Foreign domestic helpers and evolving care duties in Hong Kong

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Foreign domestic helpers ("FDHs") have formed an integral part of Hong Kong's community. The presence of 352,000 FDHs represents 9% of overall workforce and covers 11% of local households.

Childcare responsibilities appear to be the primary housework duty of FDHs at present. With the support of FDHs, local married females are released for productive work in the labour market, raising the living standard of the families and contributing to further development of the local economy.

The Minimum Allowable Wage for FDHs in Hong Kong is two to three times the local wage in the Philippines and Indonesia. This helps improve family welfare of FDHs on the one hand, and provide a steady stream of remittance incomes for their home countries on the other.

As the size of the local elderly population will double to 2.3 million by 2034, there are concerns whether there is enough well-equipped manpower to take care of them. For those elderly households without live-in younger members, there has been a steep rise in the coverage ratio of FDHs for caregiving duties.

To address the shortage of care workers, nursing robots are being developed in Japan, while special subsidies and training are provided in the recruitment of FDHs for home-based elderly care in Singapore and Taiwan.

The subject of FDHs falls within the policy area of the Panel on Manpower.

1. Introduction

1.1 Since the launch of the policy of admitting foreign domestic helpers ("FDHs") in Hong Kong in the early 1970s, FDHs have become an integral part of the local society. For Hong Kong, FDHs can release local females from housework for productive work in the job market, making an invaluable contribution to economic development. Reciprocally, earnings made by FDHs are remitted to their homeland, providing a steady income stream for their families and home countries. This brief reviews the trend developments and composition of FDHs over the past two decades, followed by a discussion of the changing needs of caring services from local households amidst the ageing trend in society.¹

¹ FDHs in Hong Kong are entitled to statutory employment protection under the Employment Ordinance (Cap. 57) and the Employees' Compensation Ordinance (Cap. 282), including weekly rest day, statutory holidays and annual leave. Moreover, employers are required to sign a Standard Employment Contract with FDHs, which provides additional benefits such as the Minimum Allowable Wage, free food, free accommodation, free medical protection and free return passages to/from their places of domicile by their employers. For details, see Labour and Welfare Bureau (2014).
2. Trend developments and composition of FDHs in Hong Kong

2.1 The policy of admission of FDHs was introduced in 1973, as Hong Kong was facing shortage of live-in domestic helpers.\(^2\) This coincided with a policy relaxation in the Philippines in 1974 to allow its citizens to work overseas in the face of the economic setback caused by the global oil crisis.\(^3\) The scale of FDHs was moderate in the beginning decade, with just 21,500 persons by 1982. Yet entry of FDHs increased by more than six times in the next 13 years to 157,000 in 1995, along with a robust expansion of the middle class families in Hong Kong and prolonged labour shortage after years of rapid economic growth.

2.2 Focusing on more recent developments over the past two decades, the number of FDHs has risen further by a total of 114%, hitting a peak of 352,000 in 2016. Yet this pace of growth has decelerated against an elevated base, after the robust growth before the mid-1990s. In terms of the ratio of FDHs to overall workforce in Hong Kong, it has almost doubled from 5.3% to 9.3% over the past two decades, indicating that FDHs have become part and parcel of the local manpower supply (Figure 1).

Figure 1 – Number of FDHs in Hong Kong, 1996 and 2016

Data source: Census and Statistics Department.

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\(^2\) See Ng (2010).

\(^3\) As a result of the steep rises in oil prices, the Philippines suffered from current account deficit and high external debt in the early 1970s. To increase inflows of foreign exchanges, the Philippine government adopted the Overseas Employment Program in 1974, encouraging Philippine citizens to work overseas. See Nuqui (1987) and Toro-Morn and Alicea (2004).
2.3 Analyzed by ethnic composition, the Philippines remains the largest source of supply of FDHs in Hong Kong, with a total of 189,000 in 2016 and representing 54% of overall FDHs. Yet this share has been much reduced from that of 84% in 1995, mainly because of increasing supply of Indonesian helpers after the outbreak of Asian Financial Crisis in 1997. Moreover, the language proficiency in Cantonese of Indonesian helpers is generally welcomed by local families. As such, Indonesia is now the second largest supplier of FDHs in Hong Kong, with its number surging by eightfold during 1995-2016 to 154,000 persons, and its share in total supply of FDHs quadrupling to 44%. As a whole, these two countries take up more than almost 98% of local supply of FDHs, with the rest of 2% coming from other places in South and Southeast Asia such as India, Thailand, Sri Lanka and Bangladesh (Figure 2).

