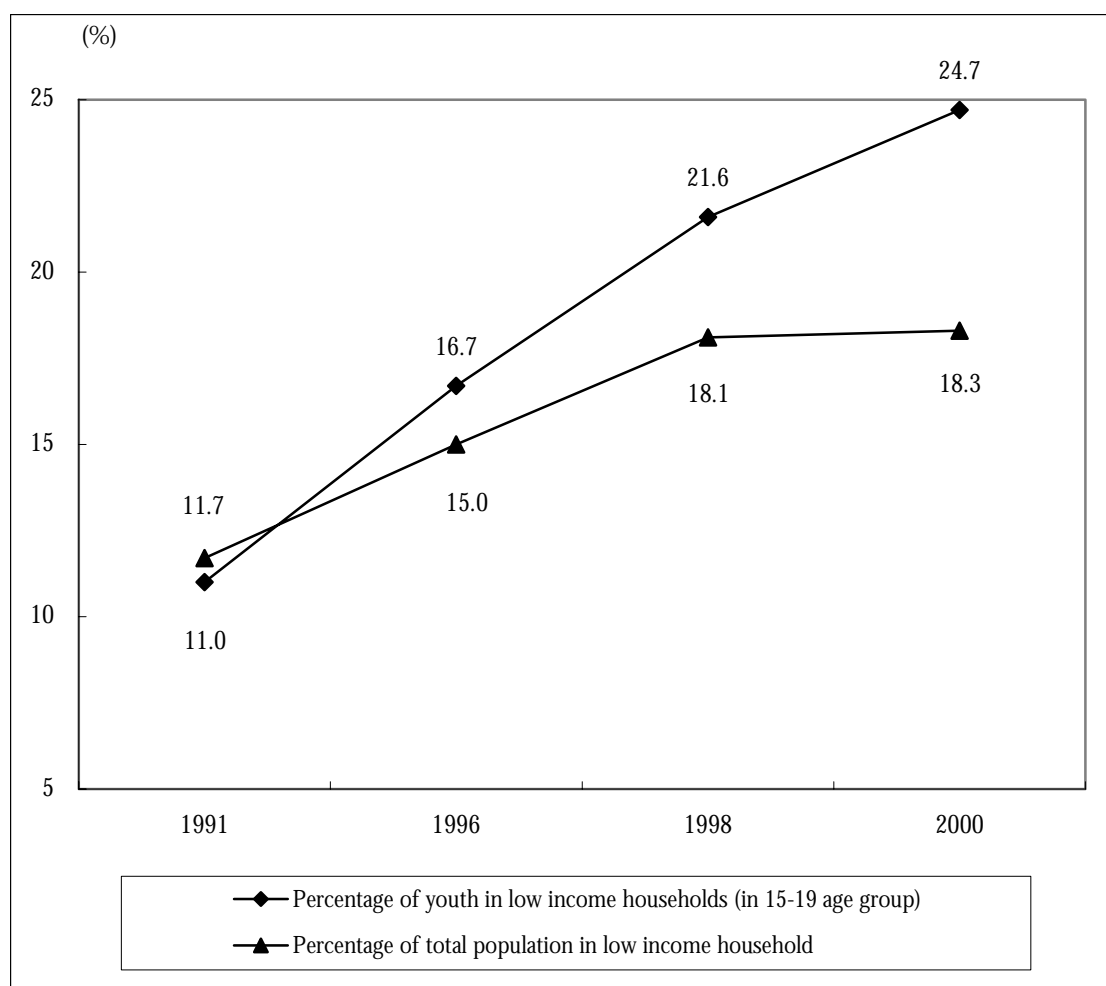
4.3 Discussion

4.3.1 Youth in low-income household

As shown in figure 4.1, there was an increasing proportion of the youth living in low-income households¹³. The percentage of the youth aged 15 to 19 living in low-income households increased from 11.0% in 1991 to 24.7% in 2000, compared with 11.7% and 18.3% of total population respectively.

¹³ Low-income households refer to those domestic households with monthly household income less than or equal to half of the median monthly domestic household income of the corresponding household size. According to the Census and Statistics Department, the median monthly domestic household incomes increased from HK\$5,170 in 1991, to HK\$9,500 in 1996 and HK\$10,000 in 2000.

