

A Study on Poverty Alleviation Mechanisms and Strategies in Selected Places



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Introduction

1. In his election manifesto, the new Chief Executive, Leung Chun-ying advocated reviving the Commission on Poverty, in a move to demonstrate that easing people's hardship is his top priority. The original commission was disbanded in June 2007, following the creation of the Labour and Welfare Bureau. Since then, the HKSAR Government has been criticised for lacking a clear strategy in tackling poverty. The Chief Executive now presides over a preparatory committee, which started to operate after he took office in July 2012. The committee was designated to advise the government on the formation of the new anti-poverty commission and setting out its scope of work. It is anticipated that the commission will be formed soon, so as to keep his election promise to work out an effective strategy against the growing incidence of poverty in Hong Kong. This is an unprecedented opportunity to inform the discussion by making recommendations to the Government surrounding this issue.
2. In Hong Kong, income poverty has become more severe over the last decade, as reflected in the figures of the Government's household surveys. The Gini coefficient of Hong Kong remains high by international standard.¹ Worst still, the figure has been rising in the most recent decade. It reached 0.537 based on income data of 2011, while it was 0.533 in 2006 and 0.525 in 2001. Households at both ends of the income distribution witnessed an increase in share over the same period. The percentage share of households with monthly household income at HK\$4,000 or less increased from 8.1% in 2001 to 9.5% in 2011, while those with monthly household income at HK\$40,000 or above grew from 18.0% to 23.1%.² It indicates an undesirable widening income gap that more people have less money in their pocket today than ten years ago. The figures show an overall picture that neither the economic growth of the last couple of years nor the government relief measures have succeeded in improving the plight of poor people.
3. Poor people are becoming poorer, which is also revealed in the household survey of 2011. Statistics showed that there was an increasing number of

¹ The Gini coefficient is a globally recognised measure of inequality. It is a measure of the deviation of the distribution of income among individuals or households within a country from a perfectly equal distribution. Zero on the Gini coefficient scale means perfect equality, whereas one means total inequality. Even taking into account of the effect of tax and benefit, the coefficient of Hong Kong in 2011 stood at 0.475. This is among the highest in the developed world. The coefficients of developed countries with comparable socio-economic development within the similar period are: Ireland (0.343), Canada (0.326) and the United States (0.408).

² The household income figure, at current prices, already excludes foreign domestic helpers. It could better reflect the situation of native Hong Kong.

households having monthly income below HK\$4,000. The number increased from 167,033 in 2001 to 226,045 in 2011. Amongst this income group, there was a marked increase of about 30% in the number of older-person households from 91,268 in 2001 to 119,220 in 2011. Furthermore, the median monthly income for the city's poorest 10%, including those who receive social security assistance, dropped from HK\$2,250 in 2006 to HK\$2,070 in 2011. This is an inevitable trend in a knowledge economy: the less competitive people such as low-educated, low-skilled or older workers are likely to see their pay drop.

4. Rising economic inequality in the midst of continuing overall prosperity is something that needs to be addressed urgently. In this paper, we are going to review some poverty combating mechanisms adopted by other places, which will provide insights into tackling Hong Kong's poverty issues. We will discuss the rationale of poverty lines used in other places, their institutional arrangements to address poverty issues, as well as their modes of engagement to get social partners involved in the formulation of poverty alleviation policies.
5. The Commission on Poverty was first initiated in January 2005 with the mandate to improve the living conditions of poor people. The Commission proposed providing travel allowances to low-income workers to encourage them to seek jobs outside their neighbourhoods. These allowances, in reality, became a subsidy to the poor households. It also supported the establishment of the Child Development Fund. The current Comprehensive Social Security Assistance Scheme costs some \$20 billion of public money every year to benefit around 430,000 recipients. This is the largest welfare programme for poor people in Hong Kong. Despite these relief measures, poverty persists. Existing programmes are not effective enough to capture the people in need and offer them assistance accordingly.
6. The former Commission on Poverty, which was disbanded after 2007, failed to address the plight of poor people. One of the likely reasons is that the Commission did not have specific policy goals, targets or deliverables, nor was it charged with a responsibility to conduct a holistic review of the existing welfare programmes. Headed by the Financial Secretary, the commission might have been constrained to coordinate policy measures in relation to other policy areas within the realm of the Finance Bureau. The scope and effectiveness of the Commission's work was therefore limited.

Objective of the study

7. Poverty alleviation on a policy level requires a specific institutional arrangement. We believe the forthcoming commission is re-created in the right time to steer the task. The purpose of this study is thus to examine the experience of some places in their poverty alleviation policies, and to see how we could adapt their experience to our situation.
8. In this paper, we intend to focus our discussion on the choice of mechanism as well as the most essential policy instruments, such as poverty measure and social partnership system, rather than on specific policies to address the difficulties faced by particular social groups. The launch of this new anti-poverty commission is expected to take place very soon. By examining the experience of different places, we hope to gain insights and make appropriate recommendations on poverty alleviation policy here at home.

Methodology

9. This study is based on the review of literatures retrieved from desktop search. While searching for data, preference will be given to primary sources, such as documents and reports from various governments or supra-national organisations. Once primary sources of data are exhausted, we will also look into the secondary source of information, which is taken from academic publications, particularly from peer-reviewed works.
10. In this paper, we selected a number of developed nations in the West as “country examples” for analysis. These countries have attained a similar level of socio-economic development as Hong Kong. But even so, some people living in these countries still cannot escape poverty. The traditional view of “trickle-down” theory – the benefit of continuing economic growth will eventually “trickle-down” to even the poorest people – is challenged. Poverty persists in these advanced economies, and Hong Kong is no exception. The very reason for looking into their experience is that they are not poverty free. Instead, they faced and are still facing poverty problems, albeit to varying degrees. Likewise, in the last question-and-answer session in the Legislative Council, the former Chief Executive finally acknowledged that the benefits of the trickle-down effect might not work in reality in Hong Kong. It is envisaged that we share certain common social and economic traits with these overseas countries, as these traits are peculiar to a developed society.
11. Second, studies in poverty are originated from the West. The selected Western nations have each accumulated rich experience in addressing poverty issues. Their experience is largely evidence-based. They also developed some elaborative methods of measuring poverty and approaches to the deliberation of poverty combating policy. By and large, these country’s experiences have enough scientific creditability to provide us with a good lesson for learning.

Organisation of this paper

12. The paper begins with a review of methodologies employed to ascertain poverty lines in various places. Then we will discuss the institutional features of selected governments to accomplish their poverty reduction strategy. The third section introduces social partnership, its decision making as well as implementation structures in Ireland. Last but not least, in the final section of the paper, we shall make sense of these country’s experiences and explore their implications to the poverty policy process in Hong Kong.

