



# FILIPINO MIGRANT WORKERS' UNION (FMWU)

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## **Protect Foreign Domestic Workers from Debt Bondage Stop the Overcharging of Employment Agencies**

*A submission of the Filipino Migrant Workers' Union to the  
Panel on Manpower of the Legislative Council of the Hong Kong SAR  
10 June 2013*

1. For decades, the rampant practice of overcharging of employment agencies in Hong Kong victimizing migrant domestic workers (MDWs), have remained unsolved. Instead of acting pro-actively to curtail such illegal and outrightly immoral practice, the Hong Kong government through its Employment Agencies Administration (EAA) under the Labour Department has remained ineffective in dealing with these widespread abuses.
2. Currently, licensed employment agencies that are legally operating in Hong Kong are illegally charging MDWs mainly from the Philippines and Indonesia by as much as HK\$15,000 to find a new employer and process their employment contracts. This is more than 38 times the legal fee that employment agencies are allowed to collect from workers currently pegged at HK\$392 (10% of the first month's salary).
3. The amount these unscrupulous agencies are illegally collecting from the workers are separate from the fees they charge employers now averaging between HK\$7,500 – HK\$9,000 for each contract processed. As the transaction constitutes violation of the law, agencies do not issue receipt that can be used as evidence against them.
4. Many employment agencies are also offering employers a form of "warranty" or "free of charge replacement" if they are not "satisfied" with their MDWs. For every "replacement" MDW the employment agency provide, they will again illegally charge the MDW. In the process, the employment agencies can illegally collect fees from more than one MDW they place for a particular employer.
5. As the MDWs usually do not have enough money to pay the illegal fees being charged by employment agencies, they are commonly colluding with money lending agencies to exact more money from their MDW victims. The employment agencies will endorse the FDWs to the money lending agencies who will then "lend" the MDWs the needed amount to pay the employment agencies. Usually, no money will be given to the MDWs but they will be asked to sign loan agreements. These moneylenders usually impose exorbitant interest rates as high as 60% per annum.
6. This vicious cycle of termination and rehire has put thousands of FDWs in debt bondage – where FDWs work only to pay the illegal fees charged by employment agencies in collusion with money lending agencies. This is modern-day slavery in Hong Kong.

In view of these harsh and inhumane conditions of FDWs in Hong Kong as a result of the widespread practices of overcharging of employment agencies, we are putting forward the following recommendations:

- a. Give the Employment Agencies Administration (EAA) enough power/authority to run after employment agencies currently violating the law with impunity.
- b. Compel the EAA to take a pro-active role by conducting investigations and, if possible, entrapment operations to prosecute abusive employment agencies.
- c. The EAA should not dismiss complaints simply because the MDW complainants are unable to provide payment receipt as evidence of overcharging. This practice of "outright dismissal" of complaints because of the absence of payment receipts will only embolden the employment agencies' abuses of the law.
- d. Create a venue for regular consultation and dialogue between representatives of MDW associations and unions, migrant-serving NGOs and institutions, and the EAA to discuss possible forms of cooperation in curtailing this illegal practice of overcharging.