Figure 4.1: Percentage of youth aged 15-19 in low-income households (1991, 1996, 1998 and 2000)



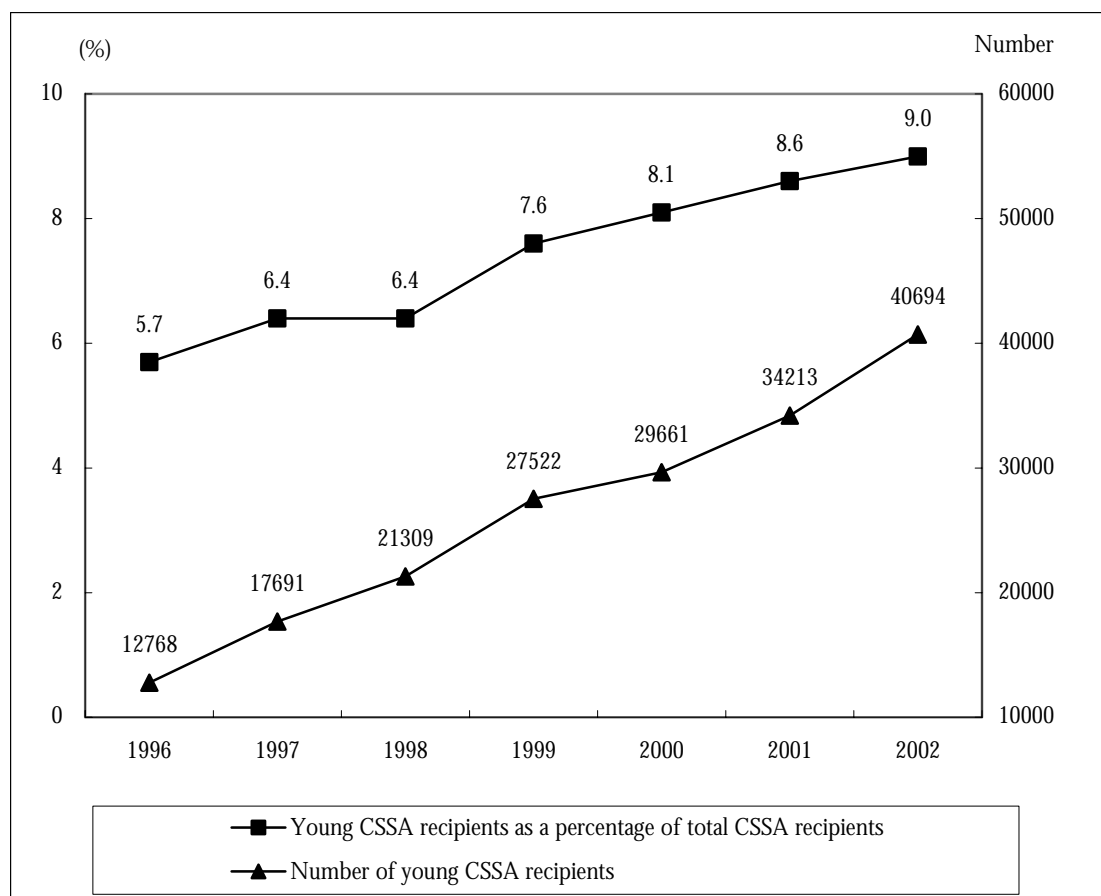
Source: Hong Kong Council of Social Service (2002)

4.3.2 Youth receiving CSSA

The Comprehensive Social Security Assistance Scheme (CSSA) provides financial assistance to those families whose monthly household income and capital assets are insufficient to meet the recognized needs. Since there is no official poverty line in Hong Kong, measuring the number of the youth living in CSSA households is one of the important indicators identifying youth poverty in Hong Kong.

Figure 4.2 indicates that youth poverty in Hong Kong had become serious. According to Social Welfare Department, there were 40,694 young CSSA recipients at the end of October 2002. The number of young CSSA recipients increased more than 2 times between 1996 and 2002. In addition, youth receiving CSSA as a percentage of total CSSA recipients increased from 5.7% in 1996 to 9.0% in 2002.

Figure 4.2: Youth aged 15-24 receiving CSSA (1996-2002)



Note: (1) Data for 1996 to 1999 are compiled based in the Studies of Comprehensive Social Security Assistance Recipients in respective years.
 (2) Data for 2000 to 2002 are compiled based on the Computerized Social Security System. Data for 2000 to 2001 refer to end of year figures whereas data for 2002 refer to figures at end of October 2002.