Measurement of poverty

General

13. In order to measure the incidence of poverty, it is necessary to distinguish the poor from the non-poor. The traditional approach involves establishing an income threshold and calculating how many individuals, families or households fall below it. Our enquiry is to ask for a rationale for an income threshold being adopted. There is no single correct approach; instead a wide range of methods

has been used in different places and at different times. Moreover, there is the question of whether income itself is a reliable indicator of living standards. Most modern definitions of poverty look beyond income to consider various dimensions of disadvantage.

14. The literature often distinguishes between absolute and relative poverty thresholds. The distinction is essentially one between physiological and social concepts of poverty. It is therefore one between needs which remain – broadly – fixed, and those which change as societies develop and grow more prosperous.
15. Absolute poverty refers to a lack of the need for physical subsistence: what is minimally necessary for the maintenance of physical health and physical efficiency. Based on the notion of absolute poverty, a government determines an objective income level threshold or poverty line, which is used as a measure of who is poor. Poor families are those whose income is below the threshold for a family of a given size. More specifically, a government calculates food, housing and other basic needs in terms of the minimum level of income needed to survive. The figure is updated solely for price change. In the U.S., the federal government constructs the official poverty line with reference to the absolute income level thresholds. We shall discuss the methodology behind the U.S. official poverty line in a later section.
16. In contrast, relative poverty extends the concept of poverty to consider individuals as social beings who have psychological needs to participate in a society and share in its customs and norms. Relative poverty is thus influenced heavily by societal standards that determine a threshold of income allowing people to afford what is generally considered to be an adequate standard of living at a given time in a society. Relative thresholds are thus updated regularly to reflect changes in real consumption. Thresholds are developed with reference to the actual expenditure or income of the population.
17. A relative approach usually involves using an income threshold set at a particular fraction of mean or median income. For instance, a government might set a poverty threshold for a four-person family at one-half the median income or one-half the family expenditure, with the threshold adjusted according to different family compositions. In the European Union (EU) and the Organisation for Economic Co-operation and Development (OECD), relative poverty is defined as an income below 60% and 50% of the national median equivalised disposable income after social transfers for a comparable household respectively.³ The EU's statistical agency, Eurostat, for example, publishes income poverty figures for the EU Member States based on a threshold of 60% of the median income in each country. Figures based on the 60% of median income threshold also appear in the UK's official *Households Below Average Income* (HBAI) series. In addition, Canada also uses this relative concept as a basis of their poverty measures.

United States

18. The first official U.S. poverty measure was developed in the mid-1960s, when President Johnson launched the "War on Poverty," with an understanding that poverty must be assessed and quantified if it is to be reduced. Being an absolute approach, it began with a minimal food plan for families of different sizes. The

³ To make incomes comparable among households of different sizes, equivalence scales are used to standardise household income to the level of a single person household.

cost of this plan was taken as a proxy for the minimal cost of a nutritionally adequate diet. Then it was to estimate the minimal cost of the necessities other than food. A survey at the time showed that families spend about one-third of their incomes on food. The consumption of the other necessities was thus subsumed in the multiplier of three applied to the cost of the food plan.⁴ This was to obtain the minimum income needed for survival. Poor families were those whose yearly income was below the threshold for a family of a given size. The figure was adjusted for household size. In 1969, the U.S. government issued a directive that made the thresholds the federal government's official statistical definition of poverty.

19. Since then, the U.S. Census Bureau began to publish annual poverty statistics calculating the number and percentage of persons in poverty by comparing the thresholds to families' before-tax money income. The thresholds are updated annually for price changes and so are not changed in real (constant-dollar) terms. It is therefore an absolute measure with a fixed real value, and that has not taken account of changing consumption needs. In other words, the 2009 weighted average poverty threshold of US\$21,954 for a family of four represents the same purchasing power as the corresponding 1963 threshold of US\$3,128.
20. This poverty threshold is a true absolute, or subsistence measure of poverty. As noted earlier, this approach does not include analysis based on amount of tax paid or housing-related costs. As a result, data for this poverty measure are based on gross incomes. For example, for a four-person family unit with two children, the 2010 poverty threshold was US\$22,113. For one- family units, the poverty thresholds differ by age; the 2010 threshold for one individual under age 65 was US\$11,344, whereas for an individual 65 or over it was US\$10,458. The thresholds were developed for research and statistical purposes, rather than to determine eligibility for anti-poverty programmes.
21. In the U.S., there is also a slightly different version of federal poverty measure, namely poverty guidelines. Issued each year in the *Federal Register* by the U.S. Department of Health and Human Services (HHS), the guidelines are a simplification of the poverty thresholds for use for administrative purposes – for instance, determining financial eligibility for certain federal programmes. They are adjusted for families of different sizes, but not by age. For example, the 2011 HHS poverty guideline for a family of four is US\$22,350, regardless of the age of household members. Both the thresholds and the guidelines are the same for all mainland states, regardless of regional differences in the cost of living.⁵ Both are updated annually for price changes using the Consumer Price Index for All Urban Consumers.
22. The U.S. federal poverty measure has been critiqued for many years. It is based on the cost of the Food Plan, which is a diet designed for temporary or emergency use when funds are low. The threshold does not represent contemporary spending patterns, as food now accounts for less than one-seventh of family expenditures and housing is the largest item in the typical family's budget. A multiplier of three has little justification today. The official threshold also ignores differences in the cost of living across the nation.

⁴ The minimum diet used was the Economy Food Plan, the cheapest of four food plans issued by the U.S. Department of Agriculture. The factor of three was derived from a 1955 Agriculture Department survey.

⁵ There are separate HHS poverty guidelines for Alaska and Hawaii.

23. In addition to federal efforts to revise the national measure, many states and localities have expressed interest in developing more meaningful poverty measures for their own areas. For example, authorities of the New York City have developed place-specific measures, based on the works from federal researchers, to capture the impact of anti-poverty programmes and better reflect the cost of living in different locations.
24. Even so, there is a basic flaw in the absolute approach of poverty measure, as exemplified in the U.S. case. Since the poverty threshold only rises with the cost of living, it assumes that a standard of living that defined poverty in the mid-1960s remains appropriate at all times, despite advances in the nation's standard of living ever since. In other words, the threshold is frozen in time. The absolute poverty measure fails to address the issue of changing societal standards.
25. The U.S. poverty line is somewhat further down the income distribution than level of 50% or 60% of median income often used in European countries. For example, in the U.S., the median household income for 2002 was US\$42,409, and the poverty line for a couple aged under 65 with one child was US\$12,400 in 2002, which was about 29% of the median household income. The official (relative) poverty rate in the U.S. would be significantly higher by European standards than by the U.S. standard. An estimate by the OECD indicates that the relative poverty rate for the U.S. at 16% for 50% median of disposable income and nearly 24% for 60% of median disposable income, while the OECD averages are 11% for 50% median and 16% for 60% median.
26. A review of the U.S. official poverty suggested that it should be revised to reflect not only the price change, but also changes in the consumption of basic necessities.

