

Research Assessment Exercise 2020
Impact Case Study

University: The Chinese University of Hong Kong

Unit of Assessment (UoA): 28, Social Work and Social Policy

Title of Case Study: Improving the Lives of the Working Poor in Hong Kong Since 2013

(1) Summary of the impact

Research by Professor Wong Hung and his team on the impact of poverty in Hong Kong has highlighted the rise of the working poor and investigated their deprivation and social exclusion. The research set the agenda and provided essential evidence for Oxfam Hong Kong and Hong Kong Council of Social Service to advocate introduction of the Low-income Working Family Allowance (LIFA) in 2016. This has significantly improved the quality of life of 143,700 working poor in Hong Kong. Wong expanded the impact by evaluating the LIFA Scheme and proposing Living Wages to further improve the lives of the working poor.

(2) Underpinning research

Prior to 2000, narratives about poor people referred to them as ‘the unemployed’ and ‘labour market dropouts’; the general public were unaware that a substantial number of poor people were employed. Wong has conducted a series of landmark studies which (a) have raised public awareness and concern about the extent and nature of poverty amongst the employed, (b) have been used successfully to advocate setting up LIFA and its improvement since 2013 and (c) have been used for advocacy to establish Living Wages (LW) in Hong Kong since 2018. The six pivotal studies are described as follows:

Study A: In 2000, Oxfam Hong Kong (OHK) commissioned Wong and Lee to conduct research into poverty and employment. This study found that the new poor in Hong Kong were ‘marginal workers’ in the segmented labour market with low job security and with wages so low that they did not have adequate income for basic living; hence, these marginal workers are termed the ‘working poor’ [3.1, 3.2, 3.3]. A key recommendation from this research was that any long-term poverty alleviation policy had to incorporate the working poor as the main concern [3.4].

Study B: In 2004, the Hong Kong Council of Social Service (HKCSS) commissioned Wong to establish the standard rate of the Comprehensive Social Security Assistance Scheme by using the standard budget approach. Wong calculated the basic living budget for workers and their families, which formulated the level of the minimum wage at an hourly rate of HKD 30.

Study C: OHK commissioned Wong to further examine the poverty profiles of the employed people in Hong Kong in 2006. The research urged the Hong Kong Government to include the working poor as its target for the poverty alleviation policy. To solve the problems faced by the working poor, Wong suggested that the government should set up tax credits (a cash allowance for low-income working families), which became the prototype of LIFA [3.5].

Study D: In 2009, Wong and Ye secured HKD 0.45 million from the Public Policy Research (PPR) Funding Scheme, Research Grants Council, to evaluate the impact of the minimum wage on vulnerable groups. They indicated the positive impact of the minimum wage on labour market outcomes and the quality of life of vulnerable groups and confirmed that the working poor in Hong Kong were benefitting from the minimum wage [3.6].

Study E: In 2016, Wong and Zhang secured HKD 1 million from PPR Funding Scheme, Central Policy Unit of the HKSAR Government, to evaluate the impact of implementing LIFA

on low-income working families in Hong Kong. They confirmed LIFA's positive impact on relieving the financial pressure on low-income working families and recommended improvements to expand the scope and impact of LIFA.

Study F: In 2017, OHK commissioned Wong to study the LW. The research proposed that the LW could provide a basic and adequate living for workers and their family members in Hong Kong and recommended the level of the LW at an hourly rate of HKD 54.7.

(3) References to the research

- [3.1] [Lee, K. M. & Wong, H. \(2004\)](#). Marginalized workers in postindustrial Hong Kong. *The Journal of Comparative Asian Development*, 3(2), 249-280. doi: 10.1080/15339114.2004.9678402
- [3.2] [Wong, H. \(2005\)](#). The quality of life of Hong Kong's poor households in the 1990s: Levels of expenditure, income security and poverty. *Social Indicators Research*, 71(1-3), 411-440. doi: 10.1007/s11205-004-8030-2
- [3.3] [Lee, K. M., Wong, H., & Law, K. Y. \(2007\)](#). Social polarisation and poverty in the global city: The case of Hong Kong. *China Report*, 43(1), 1-30. doi: 10.1177/000944550604300101
- [3.4] [Wong, H. \(2007\)](#). Misled intervention by a misplaced diagnosis: The Hong Kong SAR Government's policies for alleviating poverty and social exclusion. *The China Review*, 7(2), 123-147.
- [3.5] [Wong, H. \(2007\)](#). Employed, but poor: Poverty among employed people in Hong Kong. Oxfam Briefing Paper. Hong Kong: Oxfam.
- [3.6] [Wong, H., & Ye, S. \(2015\)](#). Impact of enforcing a statutory minimum wage on work and quality of life of vulnerable groups in Hong Kong. *International Journal of Social Welfare*, 24(3), 223-235. doi: 10.1111/ijsw.12117

(4) Details of the impact

Based on the results of Studies A, B, C and D, Oxfam Hong Kong and the Hong Kong Council of Social Service adopted the recommendations in their policy advocacy campaigns for a low-income working family subsidy. The government set up LIFA in 2016. Study E confirmed that LIFA was notably improving the lives of the working poor in Hong Kong and indicated important areas for further improvement. The recommendations of Study E to improve LIFA convinced the government to upgrade the LIFA to a Working Family Allowance (WFA) in 2018, which extended LIFA's benefits to 143,700 people (including 57,100 children) in Hong Kong. In 2019, Study F on the LW has led to discussion on the formation of a Living Wage Foundation in Hong Kong, another attempt by Wong to improve the lives of the working poor by advocating new social policies and programmes.