Source: Social Welfare Department (2002)

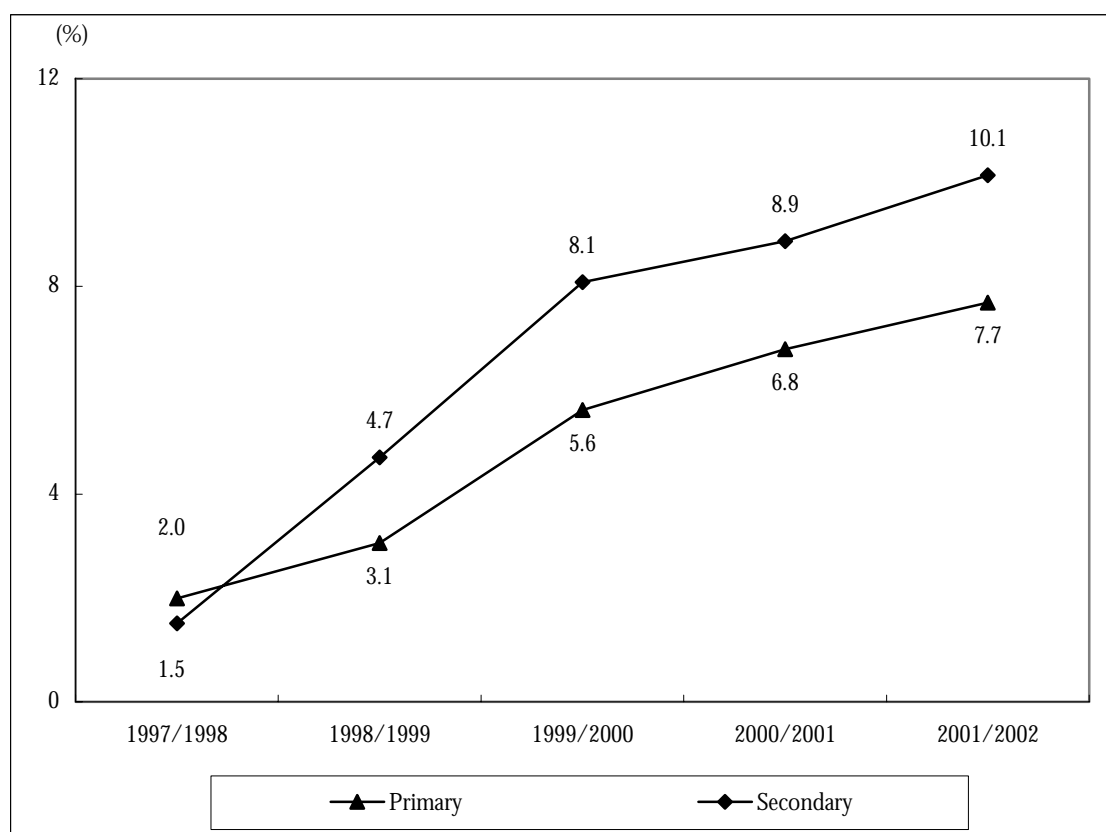
The foregoing discussions reflect that there was an increasing number of youth population living in poverty in Hong Kong. We should ensure that the youth living in poverty could enjoy equal opportunities as other youth, in education and other developmental dimensions. However, suggested indicators on dimensions of exclusion were not able to be collected during data collection period.

4.3.3 *Students under School Textbook Assistance Scheme*

Primary and Secondary students with family financial hardship can apply for the School Textbook Assistance Scheme from the Student Financial Assistance Agency. Measuring the number and the percentage of students receiving full grant of the School Textbook Assistance Scheme can reflect youth poverty in Hong Kong.

As shown in figure 4.3, the percentages of primary and secondary students receiving full grant increased in the past five academic years. The percentage of primary students receiving full grant increased from 2.0% in 1997/1998 school year to 7.7% in 2001/2002. The School Textbook Assistance Scheme has extended to include senior secondary students since the 1998/1999 academic year. The percentage of secondary students receiving full grant increased from 1.5% in 1997/1998 school year to 3.1% in 1998/1999. The findings indicated that there was increasing number of young students living in poor families.

Figure 4.3: Percentage of students receiving full grant under School Textbook Assistance Scheme (1997/1998 – 2001/2002)



Notes: (1) Enrolment includes both full-time and part-time students.
 (2) Enrolment includes students attending special education.
 (3) School Textbook Assistant Scheme was extended to cover Senior Secondary Students w.e.f 1998/1999 school year.