China

27. Prior to 2008, there were two separate poverty thresholds in China, namely the Absolute Poverty Standard (APS) and Low Income Standard (LIS). Both standards were on rural basis and thus applicable to rural population only. In 2008, the central government decided to unify the double standards into one, using the LIS value of that year as the single official poverty threshold. It became the base for the updates in subsequent years, from RMB1,067 of 2008 to RMB2,300 of 2011 (at 2010 constant price), but this threshold remains to be applicable to rural population as before. There is neither poverty threshold for urban dwellers, nor a unified official poverty threshold nationwide.
28. The APS consists of two components, basic food needs and non-food needs. It first estimates the cost of acquiring enough food for adequate nutrition, i.e. daily food intake equivalent to 2,100 calories a person. The government employs the census data taken from the National Rural Household Survey⁶ to estimate the cost of food necessary for this minimum nutritional requirement. The cost of food or the food poverty line is derived from the real consumption price and the consumption pattern of the poorest 30% of rural population. Regarding the non-food component of the APS, it is estimated by using the non-food spending of the rural household whose total spending is in a neighbourhood of the food

⁶ The State Statistics Bureau of China conducted the National Rural Household Survey in 1985, 1990, 1994 and 1997, the survey years when the Absolute Poverty Standard was possibly re-calculated. For the rest of the years, the numbers were updated with the consumer price index of the rural regions.

poverty line. The real value of APS was RMB785 in 2007, the year before a single poverty threshold was adopted in China. Living on this APS poverty line, the food share of the household spending was up to 85%, indicating that it was an extreme poverty line.

29. On the other hand, the LIS is a more lenient method of setting the poverty line, which was developed in late 1990s. Taking the food poverty line of 1997 (allowing for prices) as a base and assuming that the food share of total consumption of poor people was 60%, the value of LIS in 1998 was estimated to be RMB880.
30. Whether APS or LIS is used, the official line of China is close to an absolute measure of poverty. The poverty line is not adjusted for demographic characteristics such as household size and age. This makes it rather difficult for the authorities to capture the incidence of poverty among certain groups, such as seniors and children.

Canada

31. Although there is no official measure of poverty in Canada, the low income cut-offs (LICOs), developed by the Statistics Canada of the federal government, are the most established and widely recognised approach to keep track of the changes in the proportion of average income devoted to essentials by Canadians. This implies a government's commitment to the view that poverty is measured on a relative scale rather than an absolute one. Statistics Canada defines a set of income cutoffs below which people may be said to live in straitened circumstances. LICO is an income threshold below which a family will likely devote a larger share of its income on the necessities of food, shelter and clothing than the average family. It first began with an earlier Family Expenditure Survey by the Statistics Canada survey in 1959. It showed that the average Canadian family spent about one-half its income on food, clothing and shelter. Statistics Canada concluded that a family that spent significantly more (i.e. 20% more) than half of its income on essentials was living in straitened circumstances. As a result, it adopted 70% of income as the cut-off point: families that spent more than 70% of their income on essentials would have little or no income left to spend on other necessary items. At that time, Statistics Canada estimated five different cut-off values varying between one- and five-member families. These thresholds were then compared to family income from the major income survey to produce low income rates.
32. In calculating its low-income standard, Statistics Canada begins by estimating the percentage of gross income spent by the average Canadian family on food, clothing and shelter. It then somewhat arbitrarily marks this percentage up by 20%. This final percentage corresponds on average to a given household income level, and this level becomes the low income cut-off for that year. According to the most recent base for LICOs, the average family of four living in medium sized cities spent 43% of its after-tax income on food, shelter and clothing.⁷ Thus, those families spending 63% or more of their after-tax income on essentials are considered as low-income. Expressed in dollar terms, it corresponds to a low income cut-off of CAD 21,359 for a family of four living in medium sized cities.
33. In the years in which Statistics Canada did not undertake an expenditure survey,

⁷ The most recent base year for LICOs was set as the Family Expenditure Survey conducted in 1992.

it updated its low income cut-offs in accordance with changes in the consumer price index (CPI). Thus for 2008, the 1992 based after-tax LICO for a family of four living in a medium sized city was CAD 29,013, expressed in current dollars. Using the CPI to update the cut-offs takes into account the inflation factor, but that does not reflect any changes that might occur over time in the average spending on necessities.

34. Today, Statistics Canada continues to use precisely this relative approach to construct LICOs, that cut-offs now vary by 7 family sizes and 5 different areas of residence. It results in a table of 35 cut-offs. This additional variability is intended to capture differences in the cost of living between rural and urban areas.
35. In addition, for the purpose of international comparison, Statistics Canada also publishes Low Income Measures (LIMs), which are relative measures of low income, set at 50% of adjusted median family income. These measures are categorised according to the number of adults and children in a family, reflecting the different needs inherent in family size and composition. Adjustment for family sizes reflects the fact that a family's needs increase as the number of members increases. Furthermore, the LIM allows for the fact that it costs more to feed a family of five adults than a family of two adults and three children.
36. The LIMs are calculated three times – with market income, before-tax income, and after-tax income using the Survey of Labour and Income Dynamics. They do not require updating using an inflation index because they are calculated using an annual survey of family income. Unlike the LICOs, which are derived from an expenditure survey and then compared to an income survey, the LIMs are both derived and applied using a single income survey.

United Kingdom

37. There is no official poverty line claimed in the UK. Instead, the government tends to view the poverty issue as a multi-faceted one, and so adopts not just a single threshold as a barometer of poverty situation. While low income is central to poverty, it is a complex issue related to many other aspects of people's lives – including health, housing, quality of environment and opportunities to learn. In this regard, a broader set of indicators related to poverty and social exclusion, going beyond income, is published in the government report entitled *Opportunity for all*. The report sets out the government's strategy for tackling poverty and social exclusion and presents the latest information on the range of indicators used to measure progress against this strategy. Produced from 1999, *Opportunity for all* was replaced in 2008 by the *UK National Action Plans on Social Exclusion*.
38. The UK government's approach has been to adopt a range of indicators capturing various aspects of poverty and social exclusion: income, employment, education, health, housing and pension provision, for example. Income indicators form an important part of the range of indicators. The approach to monitoring income is to use a range of indicators that capture the progress in raising the incomes of poorer people both in real terms and in relation to incomes of the population as a whole. By using a range of low income measures, it should be able to provide a comprehensive assessment of the policy progress. The report includes over 50 indicators covering children and young people, people of working age, pensioners and communities.