Before October 2013

The results of Wong's research, which indicated increasing numbers of the working poor, were widely reported in local and international media [\[5.1\]](#). Policymakers were key target audience of the research. Wong briefed NGOs and presented his academic recommendations to influential policy forums, the Legislative Council [\[5.2\]](#) and Commission on Poverty between 2001 and 2013. Studies A and B as well as the published academic papers provided essential evidence for NGOs (e.g. OHK and HKCSS) to advocate the Statutory Minimum Wage (SMW) [\[5.3\]](#). In 2010, the HKSAR Government adopted and enforced the SMW. Although SMW was effective in increasing the income of the working poor, its impact on those working poor families with children was limited. Wong concluded that the family subsidy provided by the government as an allowance support could address the policy gap.

LIFA: October 2013 – September 2019

By Studies C and D, Wong has further advised OHK and HKCSS to advocate setup of a low-income working family subsidy. His recommendations were adopted by OHK and HKCSS as the focus of their subsequent advocacy campaigns [5.4]. In 2013, OHK urged the government to extend the coverage and increase the amount of the Work Incentive Transport Subsidy Scheme for low-income families, particularly those with children [5.5]. In 2013, HKCSS campaigned to establish the Low-Income Supplement to support working poor households and to subsidise families with children [5.6]. In 2016, the Commission on Poverty adopted OHK and HKCSS's suggestions to establish LIFA, a cash allowance to encourage self-reliance among low-income families through employment and to ease intergenerational poverty.

In examining the impact of LIFA in Study E, Wong and Zhang (2017) found that the allowance helps recipients attend tuition classes and social gatherings, which improve the quality of life of working poor families and their children. The report suggested five recommendations to improve the coverage and benefit of LIFA [5.7]. The government subsequently adopted these four recommendations: (1) adding a new tier of working hour requirement at 168 hours, (2) allowing household members to aggregate working hours, (3) adopting the median household income of working households to determine the income limit and (4) adding another tier of three quarters of the allowance rate.

WFA: October 2013 – September 2019

The recommendations of Study E convinced the government to upgrade the LIFA Scheme to WFA on 1 April 2018. The full rates of basic, medium and higher allowance were increased to \$800, \$1,000 and \$1,200 per month, respectively, whereas the Child Allowance increased to \$1,000 per child per month. These measures extended LIFA's benefit coverage. The government reported that in September 2018, approximately 143,700 people (including 57,100 children) benefitted from WFA, lifting 26,500 people (including 11,600 children) out of poverty and bringing down the poverty rate by 0.4% compared with 2017 [5.8].

LW: October 2013 – September 2019

Wong continued research on the working poor in Hong Kong in a study of LW, commissioned by OHK in 2017. Study F provided evidence-based results to show employers, employees and NGOs that the hourly rate of LW should be set at \$54.7. Following the successful campaign by the Living Wage Foundation in the UK, OHK and Wong initiated the LW campaign in Hong Kong to persuade employers to adopt the LW, so that employees can support themselves and their family members. Since 2018, OHK and Wong have been encouraging the business sector and NGOs to co-create a Living Wage Foundation in Hong Kong [5.9]. The LW campaign successfully drew such employers as Burberry, KPMG and HSBC to agree on the level of LW and to discuss the formation of the Living Wage Foundation in Hong Kong [5.10].

(5) Sources to corroborate the impact

- [5.1] Media coverage of Wong's research in Hong Kong ([Reuters, 18 June 2007](#))
- [5.2] Wong presented findings of Study A at a meeting of the Panel on Welfare Services of the Legislative Council on 12 November 2001 to advocate the establishment of a minimum wage ([Minutes: LC Paper No. CB\(2\)591/01-02: 8](#))
- [5.3] Papers of the Legislative Council recorded the comments and suggestions of OHK for establishing a minimum wage for working poor families: [Oxfam Hong Kong – A Proposal on Minimum Wage Legislation \(2009\)](#), LC Paper No. CB(2)2571/08-09(17) presented at the [Bills Committee on Minimum Wage Bill Meeting on 7 October 2009](#)
- [5.4] Support letters from [OHK and HKCSS](#) in recognising the impact of Wong's research studies on their advocacy work and campaigns

- [5.5] [Oxfam Hong Kong's Report on the Living Standards of Working Poor Families with Children](#) released on 16 December 2013
- [5.6] [Proposal on low-income supplement by the Hong Kong Council of Social Service](#) released on 22 August 2013
- [5.7] [Study E Report: Wong, H. & Zhang, Y. \(2017\). Report on impacts of implementing 'Low-income Working Family Allowance' \(LIFA\) on labour market situation and quality of life of low-income working families in Hong Kong](#) (Recommendations of improving LIFA can be found at pp. xii–xiii)
- [5.8] Impacts of LIFA as estimated by the government and stated in the [Hong Kong Poverty Situation Report \(2017: p.ix and p.xiii\)](#)
- [5.9] Media report on the recommendations of LW research ([South China Morning Post, 9 December 2018](#))
- [5.10] [Support letter from Burberry](#) on the Living Wage Foundation in Hong Kong