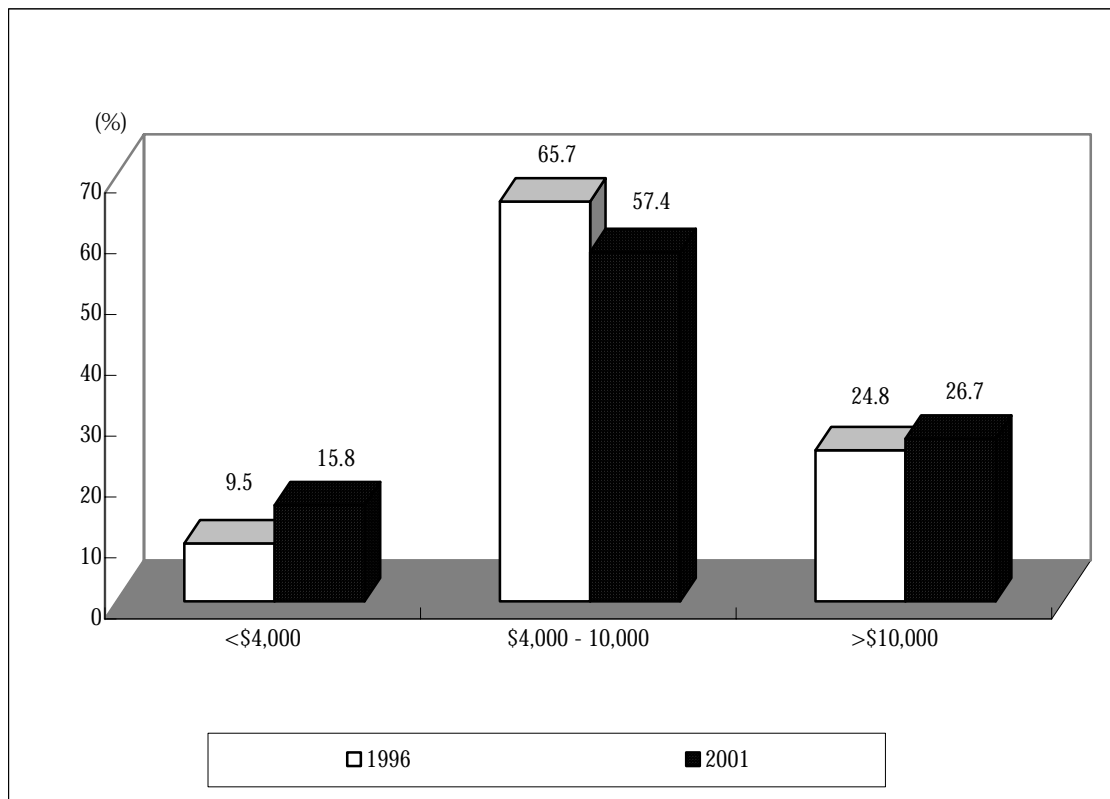
Source: Calculated from the statistics records of the Student Financial Assistance Agency (2002) and Census and Statistics Department (2001)

4.3.4 Deprivation on labour market participation among youth

According to Social Welfare Department, the number of young CSSA recipients aged 15-24 was 40,694 while 3,990 of them were classified as youth CSSA unemployed in 2002. In other words, nearly one-tenth of youth CSSA recipients (9.8%) were categorized as CSSA unemployed in 2002.

Exclusion from the labour market is one of key indicators which contribute to living in poverty. As discussed in Chapter 3, youth unemployment rate had increased to 30.1% in the 2nd quarter (April to July) of 2002. People in the labour market may not necessarily mean they have adequate income/resources as some of them might be in low-paid jobs. As shown in figure 4.4, the percentage of working youth with monthly income less than \$4,000 increased by 6.3% (from 9.5% in 1996 and 15.8% in 2001)¹⁴ (Figure 4.4).

Figure 4.4: Monthly Income from main employment of working youth (1996 and 2001)



Source: Census and Statistics Department (2001)

¹⁴ According to Census and Statistics department, the median monthly incomes from main employment of youth aged 15 to 24 in 1996 and 2001 were both \$7,500. Thus, it is meaningful to compare the patterns of income distribution in 1996 and 2001.

4.4 Summary

Based on the obtained data on youth poverty, several trends can be observed as follows:

- From 1991 to 2000, the percentage of youth in low-income households increased from 11.0% to 24.7%.
- From 1996 to 2002, the number of young CSSA recipients increased more than 2 times. Amongst the CSSA recipients, the category of youth, had increased from 5.7% in 1996 to 9.0% in 2002 respectively. In 2002, nearly one-tenth (9.8%) of youth CSSA recipients was unemployed.
- There were an increasing number of primary and secondary students receiving full grant under School Textbook Assistance Scheme.
- In 2001, there was 15.8% of the working youth whose monthly income was less than HK\$4,000.

The increasing trends of youth living in low-income households and youth under CSSA scheme have alerted us the issue of youth poverty.

Owing to limited data available, the discussion on youth poverty has only focused on the financial aspect. Measuring youth poverty in terms of service exclusion and exclusion from social relations, can offer a better understanding of youth poverty for the government and the service providers. In order to grasp a comprehensive picture on the issue of youth poverty in the future studies, some indicators are suggested to be collected in future studies. They include: (i) participation in common social activities by socio-demographic characteristics, such as extracurricular activities, after school activities and leisure activities; (ii) frequency of contact with friends by socio-demographic characteristics; (iii) participation in public/private services by socio-demographic characteristics; and (iv) affordability of public/private services