

**Information Paper on
Minimum allowable wage for foreign domestic helpers**

Background - Minimum Allowable Wage

All employers of foreign domestic helpers (FDHs) in Hong Kong must pay their FDHs a wage not less than a set minimum allowable wage (MAW). The stated purpose of the MAW is to guard against exploitation of FDHs on one hand, and to protect local employees against competition from cheap foreign labour on the other. The MAW was first set by making reference to the median wage of local live-in domestic helpers. In recent years, we looked at various indicators including the wage trend of local workers, the economic performance of Hong Kong and took a broad judgement.

2. In the latest review of the MAW, we have taken into account the following relevant factors :

- The economy in Hong Kong is going through a difficult period of adjustment with a high rate of unemployment. For example, at the time of our review, our per capita GDP was forecast to have dropped by about 7% in 1998; the median household income has fallen by 5.2% in the third quarter of 1998 over the same period in 1997; and the nominal wage index of local service workers showed no increase in the third quarter of 1998 over the same period a year ago. It was expected that the situation would be unlikely to improve in the near future.
- At the time of our review, prospects for an upturn in the economy in the near future remained uncertain.

3. Having considered all these factors, we have decided that the MAW for FDHs should be reduced by 5% to a level of \$3,670 per month for contracts signed on or after 3 February 1999.

Implementation - Minimum Allowable Wage

4. The change to the MAW has affected contracts signed on or after 3 February 1999. Contracts which have been signed before 3 February are not affected by the change in minimum allowable wage. Employers under contracts signed before 3 February should continue to pay the stated wage until their expiry.

5. Employers are free to pay in excess of the MAW should they wish to recognize and reward the loyalty, long service or experience of their FDHs.

**Education and Manpower Bureau
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