Figure 2 – Number of FDHs in Hong Kong by country of origin, 1982-2016

<table>
<thead>
<tr>
<th>Year</th>
<th>FDHs from the Philippines</th>
<th>FDHs from Indonesia</th>
<th>FDHs from other places</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>21,500*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1995</td>
<td>157,000</td>
<td>131,000 (84%)</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>217,000</td>
<td>223,000</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>286,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>340,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>352,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>189,000 (54%)</td>
<td>154,000 (44%)</td>
<td></td>
</tr>
</tbody>
</table>

Note: (*) Breakdown of number of FDHs by country of origin is not available in 1982.
Data source: Census and Statistics Department.

2.4 Based on the tailor-made statistics compiled by the Census and Statistics Department ("C&SD"), almost all (99%) FDHs in Hong Kong are females. Analyzed by age, FDHs are relatively young, with 41% aged 25-34 and 39% aged 35-44 in 2016. The median age was 35 in 2016, compared with that of 30 in 1995.

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4 According to a study, more than half of Indonesian helpers could speak Cantonese, while another 40% could speak both Cantonese and English. By contrast, 70% of Philippine helpers in Hong Kong could speak English only in addition to their native language. See Wang (2011).

5 According to the Immigration Department, the existing entry arrangement for FDHs is not applicable to residents of the Mainland, Macao, Taiwan and some other places (e.g. Cambodia, Cuba and Laos) due to immigration and security considerations.

6 The socioeconomic characteristics of FDHs, as well as the local households employing them, are compiled under the General Household Survey by the Census and Statistics Department on the request of the Research Office.
Analyzed by educational attainment, 82% of FDHs had attended secondary education before coming to Hong Kong, while 10% had attained tertiary education.

2.5 Local employers need to pay FDHs in Hong Kong the Minimum Allowable Wage ("MAW"), which was recently adjusted upward by 2.4% to HK$4,310 per month in October 2016. Converting into Hong Kong dollars, MAW for FDHs in Hong Kong was about 150% higher than the average local wage of HK$1,700 in the Philippines, and about 190% higher than the average local wage of HK$1,500 in Indonesia. Concurrently, MAW in Hong Kong is also 35% higher than the respective monthly wage earned by FDHs in Singapore. These wage differentials appear to provide continued incentives for FDHs to work in Hong Kong (Figure 3).

**Figure 3 – Minimum monthly wages for FDHs and average local wages in selected places, 2016-2017**

<table>
<thead>
<tr>
<th>Minimum Allowable Wage in Hong Kong&lt;sup&gt;1&lt;/sup&gt;</th>
<th>FDHs’ wages in Taiwan&lt;sup&gt;1&lt;/sup&gt;</th>
<th>FDHs’ wages in Singapore&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Local wages in the Philippines&lt;sup&gt;2&lt;/sup&gt;</th>
<th>Local wages in Indonesia&lt;sup&gt;2&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>HK$4,310</td>
<td>HK$4,200</td>
<td>HK$3,200</td>
<td>HK$1,700</td>
<td>HK$1,500</td>
</tr>
</tbody>
</table>

Notes: (1) 2017 figures. (2) 2016 figures.

Data sources: Labour Department of Hong Kong, Ministry of Labor of Taiwan, Philippine Statistics Authority, and Bank Indonesia.

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7 Employers are required to pay FDHs a monthly salary not less than the prevailing MAW at the time of signing the contract, safeguarding FDHs against exploitation and protecting local workers against competition from cheap overseas labour. See Economic Development and Labour Bureau (2003) and Labour and Welfare Bureau (2014).

