

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 raised public concerns about (a) the increase in the number of working people whose incomes fall below the poverty line, as well as (b) the working poor's experience of deprivation and social exclusion. These research findings motivated the advocacy by the Oxfam Hong Kong and Hong Kong Council of Social Service to introduce the Low-income Working Family Allowance (LIFA) in 2016. LIFA has significantly improved the quality of life of 143,700 working poor in Hong Kong during the assessment period.

(2) Underpinning research

Prior to 2000, poor people were often thought to be 'the unemployed' or 'labour market dropouts'. What had escaped public attention was the fact that many poor people were employed. During the assessment period, a series of landmark studies conducted by WONG and his team (a) raised public awareness and concern about the extent and nature of poverty among the employed, (b) motivated the advocacy to set up LIFA and its refinements since 2013, and (c) fueled the establishment of Living Wages (LW) in Hong Kong in 2018. The six studies that had changed the life of many economically disadvantaged workers are:

Study A: In 2000, Oxfam Hong Kong (OHK) commissioned WONG and LEE to conduct a study of poverty and employment in Hong Kong. This study uncovered a hidden group of poor people in Hong Kong - the working poor. This group were 'marginal workers' in the segmented labour market with low job security. Their low earnings were not enough to cover the costs of basic living [3.1, 3.2, 3.3]. This finding called for long-term poverty alleviation policies that would address the hardships faced by the working poor [3.4].

Study B: In 2004, the Hong Kong Council of Social Service (HKCSS) commissioned WONG to determine the standard rate of the Comprehensive Social Security Assistance Scheme. Using the standard budget approach, WONG evaluated the basic living budget for workers and their families, and recommended that the level of the minimum hourly wage should be set at HKD 30.

Study C: In 2006, OHK commissioned WONG to further examine the poverty profiles of the employed people in Hong Kong. Based on his findings, WONG urged the HKSAR Government to make poverty relief of the working poor a target in its poverty alleviation policies. More concretely, WONG recommended the government to set up tax credits (a cash allowance for low-income working families). This recommendation was adopted in the construction of the prototype of LIFA [3.5].

Study D: In 2009, funded by the Research Grants Council's Public Policy Research (PPR) Funding Scheme (HKD 0.45 million), WONG and YE evaluated the impact of the minimum wage on vulnerable groups. The research documented the positive impact of the minimum wage on labour market outcomes and the quality of life of vulnerable groups, unequivocally confirming the many benefits of the minimum wage to the working poor [3.6].

Study E: In 2016, funded by another PPR grant (HKD 1 million), WONG and ZHANG evaluated the impact of implementing LIFA on low-income working families in Hong Kong. Their results confirmed LIFA's positive impact on lifting the financial burden of low-income working families and called for refinements of LIFA to expand its scope and impact.

Study F: In 2017, OHK commissioned WONG to study the Living Wages (LW). This research confirmed that LW could provide a basic and adequate living for workers and their family members in Hong Kong. The level of the LW was recommended to be set at the 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, OHK and HKCSS made *the setting up of a low-income working family subsidy* a focus of their public policy advocacy campaigns. In response to these campaigns, the government set up LIFA in 2016. Study E confirmed that LIFA had substantially improved the lives of the working poor in Hong Kong. In addition, WONG recommended further refinements of the scheme to expand its scope and impact. These recommendations were adopted by the government and LIFA was upgraded to a Working Family Allowance (WFA) in 2018. By then, the allowance had benefitted 143,700 people (including 57,100 children) in Hong Kong. In 2019, Study F on the LW inspired discussion on the establishment of the Living Wage Foundation in Hong Kong, another attempt by WONG to improve the lives of the working poor through advocating progressive social policies and programmes.

Before October 2013

WONG's research findings, which revealed an enlarging population of the working poor, were widely reported in local and international media [\[5.1\]](#). WONG intended to influence policymakers with his findings at the outset. He briefed NGOs and presented his policy

recommendations at influential policy forums, and to the Legislative Council [\[5.2\]](#) and Commission on Poverty between 2001 and 2013. The published results of Studies A and B provided compelling evidence to support NGOs' (e.g. OHK and HKCSS) advocacy for the Statutory Minimum Wage (SMW) [\[5.3\]](#). In 2010, the HKSAR Government adopted and implemented the SMW. Although SMW increased the income of the working poor, it had limited impact on the working poor families with children. WONG recommended the provision of a family subsidy by the government to address this social service gap.

LIFA: October 2013 – September 2019

Based on Studies C and D, WONG further advised OHK and HKCSS to advocate setting up a low-income working family subsidy. His recommendation was adopted by OHK and HKCSS and became 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 suggestion to establish LIFA, a cash allowance to promote self-reliance among low-income families through employment and to ease intergenerational poverty.

In Study E, WONG and ZHANG (2017) evaluated the impact of LIFA and concluded that the allowance helped recipients attend tuition classes and social gatherings, which in turn improved the quality of life of working poor families. Five recommendations were made to improve the coverage and benefit of LIFA [\[5.7\]](#), and four were adopted by the government: (a) added a new tier of allowance with 168 hours of working hour requirement, (b) allowed household members to aggregate their working hours, (c) used the median household income of working households to determine the income limit, and (d) added another tier of three-quarters of the allowance rate.

WFA: October 2013 – September 2019

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

LW: October 2013 – September 2019

In a study of LW, commissioned by OHK in 2017 (Study F), WONG showed employers, employees and NGOs the evidence that the hourly rate of LW should be set at HKD 54.7. Inspired by the successful campaign of the Living Wage Foundation in the UK, OHK and WONG initiated the LW campaign in Hong Kong to persuade employers to adopt LW, which would enable employees to support themselves and their family members. Since 2018, backed by WONG's research evidence, OHK and WONG have been lobbying the business sector and NGOs to co-create a Living Wage Foundation in Hong Kong [\[5.9\]](#). The LW campaign successfully convinced some employers (e.g. Burberry, KPMG and HSBC) to agree on the level of LW and to deliberate on the establishment 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](#))
[Also Appended]
- [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](#)) [Also Appended]
- [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 [Also Appended]
- [5.4] Support letters from [OHK and HKCSS](#) in recognising the impact of Wong’s research studies on their advocacy work and campaigns [Also Appended]
- [5.5] [Oxfam Hong Kong’s Report on the Living Standards of Working Poor Families with Children](#) released on 16 December 2013 [Also Appended]
- [5.6] [Proposal on low-income supplement by the Hong Kong Council of Social Service](#) released on 22 August 2013 [Also Appended]
- [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) [Also Appended]
- [5.8] Impacts of LIFA as estimated by the government and stated in the [Hong Kong Poverty Situation Report \(2017: p.ix and p.xiii\)](#) [Also Appended]
- [5.9] Media report on the recommendations of LW research ([South China Morning Post, 9 December 2018](#)) [Also Appended]
- [5.10] [Support letter from Burberry](#) on the Living Wage Foundation in Hong Kong [Also Appended]