39. As far as income poverty is concerned, the UK Department for Work and Pensions (DWP) publishes Households Below Average Income (HBAI) series. It is an annual report that is the principal source of information on the size and characteristics of the low income population in Britain. It gives breakdowns showing the numbers and proportions of people living in low-income households. HBAI presents low income statistics for thresholds based on three different proportions of median (50%, 60% and 70%) and mean (40%, 50% and 60%) income. Figures are given for each of these on relative (contemporary) and absolute (fixed) bases, and on before- and after- housing costs measures (BHC and AHC) for both bases. In 2010, for a four-person family unit with two children, the poverty threshold (60% of median income) was £379 per week BHC.
40. There are two broad approaches to measuring low income for a given threshold in HBAI series. The most straightforward is relative low income. A relative low income series would use a given threshold of median or mean income in each year. Therefore, the threshold would vary from year to year throughout the period, depending on the income distribution in each year. An alternative measure of low income uses thresholds that are fixed over time. In HBAI, this is termed 'absolute' low income. However, this is distinct from, and should not be confused with, concepts of absolute poverty defined earlier in terms of minimum or subsistence requirements. A fixed or absolute low income measure would use thresholds from a single year held constant over the period (allowing for inflation). Fixed low income poverty refers to the numbers or proportion of people in a given year below a threshold of median or mean household income as it stood in an earlier year, allowing for inflation. HBAI data uses 1996/7 median and mean income as the base year. In times of generally rising incomes, such as through rapid economic growth, income thresholds based on relative mean income are also likely to rise. When incomes are falling generally, for example during a recession, the opposite will be true.
41. The HBAI series also presents as a poverty measure either before or after housing costs (BHC or AHC) have been deducted.⁸ If housing costs vary only because of differences in housing quality, then income BHC would be a better measure of living standards; however, if variations are due to other factors (such as region), AHC income may be preferable. Generally, low income poverty measured after housing costs will exceed low income poverty measured before housing costs because housing costs make up a greater proportion of the expenditure of low income households than higher income households. In case housing costs have a massive impact on disposable income, measures that exclude property issues will fail to reflect poverty levels. In 2009/10, 16% of working-age adults (5.7 million) were in households with income below 60% of relative median disposable household income before housing costs, and ironically, the figure increases to 22% (7.9 million) after housing costs.
42. In addition, data on persistent low income poverty⁹ was also derived from the British Household Panel Survey (BHPS), and reported as an income indicator, rather than the Family Resources Survey (FRS)¹⁰. The BHPS is a longitudinal

⁸ Housing costs in HBAI include rent (gross of housing benefit), water rates, community water charges and council water charges, mortgage interest payments (net of tax relief), structural insurance premiums (for owner occupiers) as well as ground rent and service charges.

⁹ Persistence is defined as being in a household below a given threshold for at least three out of the last four years.

¹⁰ The Family Resources Survey (FRS), formerly known as Family Expenditure Survey, is an annual survey, collecting information on the incomes and circumstances of private households in the UK. It is sponsored by the Department for Work and Pensions (DWP). The statistical analysis of the Households

survey that gives the position in the income distribution of a representative sample of individuals in the UK in each year. It follows the same group of households from year to year, rather than looking at a different sample of households in each year, as the FRS does. The dimension on persistent low income looks at how the composition of those living in low income poverty (beneath a given threshold) changes over time, and how many years they spend there. For example, as a group, pensioners may find themselves on low income for a number of years, while the unemployed may be on low income for only a short period. One could argue that if low income is more transitory, then being on low income in any given year can be considered less of a problem. On the contrary, families spending longer periods living on low income experience more severe deprivation. As the BHPS collects insufficient data on housing costs, persistent low income data are available before housing costs only, using thresholds of 60% and 70% of median income.

43. The main problem with using a poverty threshold based on a proportion of mean or median income is that any such threshold is essentially arbitrary. There is no inherent reason why any particular proportion should be considered the threshold below which people can be said to be in poverty. It is interesting, though, to note that there is an academic trend in the UK to measure poverty beyond household income. What has been termed as the consensual or perceived deprivation approach adds a new dimension of poverty measure. The methodology investigates whether there are some people whose standard of living is below the minimum acceptable to society. It defines poverty from the viewpoint of the public's perception of minimum need. Those who have no choice but to fall below this minimum level can be said to be 'in poverty'. This concept is developed in terms of those who have an enforced lack of socially perceived necessities. This means that the necessities of life are identified by public opinion and not by, on the one hand, the views of experts or, on the other hand, the norms of behaviour *per se*. Thus it is the public's perception of what is necessary and affordable that provides an independent criterion in the construction of a poverty line; it does not rely on opinions of elite experts or use officially approved sets of income and expenditure statistics with arbitrary cut-off points. This offers a direct measure of poverty based on this consensual definition of minimum need, rather than inferring deprivation from levels of income or so.
44. This deprivation approach is seen as attractive because the public themselves choose what they consider to be necessities. In the UK, the government thus modified the way in which child poverty is measured and adopted a tiered approach. The measure of child poverty consists of three components, namely absolute low income, relative low income and material deprivation and low income combined. While the absolute low income is intended to measure whether the poorest families are seeing their incomes rise in real terms, the relative low income is to ascertain whether the poorest families are keeping pace with the growth of income in the economy as a whole. Material deprivation and low income combined is to provide a wider measure of people's living standard. The government will monitor the number of children living in households that are both materially deprived and have an income below 70% of relative (contemporary) median equivalised household income. In order to monitor its progress, direct questions about deprivation are included in the Family Resources Survey and will be used to derive the material deprivation elements.

Ireland

45. Consistent poverty is the approved official measure of poverty in Ireland. Irish people are considered as poor if their income and resources are so inadequate as to preclude them from having a standard of living which is regarded as acceptable by Irish society generally. As a result of inadequate income and resources, people may be excluded and marginalised from participating in activities which are considered as norm for other people in Irish society. When this notion is translated into poverty measure, poor people are those who suffer from both relative income poverty and material deprivation. The consistent poverty measure identifies the proportion of people from those with an income less than 60% of median income, and who are deprived of two or more goods or services considered essential for a basic standard of living. In 2010, the relative income poverty threshold (60% of median income) was €10,831 per adult per annum.
46. The consistent poverty measure was devised in 1987 using indicators of deprivation based on standards of living at that time. In 2007, the government revised the deprivation indicators to better reflect current living standards and, in particular, to focus to a greater degree on items reflecting social inclusion and participation in society. This resulted in the measure, originally based on lacking one or more items from an 8-item index, changing to one based on lacking two or more items from the following 11-item index:
1. Two pairs of strong shoes
 2. A warm waterproof overcoat
 3. Buy new not second-hand clothes
 4. Eat meals with meat, chicken, fish (or vegetarian equivalent) every second day
 5. Have a roast joint or its equivalent once a week
 6. Go without heating during the last 12 months through lack of money
 7. Keep the home adequately warm
 8. Buy presents for family or friends at least once a year
 9. Replace any worn out furniture
 10. Have family or friends for a drink or meal once a month
 11. Have a morning, afternoon or evening out in the last fortnight, for entertainment
47. It is obvious that the Irish government adopted some wider measure of people's living standard, as to include the dimension of material deprivation in the measure. In Ireland, the 2010 rate of consistent poverty using this measure was 6.2% or 277,000 people.