8 The average monthly earnings of an Indonesian worker were 2.5 million rupiah (HK$1,500) in 2016. For Philippine workers, the average daily pay was 396 peso (HK$66) in the first three quarters of 2016. With six-day work per week, the monthly average wage was assessed to be about 10,300 peso (HK$1,700) in 2016. See Philippine Statistics Authority (2016) and Bank Indonesia (2017).

9 In Singapore, there were a total of 239,700 FDHs in 2016, accounting for 11% of its resident workforce. The minimum monthly wage of S$570 (HK$3,200) paid to FDHs is not set by the Singaporean government, but by the governments of the exporting countries. On top of the monthly wage payment, employers of FDHs are also required to pay a foreign worker levy to the Singaporean government. This levy is set at S$265 (HK$1,489) at present, but a concessionary rate of S$60 (HK$337) is available for most households if they have child below the age of 16 or an elderly person aged 65 or above.
3. Socioeconomic attributes of local households with FDHs

3.1 Over the past two decades, the number of local households with live-in FDHs has increased by 167% to reach a high of 275,600 in 2016, with coverage ratio almost doubling from 5.8% to 11.0%. Households employing FDHs display the following major characteristics:

(a) **Married couples with children**: Households with children (i.e. nuclear families) are much more likely to employ FDHs. As such, the coverage ratio of FDHs in those households with children has almost tripled from 13% in 1995 to 30% in 2016 (**Figure 4**);

(b) **Nuclear families with mothers participating in the job market**: More specifically for the aforementioned nuclear families, in case the mothers also participate in the labour market, the coverage ratio of FDHs was noticeably higher, increasing from 23% to 44% during 1995-2016;

(c) **Households with older members**: While demand for FDHs for households with older members aged 60 or above strengthened, the pace of increase was rather moderate, conceivably because live-in younger members could take up some caring duties. The coverage ratio of FDHs in these households has edged up from 8% to 9% during 2010-2016; and

(d) **Households with special care needs**: According to a defunct survey, 23% of households with members needing "special care" (e.g. persons with disabilities or chronic illness) employed FDHs in 2000. However, updated statistics are not available as C&SD has not conducted similar enquiries afterwards.

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10 The report on the dedicated survey entitled "Views on employment of domestic helpers" was published in 2001. For details, see Census and Statistics Department (2001).
3.2 Members of families with FDHs are thus spared of the housework duties. Based on another survey report on "Sharing of housework" published by C&SD in 2015, about two-thirds (67%) of adult members in FDH-employing households were not engaged in any housework in 2013, almost three times the respective figure of 24% for those households without FDHs.

4. Contribution of FDHs to Hong Kong and their home countries

4.1 As discussed above, FDHs has helped release a large number of local married females to stay economically active, resulting in a noticeable increase in the labour force participation rate ("LFPR") for females in Hong Kong from 47.8% in 1996 to 54.8% in 2016. A closer examination indicates that sharing of childcare responsibilities by FDHs is one of the key contributory factors. According to a study, LFPR for married females at prime working age of 25-54 with children was estimated to be only 49% in 2013 if they did not employ FDHs. However, this ratio was much elevated to 78% if they had FDHs at home (Figure 5).

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4.2 Reciprocally, the large stock of overseas workers (both males and females) from both the Philippines and Indonesia makes significant contribution to their home economies. There were altogether 2.4 million Philippine people working overseas in 2015, most of whom worked in Saudi Arabia (with a share of 24.7%), followed by the United Arab Emirates (15.5%), Hong Kong (5.9%), Kuwait (5.8%) and Singapore (5.7%). For the Indonesian overseas workers, they totalled at 3.7 million in 2015, with some 20% working in the Middle East and 4% in Hong Kong.

4.3 Total remittance income from the overseas workers amounted to US$28.5 billion (HK$221 billion) for the Philippines in 2015, equivalent to 10% of its Gross Domestic Product. The respective remittance income from Indonesian workers was US$9.7 billion (HK$75 billion) in 2015, equivalent to 1% of its Gross Domestic Product.

