

For information  
on 21 October 2003

## **LegCo Panel on Manpower**

### **Review of the Special Incentive Allowance Scheme for Local Domestic Helpers**

#### **Purpose**

This paper briefs Members on the progress of the Special Incentive Allowance Scheme (the Scheme) for local domestic helpers (LDHs), and the Administration's proposal to modify the implementation arrangements to enable more LDHs to benefit from the Scheme.

#### **Background**

2. To promote the service of LDHs for household cleaning following the outbreak of SARS and to address the mismatch in supply and demand arising from geographical locations and working hours, the Administration launched in June this year the Scheme for LDHs who are willing to work farther away from their residence or during unsocial hours. At its meetings on 16 May and 4 July 2003, the Finance Committee (FC) of the Legislative Council approved the creation of a non-recurrent commitment of \$60 million for the Scheme. It was originally estimated that some 8 000 LDHs could benefit from the Scheme over a period of two years.

3. In order to qualify for the allowance, the LDH must:-

- (a) have undergone LDH training provided by the Employees Retraining Board (ERB);
- (b) have obtained the competency card<sup>1</sup>; and

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<sup>1</sup> An LDH who has completed ERB's LDH training and successfully passed the standard written and practical skills test will be issued a competency card.

- (c) be successfully placed into a LDH job through the referral of ERB's "Integrated Scheme for Local Domestic Helpers (the Integrated Scheme)<sup>2</sup>".

4. Furthermore, the applicant has to be working either "across districts"<sup>3</sup> or during "unsocial hours", i.e. 6 pm to 9 am. Each qualified LDH is entitled to the allowance at a daily rate of \$50 or monthly rate of \$1 200, and for a consecutive period of six months. In other words, the maximum amount an LDH may claim under the Scheme is capped at \$7 200.

5. As the Scheme is a new undertaking, the Administration pledged to conduct a review to assess its effectiveness after six months.

### **Implementation of the Scheme**

6. The ERB was engaged by the Administration to implement and administer the Scheme which commenced on 2 June 2003.

7. In the light of implementation experience and taking into account the feedback of NGOs and potential applicants for the allowance, the Administration introduced the following improvements to the Scheme in September 2003:-

- (a) To provide maximum flexibility to potential beneficiaries, we have relaxed the requirement that participants could only claim the allowance within a consecutive six-month period starting from the date they make their first claim. Instead, the allowance will be calculated on a daily basis so long as the last claim is made within one year of the first claim. This means that qualified LDHs can apply for the allowance for a maximum of 24 days per month and 144 days within one year (i.e. equivalent to 24 days per month for six months). The maximum amount that each qualified LDH may claim under the Scheme remains at \$7 200. By removing the

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<sup>2</sup> With the aim of offering an one-stop free-of-charge referral services for qualified LDHs and potential employers, the Integrated Scheme was launched by ERB in May 2002. Through ERB's central computer system and its 13 localized placement networks (operated by non-governmental organizations (NGOs)), the Integrated Scheme aims to further develop the LDH market in Hong Kong.

<sup>3</sup> "Across districts" is currently defined as cross-harbour trips from Kowloon or the New Territories or the Islands to Hong Kong Island and vice-versa; and Kowloon or the New Territories to the Islands and vice-versa.

requirement that the six-month period must be consecutive and allowing the counting of the eligibility period in days instead of months, LDHs need not delay joining the Scheme to wait for the time when they have secured some “long-term jobs” so as to maximize the amount of allowance that they can receive. This is also in keeping with the part-time nature of their employment mode. By relaxing this criterion, one-off cleaning job would also be covered by the Scheme.

- (b) To encourage LDHs who have taken up jobs that required them to work across the harbour or during unsocial hours to retain their jobs, jobs secured through the Integrated Scheme before the commencement of the Incentive Allowance Scheme (i.e. 2 June 2003) and which remained valid on 1 September 2003 (i.e. the effective date of the modifications) would also be covered by the Scheme. This means that more newly eligible LDHs could apply for the allowance from 1 September 2003 onwards.

8. As at 30 September 2003, there were a total of 413 successful applications<sup>4</sup>. Seven applications were rejected because the LDHs concerned did not meet the eligibility criteria e.g. they were not in possession of a competency card. A total of \$390 400 has been disbursed as incentive allowance so far. Compared with the figures for the same period last year (i.e. June to September 2002), the rates of successful referral through the Integrated Scheme to cross-harbour jobs and unsocial working hours jobs increased by 174% and 16% respectively. As such, the Scheme appears effective in encouraging more LDHs to take up jobs during unsocial hours as well as jobs far away from their homes across the harbour.

### **Proposed further relaxation to the implementation arrangements**

9. Despite the relaxations made in September 2003, we consider that there is room for further modifications so that more LDHs can benefit from the Scheme and more local families can benefit from LDH service. We intend to further relax the implementation arrangements of the Scheme by revising the definition of “unsocial hours” and allowing “cross-district” applications in addition to “cross-harbour” applications. Details are set out below:-

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<sup>4</sup> These include 114 cross-harbour applications and 299 unsocial hours applications.

*The definition of “unsocial hours”*

10. Currently, “unsocial hours” under the Scheme is defined as the period between 6 pm and 9 am. Considering that some LDHs are required to work during 5 to 7 pm to prepare dinner for their employers, it is proposed that “unsocial hours” be revised to the period from 5 pm to 9 am.

*“Cross harbour” versus “cross district”*

11. Currently, a LDH has to work “across the harbour” or “unsocial hours” before he/she is entitled to the allowance. However, there are situations whereby the LDHs, even though they do not have to cross the harbour, would still need to travel long distance and incur expensive transport costs if they are to take up jobs that are far from their residence. To address this problem of geographical mismatch, and to offer incentives to this group of LDHs, it is proposed that if the workplace of the LDH is not immediately adjacent to the one where he/she lives, the LDH should also be eligible to apply for the allowance<sup>5</sup>. This is in line with one of the objectives under the Scheme, i.e. to provide incentive allowance to those LDHs who are willing to work farther away from their residence. The demarcation of districts should follow that for the District Council. The incentive allowance applicable for such “cross-district” applications will be the same as that for “cross-harbour” application i.e. \$50 per day.

**Way Forward**

12. Subject to Members’ views on paragraphs 10 and 11, the Administration will implement the proposed relaxations with effect from 1 November 2003.

Labour Department  
Economic Development and Labour Bureau  
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<sup>5</sup> For example, a LDH who resides in Tai Po District or Kwun Tong District and works in Sham Shui Po District will be eligible for the allowance. One who resides in Tai Po District and works in Shatin District or who resides in Kwun Tong District and works in Wong Tai Sin District will not.