Taiwan

48. Taiwan adopts an official relative poverty line, which is 60% of the median disposable income per capita. In 2012, the poverty threshold, however, varies across municipalities, ranging from NT\$14,794 in Taipei City to NT\$10,244 in Greater Tainan, to reflect the regional disparity in living standard.
49. In Taiwan, the official poverty threshold is the reference to one of the eligibility criteria for public assistance. The poor households with average income per member no more than 1.5 times as high as the poverty line are eligible for public assistance. As of July 2011, 3.7% of the population or 852,000 people are eligible for social assistance under these eligibility criteria.

Singapore

50. Singapore does not have an official poverty line and no reliable or generally accepted estimate of the number of poor. In fact, the Singaporean government is reluctant to use the term “poor”; it prefers to describe low-income people as “needy”. While the government heavily subsidises health care and public housing, it offers little social assistance to the needy, with an emphasis on “assistance, not welfare; mutual obligation, not entitlement”.
51. The Singaporean government’s method of measuring poverty is, roughly, to identify the lowest 20 per cent of households, according to mean household income, as those in need. No data on the poverty rate or number of poor people appears in official statistics. For a four-person family unit with two children, the 2010 poverty threshold was SGD1,400 per month.

Institutional mechanisms to combat poverty

United Kingdom

52. In the UK, a fairly broad definition of poverty is offered as the notion of social exclusion was introduced. Social exclusion constitutes something bigger than income poverty. It is a short-hand term for what can happen when people or areas have a combination of problems, such as unemployment, discrimination, poor skills, low income, poor housing, high crime and family breakdown. These problems are related and mutually reinforcing so that they can create a vicious cycle in people’s lives. Social exclusion is thus an extreme consequence of what happens when people do not get a fair deal throughout their lives and find themselves perpetually in difficult situations. This is often linked to the disadvantage they face at birth. This pattern of disadvantage can be transmitted from one generation to the next.
53. The UK government has thus adopted a multi-pronged approach to address an array of factors contributing to poverty including, among others: a lack of education and training, low labour market participation and poor working conditions, a need for affordable housing, a lack of accessible public transport systems, poor health, involvement in crime, and a need for better access to affordable high-quality child care. The UK government’s efforts focus on groups identified as particularly disadvantaged or at risk of poverty; these include children, single parents, people with disabilities, members of ethnic minorities, people with low skills, people with multiple needs and older workers. This multi-faceted consideration calls for a cross-departmental approach to tackle the issues surrounding poverty.
54. Since the election of Blair’s labour government, there were significant changes in the way poverty combating policy was organised. There was an intense focus on joined-up government. The new regime brought with it a strong belief that social ills could be overcome by deploying a whole-of-government approach, and therefore state intervention was both desirable and necessary. The UK government thus set up a cross-departmental unit to coordinate poverty policies and ensure their delivery.
55. As far as organisational structure is concerned, the Prime Minister set up the Social Exclusion Unit (SEU) within the Cabinet Office and commissioned reports

to review various elements of poverty and social exclusion. Each review was accompanied by an implementation plan which was followed up by the SEU. To further tackle the deep-seated social exclusion, the government appointed a Minister for Social Exclusion and established a Social Exclusion Task Force (SETF). The mission of the task force, which is located within the Cabinet Office, is to extend the opportunities enjoyed by the vast majority of people in the UK to those whose lives have been characterised by deprivation and exclusion. The task force works closely with all government departments to ensure that the action undertaken by the UK government to promote social inclusion meets the needs of the people who are most socially excluded. In particular, the SETF works to provide joined-up, innovative solutions to supporting those experiencing multiple disadvantages.

56. The UK government has persisted with this whole-of-government approach, and implemented cross-departmental programmes and policies. One example would be the first Public Service Agreement (PSA)¹¹ in 2007 – PSA 16 – which is specifically aimed at reducing social exclusion amongst the most vulnerable adults. PSA16 helps to ensure that the most at-risk individuals are given the opportunity to get back onto the path to success, and sets out some key outcome targets that the government and its partners are committed to achieving over the spending period. PSA16 is a cross-government commitment. It is led by SETF as well as seven government departments¹².

Ireland

57. The Irish government adopts a multi-dimensional approach to poverty and social exclusion. The government defines poverty and social exclusion as follows: Poverty is deprivation due to a lack of resources, both material and non-material, e.g. income, housing, health, education, knowledge and culture. Social exclusion is being unable to participate in society because of a lack of resources that are customarily available to the general population. It can refer to both individuals and communities in a broader framework, with linked problems such as a low income, poor housing, high crime environments and family problems. The Irish government identifies with a relative sense of poverty, as the rest of the EU states do.
58. The multi-faceted nature of poverty and social exclusion, being adopted as an official stance in Ireland, is mirrored in its institutional settings. A number of institutional structures were created to ensure that all departments involved in relevant policy areas would work together to meet the objective of significantly reducing poverty and social exclusion. The top Cabinet Committee on Social Inclusion, Children and Integration was formed. This Committee, chaired by the Taoiseach¹³ and being composed of the relevant Ministers, gives overall strategic direction to the development of policies to combat poverty and social exclusion and ensures that their implementation is regularly monitored and promoted at the highest level. It is supported in its work by the Senior Officials

¹¹ Public Service Agreements (PSAs) reflect the government's high-level priorities. They set out the specific improvements that the government wants to achieve and the performance indicators which will be used to measure progress. Each PSA is underpinned by a Delivery Agreement which outlines how improvements will be achieved, and who will be accountable for delivery.

¹² The Departments are: Cabinet Office, Ministry of Justice, Department of Health, Department for Children, Schools and Families, Communities and Local Government, Department for Work and Pensions and Department for Innovation, Universities and Skills.

¹³ The Taoiseach is the head of government or the prime minister of Ireland.

Group on Social Inclusion. The Group maintains a broad overview of social inclusion issues and brings emerging topics to the attention of the Cabinet Committee. The Minister for Social and Family Affairs is given the responsibility of overseeing the poverty and social exclusion combating strategy nationwide.

