



# ASIAN MIGRANTS COORDINATING BODY

Members from Indonesia, Nepal, Philippines, Sri Lanka and Thailand

## Submission of the Asian Migrants Coordinating Body (AMCB) to the HK Executive Council for a wage increase for Foreign Domestic Helpers (FDHs)

In March 2003, the Executive Council, through the office of the Secretary for Economic Development and Labour Bureau, approved the proposal of the Hong Kong Executive Council to cut the Minimum Allowable Wage (MAW) of Foreign Domestic Helpers (FDH) from HK\$3,670 to HK\$3,270 or by HK\$400. This 11% pay cut was one of the biggest experienced by any worker's sector in the community.

The Task Force on Population Policy, from where the proposal originated and was subsequently adopted by the executive and the legislative councils, gave the *“general economic and employment situation of Hong Kong ... [1]the relevant pay trend and change in the [2]consumer price index, [3]unemployment rate and labour market situation”* as its criteria for coming up with the proposal. The actual computation of how the HK\$400 was justified was not made available for public consideration.

More than 20 months have passed since the HK\$400 wage cut. Since then, we continued to lobby to reverse the decision. We also, up to now, have been vigorously advocating to scrap the Employment Retraining Levy that serves as indirect taxation to FDHs.

After straining from the burden of the HK\$400 wage cut, the Asian Migrants Coordinating Body (AMCB) composed of FDH from Indonesia, Thailand, Nepal, Sri Lanka and the Philippines would like to forward this submission for a wage increase for FDH.

1. Since the wage cut of March 2003, Hong Kong has experienced gradual economic recovery.
  - a. The economy posted an increase in its Gross National Product (GNP) from the March 2003 figure of HK\$311,343 million to HK\$311,558 million (June 2004). This was an increase of 8.9 percent from the same period last year. Additionally, the Gross Domestic Product (GDP) also recorded the same percentage increase for the said period. Hong Kong has posted increase in its income with an increase of 30.3% in direct investment and 23.2% in portfolio investment. **(Table 1)**
  - b. Hong Kong's employment situation has also gradually improved. By August of 2003, unemployment rate and underemployment rate was 8.8% and 4% respectively. Initial data from the Census and Statistics Department showed unemployment rate to go down at 6.7% and underemployment rate to 3.2%. According to the CSD: *“a Government spokesman said that total employment in August - October 2004 showed the fastest growth so far this year, backed by the sustained pick-up in overall economic activity. Concurrently, this growth rate distinctly outpaced that of total labour supply”*. **(Graph 1)**
2. Since 1997, FDH wage has not been increased. In 1999, our wage has been decreased by 5% from an original proposal of 20% reduction. Then in 2003, our salary suffered an 11% slash. This has brought our nominal wage to HK\$3,270 which is the same as that of the 1992 wage level. With inflation and changes in consumer prices indices for the past 12 years, the 1992 nominal wage level is clearly an inhuman wage for a worker.

3. Wages of workers from the service sector have increased by June 2004. Nominal wage has increased by 2.7% and the real wage has increased by 2.5% as reported also by the Census and Statistics Department. The increase of wage for our fellow workers in the service sector is just. As part of the same sector, FDH wages should also be increased. **(Table 2)**
4. Foreign Domestic Helpers work on call for 24 hours a day. Our working hour is mainly dictated by the needs of the household that we work with. In the main, FDHs work a minimum of 12 hours to a maximum of 16 hours per day. Some even work for almost 18 hours to 20 hours a day. Taking 12 hours as the minimum, the current HK\$3270 MAW means that FDH per hour salary is almost only HK\$10.50 (computed on the basis of 26 working days per month). For those who work for 16 hours, per hour salary is HK\$7.80. For those who work for 20 hours, per hour wage is HK\$6.30! By any labor standard, the measly per hour wage of FDHs is practically modern-day slave wages. Local domestic helpers, meanwhile, earn HK\$50 per hour. According to the 1949 Migration for Employment Convention of the International Labour Organization (ILO):

*Article 6*

*1. Each Member for which this Convention is in force undertakes to apply, without discrimination in respect of nationality, race, religion or sex, to immigrants lawfully within its territory, treatment no less favourable than that which it applies to its own nationals in respect of the following matters:*

*(a) in so far as such matters are regulated by law or regulations, or are subject to the control of administrative authorities—*

