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**Position of the Asian Migrants Coordinating Body (AMCB)
on the decision of the Hong Kong Executive Council to impose a
HK\$400 cut on the Minimum Allowable Wage (MAW)
of Foreign Domestic Helpers (FDHs) and
HK\$9,600 levy on employers of FDHs**

Since proposals to reduce the Minimum Allowable Wage, whether in the form of a levy or a direct pay slash were introduced last November, the AMCB has been firm in our position that any cut to the wage of Foreign Domestic Helpers (FDHs) is unjust and discriminatory.

The massive numbers of people who participated in our protest actions, especially the 12,000-strong rally last February 23 led by the AMCB, have shown the widespread indignation of migrant workers against such proposals. The 48,000 signatures that we have gathered attest to the heightened anxiety of the FDHs if a wage cut is implemented.

In light of the recent decisions of the Executive Council on FDH wages, levy on employers and social benefits based on the recommendations of the Task Force on Population Policy, the AMCB, comprising of migrant workers from Indonesia, Thailand, Nepal, Sri Lanka and the Philippines, submits the following points:

1. To use 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"* to set the Minimum Allowable Wage (MAW) needs further reconsideration for its applicability to the actual situation of FDHs.
 - a. While indeed the CPI has fallen since 1999, as reported by the Task Force, it should be taken into account that rent took almost half of the reduction. Since the general rule is for an FDH to stay with her employer, rent reduction has negligible impact to FDH spending vis-à-vis the prices of goods. In fact, consumer items usually bought by FDHs such as clothing and footwear have registered a 2.6% increase while women's underclothing has risen by 6.15%. The decrease of prices of meals bought away from home was 1.7% while personal care products was 1.5%.
 - b. The survey conducted by the Mission for Filipino Migrant Workers (MFMW) last November 2002 has shown that FDH spend 66% of their salary to patronize Hong Kong businesses such as recruitment agencies, financing agencies, communication companies, transportation, restaurants, and consumer shops. It goes without saying that despite the reported CPI reduction, major items in the expenditures of FDHs remain at its previous level, or in some cases, have even increased.
 - c. Considering the price increase of consumer items purchased by FDHs, the minimal price decrease for other items, the 11% wage slash for 2003 is widely disproportionate compared to CPI change. This is not to mention the wage freeze on FDH since 1997 and the 5% wage cut in 1999! The 11% approved wage cut for this year brings FDH wage to 1992 levels. How can wages of eleven years ago survive the cost of living of today?
 - d. Hong Kong official statistics have revealed a decrease of salary of service workers in the private sector. (Please refer to data of the Census and Statistics Department – on Average Wages of Service Workers). The decrease varies from HK\$200 to HK\$500

especially within the last quarter of 2002. However, the base wages of service workers have a vast difference with that of the FDH. While HK\$400 is 4% of the salary of a cook which is HK\$9,000 per month, the same amount is equivalent to 11% of the HK\$3,670! If we even compare other aspects of employment like working hours, differences even become more glaring for FDH work for a minimum of 16 hours per day with some working up to 20 hours.

- c. The Hong Kong government has also reported a 7.4% unemployment rate. However, referring to the report of the Task Force, they have recognized that FDHs and Local Domestic Helpers (LDHs) have two different markets. Which means, that the number of FDHs has nothing to do with Hong Kong unemployment. Last year, even the Hong Kong government has admitted that 500,000 households need domestic helpers. While FDHs and LDHs number at an estimated 250,000 and 30,000 respectively, this means that there are still 220,000 openings in the domestic job market.

Following these points, the AMCB believes that:

- a. The HK\$400 cut from the Minimum Allowable Wage is unjust and must be scrapped. The rationale behind the reduction of the Minimum Allowable Wage does not justify the decrease. FDH wage must be returned back to HK\$3,670.
 - b. There is a need 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 – this year it was deflation and median wage levels; in the past years it was the GDP per capita and the wage index.
2. The wage cut is discriminatory to women, especially to women workers. The decision targets the FDH community which is composed mainly (more than 90%) of women and thus, even in spirit, is already violative of the UN Convention on the Elimination of All Forms of Discrimination Against Women and other international instruments for labour and women's right. Even Ms. Anna Wu, chairperson of the Equal Opportunities Commission, has already expressed that the wage cut is discriminatory and must be reversed. As a respected institution on the issue of discrimination and racial harmony, the EOC position and recommendations must be seriously considered by the Hong Kong government.
 3. The levy, though officially is to be paid for by employers, is indirectly shouldered by FDH through the wage cut. It is of no coincidence that the total amount reduced from the MAW for two years (standard FDH contract) is equivalent, to the exact cents, to the levy that employers will pay.
 - a. As a tax that is shouldered by FDHs, the levy violates the Taxation Law of the Hong Kong government itself that stipulates a minimum taxable wage of HK\$9,000 per month. The HK\$3,670 MAW is only about one-third of this minimum taxable wage.
 - b. The Hong Kong government justifies the levy by calling it an Employment Retraining Levy that falls under the Employment Retraining Ordinance. The AMCB believes that domestic help should not be subjected to the same ERO policies as other types of employment that have foreign workers and are required

to pay for a re-training levy. This is because of the very basic reason that households employing domestic help is very much different from profit-making companies.

4. The AMCB is one with the elderly, the disabled and other disadvantaged sectors against the plan for cutbacks on social services. We believe that to make the elderly, disabled and other disadvantaged sectors in the Hong Kong society suffer because of "rationalization of allocation of social resources" is cruel and is discriminatory against them. It will not help at all in their plans to encourage "highly-skilled" and educated professionals and investors to come to Hong Kong if the government become internationally notorious for taking advantage of the people in already vulnerable situations.
5. The AMCB is also concerned that the cutbacks in social services and social benefits can eventually also be applied to migrant workers. The past three years did not lack bases for us to say that not only our wage is under attack but also our employment condition and benefits. Who is to say that the meager and much-limited benefits that FDHs have enjoyed will eventually also be subjected to the rationalization of social services that the government is adhering to.
6. The AMCB also wishes to register our indignation over the categorization of FDHs as low-skilled as implied by the pronouncements of Mr. Donald Tsang, Chief Secretary for Administration in his speech in front of the LegCo last February 26. Contrary to the belief that FDHs work as domestic helpers because they are low-skilled, FDHs are actually "de-skilled" by domestic work which is the main job opportunity that is available for workers of other nationalities. This attitude was vastly different from Secretary Tsang's call to highly-skilled and educated professionals and those who have HK\$6.5B worth of investments to come to Hong Kong. He even promised them residency within one year if they do so. This is a very pronounced discrimination against FDH and is unbecoming of a public official.
7. We also take offense to the decision of the Executive Council to disallow debates over their decisions on FDH wage and employment. Are we not members of the Hong Kong society who are also entitled to our right within Hong Kong's democratic processes? Are we not people who have the right to address our concerns and grievances? This "authoritarian" attitude towards the FDH community is a breach of the various conventions on human rights that have been instituted since the approval of the Universal Declaration on Human Rights.

Finally, the Asian Migrants Coordinating Body (AMCB) calls on to the Hong Kong government to reverse their decision to impose a HK\$400 wage cut on FDHs and the HK\$9,600 levy. In the minimum, FDH wage must be brought back to HK\$3,670.