59. Within the executive branch of Irish government, the Combat Poverty Agency was formed as a statutory body working for the prevention and elimination of poverty and social exclusion through advice to the government, developing innovative anti-poverty measures, examining the nature, causes and extent of poverty in Ireland and promoting a greater public understanding of poverty and social exclusion. The Irish Office of Social Inclusion was also established to oversee the implementation of the National Action Plan for Social Inclusion.
60. The Social Inclusion Division was established in 2009, which the Combat Poverty Agency and the Office for Social Inclusion were amalgamated into the Division. The Division is now hosted in Department of Social Protection. The Social Inclusion Division assumes the responsibility to coordinate and drive the implementation of the National Action Plan for Social Inclusion. The current Action Plan of 2007-2016 has a strong focus on actions and targets – 12 high level goals and 153 targets and actions aimed at ensuring that a decisive impact on poverty is made over the implementation period. The Plan is designed to mobilise resources to address long-standing and serious issues. The Social Inclusion Division coordinates the process and works closely with all relevant government departments and agencies. The Division is also responsible to monitor the poverty situation nationwide, and conduct analyses and evaluations on government strategies combating poverty and social exclusion. It oversees the evaluation of the national anti-poverty strategy by measuring the progress against the set targets and action. It also provides advice to individual government departments and local or regional bodies in the development of anti-poverty strategies. Social Inclusion Units were thus established in corresponding government departments for this purpose. The Social Inclusion Division is also charged with the responsibility to develop a data strategy, with a view to provide the necessary data for monitoring evaluation and policy prioritising and development.

Social Partnership: The Case of Ireland

General

61. In Ireland, combating poverty and social exclusion requires not just a governmental action but a wider societal response to the challenge. The state is described as not the answer to every problem, but just one player among others. The development and implementation of anti-poverty strategies, therefore, involves social partners, employers, trade unions, farmers and actors from the community and voluntary sector.
62. Social partnership has been at the heart of policy making in Ireland since its emergence as an industrial relations and wage bargaining mechanism. It has been the principal mechanism through which interest groups have influenced government policy. Social partnership, from the outset, emerged as an ongoing mechanism to structure talks among employers, labour unions and farmers' organisation. Hosted by the Department of the Taoiseach, these talks involve

issues such as wage bargaining and industrial relations, thereby promoting industrial stability and a climate attractive to foreign investment.

63. Over the years, both the policy remit and the range of actors involved have increased substantially. Partnership talks are not limited to purely workplace and industrial issues. As Ireland was getting to be more economically vibrant, the purpose of partnership was shifted from creating economic growth to a more equitable sharing of the rising prosperity. The Community and Voluntary Pillar (CV pillar) were brought into partnership to enhance the social, rather than economic aspect of the work of social partnership. The CV pillar is composed of some 17 national associational networks. Soon after, the remit of partnership was expanded again in 2009 to introduce the Environmental Pillar, made up of 27 environmental associations. Both these pillars, composing national networks with extensive associational memberships throughout the country, have brought a large cross-section of civic associations into the partnership process. Together with trade unions, employers, farming organisations, they constitute the five pillars engaging in the social partnership process.
64. Pillar members are expected to work with colleagues within their own pillar to produce consensus policy proposals and positions. Pillar representatives then present and promote these at different forums and meetings within the process. The partnership expanded and other groups such as non-governmental community groups were included, this marked a new development in the formalisation of interest group lobbying in Ireland.
65. Social partnership in Ireland has been expanded into more detailed areas of economic and social policy. It can be best understood as a set of relationships based on the pursuit of common goals for Irish society, trust and a problem solving approach. Social partnership is governed by multi-year social partnership framework agreements. The current social partnership agreement, *Towards 2016: Ten-Year Framework Social Partnership Agreement*, covers the period of 2006-2015. *Towards 2016* develops a new framework to address key social challenges which an individual faces at each stage of life, i.e. a lifecycle approach. This means a focus on the needs of children, young adults, people of working age, older people and people with disabilities. It is recognised that consultations take place regularly between government, the wider civil society and a range of interests.

Decision making structure of social partnerships

66. The National Economic and Social Council (NESC) provides the overarching institutional framework to support the process of social partnership. The Council advises the Taoiseach on strategic issues for Ireland's economic and social development. Members of the Council are appointed by the Taoiseach for a three-year term. These members are representatives of business and employers' organisations, trade unions, agricultural and farming organisations, community and voluntary organisations and environmental organisations, as well as heads of government departments and independent experts. The composition of the NESC means that it plays an important and unique role in bringing different perspectives from civil society together with the government. Composing participants from each of the pillars, the NESC is designed to provide an open deliberative space aimed at reaching a shared understanding on key economic and social issues. This also helps the NESC to analyse the challenges facing Irish society and to build a consensus among its members on how to tackle these challenges.

67. The NESC provides analyses and reports on strategic issues relating to the efficient development of the economy and the achievement of social justice, and the development of strategic frameworks for the conduct of relations and negotiation. The NESC is responsible for producing strategy documents that set out the parameters under which the negotiation and bargaining is conducted in the social partnership process.¹⁴ The Council also analyses, monitors and evaluates relevant programmes and policies in the area of social inclusion. This analysis will in turn contribute to the review of progress under the social partnership framework agreement.¹⁵
68. The Council meets regularly, usually on a monthly basis. These meetings are chaired by the Secretary General of the Department of the Taoiseach. At each meeting, the Council discusses reports drafted by the NESC Secretariat staff. The work programme of the NESC is decided on a three-year basis by the NESC Council, with inputs from the Department of the Taoiseach. In parallel with these meetings, pillar members meet separately within their own pillar to analyse and prepare joint positions on and responses to draft papers emanating from the NESC secretariat.

Implementation structure of social partnerships

69. While the Irish government has an ultimate responsibility for decision making, in recognition of the special relationship that encompasses social partnership, it commits to consulting with the social partners on policy proposals and the design of implementation arrangements. This involves the social partners in the development of policy through effective consultation in a spirit of good governance. Government departments under their aegis will provide a meaningful opportunity for social partners to input into the shaping of appropriate relevant policy issues and the design of implementation arrangements. Government departments manage the consultation process effectively by giving sufficient notice, information and appropriate process for engagement, consistent with the overall requirements of effective governance. As part of these good governance arrangements, the social partners also commit to engaging constructively with government departments and recognise the need for government to deal with urgent matters in a timely manner. The Steering Group established under the previous partnership agreement is reconvened and assumes overall responsibility for managing the implementation of the current framework agreement. There are ongoing quarterly meetings to review, monitor and report on progress, and an annual formal meeting of all parties to the framework agreement. In addition, the agreement provides for a streamlined outcomes-focused approach to monitoring and reporting of progress on social inclusion matters under the lifecycle framework.

¹⁴ In fact, the NESC has been producing reports on wider economic and social development issues. Its early work focused on the economy, taxation, population and emigration, and agricultural policy. It has also produced reports over the years on employment, housing and education, social policy, Ireland in the EU, public services and well-being. Recently, it examined the challenges facing the country, and identified five key aspects to the current crisis. The Council argued that the crisis – fiscal, banking, economic, social and reputational – will demand fundamental changes in the economic and social system in public policy and regulation and in international relations and governance.

¹⁵ Prior to April 2010, this part of work was performed by the National Economic and Social Forum (NESF). Now the NESF has been amalgamated into the NESC and its core function integrated into the Council as well.