*(i) remuneration, including family allowances where these form part of remuneration, hours of work, overtime arrangements, holidays with pay, restrictions on home work, minimum age for employment, apprenticeship and training, women's work and the work of young persons;*

Furthermore, according to the Minimum Wage Fixing Convention of 1970;

*Article 3*

*The elements to be taken into consideration in determining the level of minimum wages shall, so far as possible and appropriate in relation to national practice and conditions, include—*

*(a) the needs of workers and their families, taking into account the general level of wages in the country, the cost of living, social security benefits, and the relative living standards of other social groups;*

*(b) economic factors, including the requirements of economic development, levels of productivity and the desirability of attaining and maintaining a high level of employment*

5. Workers, including those in the service sector, are categorized according to a particular type of work. FDH, however, perform multiple job categories. With households as our workplace, we are cooks, waitresses, cleaners, governesses, caregivers, dishwashers and tutors. Some even have driving duties. This multiple job category, compounded by the hourly rate that we get, makes it even clearer that the current HK\$3,270 wage is not commensurate to the work that we do.
6. Statistics have shown how that the retail trade has posted a +10 increase by August 2004. The 216,235 FDHs (Hong Kong Immigration Department data as of March 2004) is part of the market of the retail trade sector. According to the survey conducted by the Mission for Filipino Migrant Workers (HK) Society among Filipino domestic helpers, FDH spend almost **66%**

(HK\$2,431.06) of their salary to Hong Kong business establishments that include food (8%, HK\$306.91), phone (12%, HK\$433.71), Toiletries (5%, HK\$192.89), and other miscellaneous expenses (6%, HK\$219.87). Even loan repayment that constitutes the bulk of our expenditure (31%, HK\$1,161.10) is paid to Hong-Kong based financing agencies that pay various taxes to the Hong Kong government. (Chart 1)

7. Compared to other countries, Hong Kong lags behind in terms of minimum wage for FDH. FDHs in Canada receive HK\$31 – 45 per hour. In Quebec, FDHs get HK\$6,220 per month while in Japan, they receive HK\$10,003 per month. Hong Kong wage for FDHs is only at par, if not slightly higher, with that of Singapore and Taiwan – countries that are notorious for mistreating migrant workers.

Following these points, the AMCB believes that:

1. It is just to increase the Minimum Allowable Wage of Foreign Domestic Helpers from the current HK\$3,270 to a minimum of the March 2003 level of HK\$3,670. The improving economic condition of Hong Kong, the pay trend of relevant sectors of the working community, the contribution of FDHs to the Hong Kong economy and the unjust and inhuman wage level relative to our working hours and the amount of work that we do – these and more are enough reasons for the Executive Council to consider a pay hike for FDHs.
2. It is just for us to reiterate our call for a more equitable formula that government departments concerned on the review of FDH wage and policies use. The process should also be transparent especially to the migrants community who are the main targets of the review and subsequent policies. The process for determining our wages has been obviously arbitrary and capricious – in March 2003, it was deflation and median wage levels while in the past years, it was the GDP per capita and the wage index.
3. Furthermore, we reiterate our call to scrap the Employees Retraining Levy imposed to employers of FDH. This is an undue burden to employers especially the local workers who are just now enjoying respite from their previous crisis condition. The levy does not solve the unemployment condition of Hong Kong. The Task Force on Population Policy itself admitted that the market for local helpers is different from that of the FDH. The decrease of unemployment and underemployment was not in any way related to the domestic help sector as indicated by the press release of the Census and Statistics Department in October 2004. This means that, in practice, the retraining levy did not make significant impacts in the employment of local domestic helpers. Also, the levy is an indirect taxation to FDHs. It is of no coincidence that the levy was imposed at the same time and at the same amount (for a two-year standard FDH contract) as the wage cut. As such, it violated the taxation law of Hong Kong because clearly, the wage of FDHs is way below the minimum taxable income.#

***Hong Kong SAR***  
***17 December 2004***

**AMCB Affiliates:**

Asosiasi Tenaga Kerja Indonesia di Hong Kong (ATKI-HK) (*Association of Indonesian Migrant Workers*)

Association of Sri Lankans in Hong Kong (ASL-HK)

Far East Overseas Nepalese Association (FEONA)

Friends of Thai in Hong Kong (FOT-HK)

Thai Regional Alliance - Hong Kong (TRA-HK)

United Filipinos in Hong Kong (UNIFIL-HK)