4.4 The remittance income from FDHs can thus provide a stable source of foreign exchanges for their home countries. Taking Philippine FDHs in Hong Kong as an illustration, it was estimated that their remittance income had surged by a total of 76% within a decade to 11.1 billion peso (HK$1.8 billion) in 2016 (Figure 6). The respective contribution from Indonesian helpers in Hong Kong cannot be quantified in the absence of relevant data, however.

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12 See Philippine Statistics Authority (2016).
13 Overall remittance income plays a key role in financial stability in the developing economies, especially at times of economic crisis. For instance, a study by the International Labour Organization noted that, after the outbreak of Asian Financial Crisis in 1997, remittances from overseas Philippine workers “proved increasingly critical for both the country and families’ economic survival”. See International Labour Organization (2017).
14 See Philippine Statistics Authority (2016).
5. Increasing need for elderly care amidst the ageing trend in Hong Kong

5.1 Population is ageing fast in Hong Kong. According to C&SD, the size of elderly population aged 65 or above was projected to surge by some 120% in two decades to reach 2.3 million in 2034, so did their proportion in overall population from 15% to 30%.\(^{15}\) As such, it will pose a big manpower challenge to take care of them, as many of whom may have special medical care needs (Figure 7).

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**Figure 6 – Remittance income by FDHs in Hong Kong to the Philippines**

<table>
<thead>
<tr>
<th>Year</th>
<th>Remittance Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>HK$1.0 billion</td>
</tr>
<tr>
<td>2001</td>
<td>HK$0.9 billion</td>
</tr>
<tr>
<td>2006</td>
<td>HK$1.0 billion</td>
</tr>
<tr>
<td>2011</td>
<td>HK$1.2 billion</td>
</tr>
<tr>
<td>2016</td>
<td>HK$1.8 billion</td>
</tr>
</tbody>
</table>

Data source: Philippine Statistics Authority.

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**Figure 7 – Projection of elderly population aged 65 or above, 2014-2054\(^*\)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Proportion of elderly in overall population</th>
<th>Number of persons aged 65 or above</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>10%</td>
<td>0.6 million</td>
</tr>
<tr>
<td>2004</td>
<td>12%</td>
<td>0.8 million</td>
</tr>
<tr>
<td>2014</td>
<td>15%</td>
<td>1.0 million</td>
</tr>
<tr>
<td>2024</td>
<td>23%</td>
<td>1.7 million</td>
</tr>
<tr>
<td>2034</td>
<td>30%</td>
<td>2.3 million</td>
</tr>
<tr>
<td>2044</td>
<td>33%</td>
<td>2.5 million</td>
</tr>
<tr>
<td>2054</td>
<td>35%</td>
<td>2.6 million</td>
</tr>
</tbody>
</table>

Note: \(^*\) Elderly population for 1994, 2004 and 2014 are actual figures while that of other years are projected figures. FDHs were excluded from all figures.

Data source: Census and Statistics Department.

\(^{15}\) See Census and Statistics Department (2015).
5.2 In face of this ageing trend, it is expected that more FDHs may be required to take care of the elderly persons at home in future, as compared with childcare responsibilities at present. As a matter of fact, this emerging trend is already seen in those elderly households without live-in younger members. For instance, for those singleton households comprising only older people aged 60 or above, 9.7% employed FDHs in 2016, representing a visible increase over those of 2.5% in 1995 and 5.2% in 2005. Likewise, the respective coverage ratio of FDHs for retired couple households increased from 2.5% to 7.8% during 1995-2016 (Figure 8).\(^{16}\) It gives rise to concerns whether FDHs have received sufficient training to provide long-term care support for the frail elderly who may need medical and nursing care.

**Figure 8 – Proportion of singleton and retired couple households with household head aged 60 or above employing FDHs, 1995-2016**

<table>
<thead>
<tr>
<th>Year</th>
<th>Singleton elderly households with FDHs</th>
<th>Retired couple households with FDHs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>2.5%</td>
<td>2.5%</td>
</tr>
<tr>
<td>2000</td>
<td>3.9%</td>
<td>4.2%</td>
</tr>
<tr>
<td>2005</td>
<td>5.2%</td>
<td>5.3%</td>
</tr>
<tr>
<td>2010</td>
<td>7.7%</td>
<td>6.3%</td>
</tr>
<tr>
<td>2016</td>
<td>9.7%</td>
<td>7.8%</td>
</tr>
</tbody>
</table>

Data source: Census and Statistics Department.