70. The streamlined approach consists of a single reporting mechanism through an annual social inclusion report to monitor and review progress at each stage of the lifecycle in the context of the partnership framework agreement, the National Action Plan for Social inclusion and, where appropriate, social inclusion aspects of the National Development Plan (NDP) (2007-2013). All social partners are consulted in this process. The process is coordinated by the Social Inclusion Division of the government. This includes drawing together relevant structures and reports at each stage of the lifecycle, as well as other relevant national strategies.
71. The social inclusion report is presented to the Steering Group which has an ongoing oversight role in relation to implementation of the lifecycle framework, providing an opportunity for engagement between the social partners in relation to progress under the Action Plan, NDP and other relevant strategies within the lifecycle framework.
72. The Social Inclusion Division is also responsible to review the role and effectiveness of the programmes aimed at facilitating the participation of the community and voluntary sector and people experiencing poverty in the policy making process. This review is to examine the role and effectiveness of the programmes in the context of the social partnership process and the support made available by other government departments and agencies, with a view to maximising participation and minimising overlaps. In addition, the social inclusion forum is organised once a year to serve as a structure for wider consultation and discussion on social inclusion issues.

Implications to Hong Kong

On measurement of poverty

73. No matter how a poverty line was set in the places under investigation, some forms of official poverty measures were adopted in one way or another in most of the places in our study. The prevalence of an official poverty measure underlines its importance. It seems that the measure more than serves the purpose of statistical analyses. Rather, the poverty measure is a policy instrument itself that provides a policy orientation and necessary information in support of that direction. If an official poverty line is set, this indicates that the government takes a bold initiative and is committed to an official position. If not, the official disclosure of poverty measures is also a disposition by the state to tackle poverty. In some places without an official poverty line, like the UK, the reason of that is not the government's reluctance to make an official commitment to fight against poverty, but its reluctance to adopt a poverty line based solely on a single parameter, such as income. Instead, these places tend to develop some multi-dimensional measures of poverty.
74. Where there is no official poverty line or method of measuring poverty, policy interventions, if any, may be too weak to alleviate the woes of low-income people. For example, in Singapore, income distribution has become more skewed in the past decade or so. The Gini coefficient, based on household income from work per household member, rose from 0.454 in 2001 to a peak value of 0.482 in 2007, and has remained at 0.471 to 0.474 in subsequent years. In the same period, the income of the top 10 per cent has risen from eight times that of the lowest 10 per cent to more than nine times. This could be attributed to a variety of factors. But it

appears that the government, by failing to set an official poverty line, fails to acknowledge the problem. We contend that setting an official poverty line is an important first step toward combating poverty.

75. We treasure the importance of an official poverty line because of its significance over policy guidance. In particular, an official poverty line provides a reference point to determine whether a person or a household should receive welfare assistance. For example, in Hong Kong, the current Comprehensive Social Security Assistance Scheme has been criticised as a rigid mechanism that leaves out many needy people who earn “too much” to fall under the safety net. Some poor people would prefer not to apply for handouts in order to avoid being stigmatised. In this regard, some sort of subsidy should be put in place to fill this gap in policy. An example would be to incorporate the idea of negative income tax into the tax regime. Under this notion, low-income workers can benefit from reduced tax liability and receive refunds from the government. In this case, the government is required to decide where to draw the line under which employees would be assisted by a negative tax scheme. An official poverty line could serve this purpose.
76. As far as the methodology of setting a poverty line is concerned, the use of a relative basis prevails in the places studied. The overwhelming majority of the Western developed countries in our study accept the relative approach to measure poverty, and some of them set their poverty lines accordingly; Taiwan is no exception to this trend. That is because people living in developed nations are no longer struggling for survival by minimal food consumption or so. In this regard, their poverty lines should take into account rising living standard of a particular country across a certain period of time. **Poverty line based on relative poverty measure is more sensitive to the changing living standard than one based on absolute measure, thus it is more widely adopted in developed nations.** This is a phenomenon that Hong Kong policy makers should consider in the debate of setting a poverty line for ourselves.
77. As the new Chief Executive has indicated his desire to alleviate poverty in Hong Kong, it is time to accommodate a discussion for the adoption of an official poverty line in Hong Kong. Setting an official poverty line on a relative income basis seems to be more practical and reasonable for Hong Kong. The relative method takes the changing income standard into account, as mentioned earlier. It is also more practical to implement this method in Hong Kong where income data are more readily obtained from regular census, without the need for cumbersome calculations and justification as deemed necessary with the absolute method.

On institutional design

78. The nature of poverty requires an institutional setting to combat the problem. There is almost no dispute that the cause of poverty is multi-faceted. That is why the traditional sense of tackling poverty as a welfare policy alone inevitably fails. By the same token, if the policy remit of poverty alleviation is limited to the government’s welfare department, there will be little hope for success.
79. In this study, we examined two countries which have institutional mechanisms in place to combat poverty. Both of these countries – the UK and Ireland – exhibit the design of a ministerial official for policy coordination or a designated coordinating body staffed by ministerial-level officials across a wide range of policy areas. These areas range from the conventional social welfare or labour

minister to a more remote minister of justice or health. This indicates that effective poverty alleviation policies should go well beyond the scope of a single government department. It requires a synergy of various departments gaining wider policy input in order to bring about positive policy outcomes.

80. Coordination among various policy branches become extremely important, not only to avoid the wastage of resources due to policy overlap, but also, more importantly, to fill up policy gaps that are not clear enough to be identified by appropriate government departments. Departmentalism is an inevitable result of bureaucracy. A cross-government approach should be able to avoid unnecessary bureaucracy and promote coordination.
81. In fact, with the support of the institutional mechanism, it is found that two countries (UK and Ireland) achieved a marked progress on poverty alleviation. In the UK, SETF has made significant progress in dealing with social exclusion issues since its creation in 2006. One example is the Public Service Agreement (PSA) introduced in 2007 – PSA 16 – which aimed at reducing social exclusion among the most vulnerable adults. SETF coordinated seven government departments, all working on policies to help disadvantaged groups in the country. PSA16 has helped to ensure that the most at-risk individuals are given opportunities to remain in education and training longer. Starting in spring 2009, the age at which individuals could claim Income Support while pursuing full-time education rose from 20 to 21.
82. In Ireland, the government's anti-poverty efforts are producing encouraging trends in recent years. For example, the relative poverty (at-risk-of-poverty) rate decreased from 18.5 per cent in 2005 to 14.1 per cent in 2009. The consistent poverty rate fell from a baseline of 7 per cent in 2005 to 4.2 per cent by 2008. It seems to us that the institutional mechanism itself played an important role in combating poverty, albeit in terms of certain policy measures targeted for specific social groups.
83. From the above, following the experience of overseas countries, coordination should start from the top as the strongest policy commitment to social causes covers wide policy areas. The implication is that whether the Chief Secretary or the Financial Secretary heads the poverty commission, the scope of the commission will not be comprehensive because neither of them has the administrative authority that spans across different policy areas when poverty alleviation is concerned. For example, while the tax and benefit system will likely be reviewed in the formulation of new poverty alleviation policies, as in the case of many Western developed nations, the relevant policy areas may not be under the jurisdiction of the Chief Secretary. The same argument applies to the Financial Secretary. In this case, the Chief Executive would be the most appropriate candidate to head the commission.
84. Moreover, making reference to two countries' experiences, a government department that specialises in work related to poverty is necessary. It is envisaged that even if the Chief Executive takes over the chairmanship of the forthcoming poverty commission, there still needs to be an administrative arm to support his work. It could be a unit within the government secretariat. A commissioner, appointed under the aegis of the Chief Executive, could be dedicated to steer its work.

