

**LegCo Panel on Manpower  
Special Meeting on 12 March 2003**

**Review of Policy on Foreign Domestic Helpers**

**Purpose**

This paper provides the statistical data (Annexes I to III) in relation to the review of policy on foreign domestic helpers (FDHs).

**MAW**

2. FDH employers in Hong Kong are required to pay a wage not less than the Minimum Allowable Wage (MAW) stipulated by the Government. The objectives of the MAW are twofold: to guard FDHs against exploitation and to protect local employees against competition from cheap imported labour. In setting the MAW, the Administration takes account of the general economic and employment situation of Hong Kong, as reflected by a host of economic indicators including the relevant pay trends, price indices, unemployment rate and labour market situation. Specifically, a basket of economic indicators have been taken into account including the Consumer Price Index (A), the median monthly employment earnings of service workers and workers in elementary occupations, nominal wage index for service workers for all industries, median monthly household income, Gross Domestic Product and unemployment rate. On the basis of these economic indicators, the Administration takes a broad judgement on the appropriate level of the MAW.

3. The MAW is subject to annual review. Over the past three decades, there were altogether 18 revisions. All but one (in February 1999) were upwards. It is on the basis of this well-tried and established mechanism that the MAW will be reduced by \$400 (or 10.9%) from \$3 670 to \$3 270 with effect from 1 April 2003. This is to reflect the downward adjustment of the various local economic indicators since the MAW was last revised in February 1999. For instance,

- The Consumer price Index (A) has fallen by around 10%;
- The median monthly employment earnings of service workers and shop sales workers have dropped by around 11%;
- The median monthly employment earnings of workers in elementary occupations have declined by about 16%; and
- The median monthly household income of local households with FDHs has fallen by 17%.

### **Observations**

4. The following observations can be made on the tables at Annexes I to III :-

- Comparing the fourth quarter of 2002 with the first quarter of 1999 (when the minimum allowable wage of FDHs was last adjusted), the median monthly household income of local households with FDHs fell by 17% from \$48,000 to \$40,000. Over the same period, the monthly household income of local households with FDHs at the lower quartile of the household income distribution decreased by 15% from 29,500 to \$25,000, and that of local households with FDHs at the upper quartile by 14% from \$80,000 to \$69,000 (*Annex I*).
- The Hon Lee Cheuk-yan requested that the coverage of service workers and shop sales workers as well as workers in elementary occupations be adjusted, with the former excluding unpaid family workers, and persons working less than 35 hours during the seven days before enumeration, and with the latter excluding additionally FDHs and resident domestic helpers. Compiled on this basis, the median monthly employment earnings of workers in elementary occupations went down by 13% from \$7,500 in the first quarter of 1999 to \$6,500 in the fourth quarter of 2002. For service workers and shop sales workers, there was a larger decline, by 20% from \$10,000 to \$8,000 over the same period (*Annex II*). (Without making such adjustment in coverage, workers in elementary occupations, and service workers and shop sales workers had

respective decreases of 16% and 11% in their median monthly employment earnings.)

- Based on data we obtained from Labour Earnings Survey collected from establishments, comparing September 2002 with March 1999, the average monthly salaries of service workers fell by 2% from \$8,986 to \$8,764. Over the same period, the average monthly salaries of miscellaneous non-production workers went down by 7% from \$7,787 to \$7,208 (*Annex III*). Compared with the median, the average wage is more subject to possible distortions by extreme values. For instance, even when wage level remains stable for a certain occupation, if there is an influx of lower-paid new recruits joining the occupation, the average wage may still record a reduction due to such change in employment structure. Thus the median employment earnings should also be given due reference in considering the adjustment of the MAW. As pointed out above, based on adjusted coverage, the median monthly employment earnings of workers in elementary occupations went down by 13% between the first quarter of 1999 and the fourth quarter of 2002; those of service workers and shop sales workers went down by 20% over the same period.

Economic Development and Labour Bureau (Labour Branch)  
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## Annex I

### **Monthly household income of local households with FDHs\***

		<u>Lower quartile</u> (\$)	<u>Median</u> (\$)	<u>Upper quartile</u> (\$)
1999	Q1	29,500	48,000	80,000
	Q2	27,000	44,000	74,000
	Q3	26,000	43,000	70,000
	Q4	25,000	41,000	70,000
2000	Q1	30,000	48,000	80,000
	Q2	28,000	43,000	75,000
	Q3	26,000	42,000	70,700
	Q4	25,000	42,700	72,000
2001	Q1	28,000	48,000	80,000
	Q2	25,300	41,700	70,000
	Q3	25,500	40,000	70,000
	Q4	25,000	40,000	70,000
2002	Q1	25,700	40,200	70,000
	Q2	23,700	40,000	70,000
	Q3	24,000	40,000	70,000
	Q4	25,000	40,000	69,000

Note : (\*) Excluding employment earnings of both FDHs and resident domestic helpers.

Source : General Household Survey, Census and Statistics Department.

**Median monthly employment earnings**

		<u>Workers in elementary occupations</u>		<u>Service workers and shop sales workers</u>	
		<u>Adjusted*</u> (\$)	<u>Overall</u> (\$)	<u>Adjusted#</u> (\$)	<u>Overall</u> (\$)
1999	Q1	7,500	5,700	10,000	9,000
	Q2	7,000	5,500	9,500	9,000
	Q3	7,000	6,000	9,500	9,000
	Q4	7,000	5,500	9,500	9,000
2000	Q1	7,200	5,500	10,000	9,000
	Q2	7,000	5,500	9,200	9,000
	Q3	7,000	5,500	9,200	9,000
	Q4	7,000	5,300	9,000	9,000
2001	Q1	7,000	5,200	10,000	9,500
	Q2	7,000	5,000	9,200	9,000
	Q3	7,000	5,000	9,000	9,000
	Q4	6,600	5,000	9,000	8,500
2002	Q1	6,500	5,000	9,000	8,500
	Q2	6,800	5,000	8,800	8,000
	Q3	6,500	5,000	8,800	8,000
	Q4	6,500	4,800	8,000	8,000

Notes : (\*) Adjusted to exclude unpaid family workers, foreign domestic helpers, resident domestic helpers, and persons working less than 35 hours during the seven days before enumeration.

(#) Adjusted to exclude unpaid family workers and persons working less than 35 hours during the seven days before enumeration.

Source : General Household Survey, Census and Statistics Department.

## Annex III

### **Average monthly salaries**

		<u>Service workers</u>	<u>Miscellaneous</u>
		<u>(\$)</u>	<u>non-production workers</u>
			<u>(\$)</u>
1999	Mar	8,986	7,787
	Jun	9,174	7,735
	Sep	9,271	7,715
	Dec	9,353	7,692
2000	Mar	9,178	7,821
	Jun	9,268	7,691
	Sep	8,907	7,602
	Dec	9,052	7,681
2001	Mar	9,073	7,647
	Jun	8,877	7,592
	Sep	8,864	7,457
	Dec	8,820	7,411
2002	Mar	8,901	7,269
	Jun	8,851	7,267
	Sep	8,764	7,208

Source : Labour Earnings Survey, Census and Statistics Department.