On social partnerships

85. The notion of social partnership advocates a model where civic associations work in partnership with the government in a more formal role in the arena of social policy and service delivery. The role of civic associations is to allow more inclusive, boarder deliberation and debate on issues of public interest and concern.
86. Hong Kong is a place where there is never a lack of views, voices, interests and positions. In a policy environment with a good mix of opinions, the rationale underlying social partnership is relevant. A partnership with civic associations ensures vibrant debate and deliberation among civil society at large. This in turn feeds into the deliberations and decision making process, with a view to building shared understandings, solidarity, and consensus on policy direction moving forward.
87. Civic associations can help improve policy formulation and implementation by leveraging local knowledge, encouraging compliance to policy, and monitoring outcomes. It is also envisaged that associations could push for institutional reforms wherein individuals may directly participate with government actors in deliberation and policy formulation. The benefits of such arrangements are reciprocal, with associations providing channels for individual voices, while the direct opportunities to influence policy and state action create incentives for individuals to establish and maintain associations.
88. In Ireland, the impact of social partnerships on policy making is characterised by the fact that policies and action priorities should be based on local knowledge and in line with the proposals of civic associations. The Irish government recommends that the contribution of associations to policy and service provision be supported financially. In fact, it is known that the period of social partnership has been one of unprecedented economic success in Ireland. The country's economic transformation began in 1987 and overlapped in time with the institutionalisation of social partnership. In 15 years Ireland transformed itself from one of the poorest countries in Europe to one of the richest. Between 1988 and 2000, real GDP grew by 132 per cent, compared with 45 per cent in the US and the Netherlands and 32 per cent in the European Union (EU) as a whole. In the same years, unemployment fell from 16.2 per cent to 4.2 per cent, well below the EU average of 8.2 per cent. It is widely recognised that social partnerships played a significant role in reducing the level of conflict in the country.
89. From the above, it is clearly shown that the benefit for the HKSAR Government by engaging with social partners is apparent in terms of effective governance. Civic associations represent a mediation point between the broad public and the government, enhancing its governance through their participation across the deliberation. At a micro level, they can represent the interests, ideas, analyses and positions of the people affected by particular policy processes and decisions. At a macro level, they can facilitate public deliberation by opening up space for a variety of voices, views, interests and positions.
90. While the HKSAR Government often faces pressure from a number of civic interest groups pressing for change, it could take the initiative to invite some key umbrella groups from particular sectors with sizable constituencies of interest to kick off the process. This brings legitimacy to both the process and its outcomes. With the associational networks, this legitimacy has the potential to reach far and wide. The relationship between the Government and various social partners takes time to evolve, but as the relationship grows closer, it should bring positive results in terms of wider public understanding and acceptance of the outcomes.

The rapport would make the policy making and implementation process less problematic and less confrontational.

Conclusion

91. July 1 2012 is not just a date to celebrate the 15th anniversary of the establishment of the Hong Kong Special Administrative Region. On this date, the new Chief Executive took his office and the preparatory task force for the forthcoming poverty commission also began to work. Whether this date marks a substantial policy shift to put poor people first is yet to be seen. However, it does open up opportunities for lobbyists to bring about new dialogues on poverty alleviation policy.
92. In this paper, we examined overseas countries' experiences on how they set the poverty line, design their institutions to combat poverty and configure their relationships with social partners to inform the policy process. While we understand there is no correct measure of poverty, we argue that an income poverty threshold developed on a relative basis is an appropriate system to be adopted as an official poverty line for Hong Kong. Our stance on an official poverty line is clear; it demonstrates an official commitment to poverty alleviation causes. The recognition of an official poverty line is also an adoption of it as an overriding policy instrument in the formulation of poverty combating policy. While the income poverty line is a simple and basic barometer for poverty measure, we do not preclude the application of other measurement tools to supplement our understanding of the poverty situation in Hong Kong, such as material deprivation. Still, these are "side dishes"; the income poverty line is the "main course". At this stage of re-creation of the poverty commission, we argue that setting an official income poverty line should be included in the commission's terms of reference as one of the key policy tools to tackle poverty.
93. As far as the institutional framework being conducive to poverty alleviation policy is concerned, it necessitates the creation of a coordinating body headed by the Chief Executive and staffed by secretaries and bureau heads, as well as representatives to accommodate a wider civil society and a range of interests. It seems appropriate to entrust the forthcoming poverty commission with this task. Besides, we assert that a commissioner of directorate grade should also be appointed to steer the work of a unit or task force set up within the government secretariat. The commissioner, together with its unit, should perform as a clearing house of poverty alleviation policy affairs. The role of the commissioner is particularly important in policy coordination and implementation in that it serves as a linchpin between the commission and relevant government departments to facilitate the entire policy process. It is also the commission's role to work out the details of engagement with social partners. The commissioner should be an ex-officio member of the new poverty commission and report its work to the commission. We learned from our study of overseas experiences that a cross-government approach would be more potent in tackling the multi-faceted nature of poverty.
94. We also highlight the importance of social partners in the policy process using the Irish case. Engagement with civic organisations will bring legitimacy to the policy process and outcome. Civic organisations contribute to policy making and implementation by leveraging their knowledge, encouraging compliance to policy and monitoring outcomes. They represent the interests of poor people and help

feed the people's views into the process. The ultimate aim of social partnership is to build consensus on policy direction moving forward. When setting out the mission and objectives of the new poverty commission, the preparatory task force should include the notion of social partnership as a principle to ensure a constructive relationship between the government and various social partners. The forthcoming poverty commission should institute a framework with a set of protocols to enable civic organisations with capacities to join as social partners, so as to engage them in the deliberation, formulation and monitoring of policies related to poverty alleviation.

95. We believe in a policy system in support of poverty alleviation, rather than some transient arrangements which end up as one-off relief measures and mere sweeteners. In Hong Kong, this policy system could be an institutional setting characterised by a cross-government approach, together with some potent policy instruments, such as an official poverty line and a framework to support social partnerships.

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