5.3 Apart from FDHs, local domestic helpers may also take up some of the caring duties. However, it is noted that the number of households employing local domestic helpers is relatively small, estimated to be just 25 700 or 1.2% of households in 2000.\(^{17}\) Even with some 10 000 local females receiving training on handling household chores from the Employees Retraining Board every year, this amount is still deemed small to meet the potential demand arising from the ageing trend in Hong Kong.

\(^{16}\) While singleton households refer to those households with a person aged 60 or above who lives alone, retired couple households are those households with a married couple and the household head is aged 60 or above. The relevant statistics are compiled under the General Household Survey.

\(^{17}\) See Census and Statistics Department (2001).
6. Overseas measures on manpower planning for elderly care

6.1 Hong Kong is not alone in facing the manpower shortage in face of rising care needs of elderly people. The neighbouring places (e.g. Japan, Taiwan and Singapore) have introduced the following policy measures to address shortage of healthcare workers:

(a) Financial subsidies for employing FDHs for special care needs: In Singapore, the government provides subsidies for families to employ FDHs for elderly care. Since 2004, a monthly concession of S$205 (HK$1,152) has been provided to families employing FDHs to take care of elderly members.\(^{18}\) For low-income families with members in need of permanent care (e.g. elderly and disabled persons), they are eligible for a special monthly grant of S$120 (HK$674) to offset part of the cost of employing FDHs.\(^ {19}\) In 2012, about 50% of Singaporean aged 75 or above reported that they relied on FDHs for daily care.

In Taiwan, similar living allowances are given to the elderly and families in need to reduce their cost of home-based care services provided by FDHs.\(^ {20}\) Unlike Hong Kong, FDHs in Taiwan share a more prominent role as caregivers, with 99% of FDHs are home-based care workers there.\(^ {21}\)

(b) Tailor-made training on elderly care for FDHs: To equip FDHs with basic skills for taking care of the elderly, employers in Singapore may apply for Caregivers Training Grant for partial payment of the special training programme on elderly care for FDHs.\(^ {22}\) The training programme covers (i) two-day classroom training on elderly care before reporting duties; and (ii) on-the-job training for three hours after commencement of the care work.

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18 In Singapore, employers are required to pay a monthly levy of S$265 (HK$1,489) for each FDH. However, they can pay a concessionary levy rate of S$60 (HK$337) for each FDH per month if they live with (a) a child or grandchild aged below 16; (b) an elderly person aged 65 or above; or (c) a person with disabilities. See Ministry of Manpower of Singapore (2017).

19 To qualify for the Foreign Domestic Worker Grant, the care recipients should be deemed unable to perform three or more activities in daily living, comprising eating, bathing, dressing, transferring, toileting and walking or moving around. See Ministry of Social and Family Development of Singapore (2017) and Silver Pages (2017b).

20 Since 1992, FDHs have been imported into Taiwan to take up the care work for the elderly. To cater for this policy objective, various allowances have been granted by the government to elderly persons in 1993, 1995 and 2008 respectively to foster employing FDHs as caregivers. See International Labour Organization (2017).

21 See Ministry of Labor of Taiwan (2017).

22 Under the Eldercarer Foreign Domestic Worker Scheme, the training cost varies from S$200 (HK$1,124) to S$500 (HK$2,810), depending on the employment agency and type of training the helper required. Yet, employers can apply for the Caregivers Training Grant to offset up to S$200 (HK$1,124) for the scheme.
In Taiwan, FDHs on elderly care are named as "Foreign Personal Care Workers" and they have to receive at least 90 hours of training in care service before applying for working visa to Taiwan. Furthermore, they have to attend 24-70 hours of training in Chinese language to ensure that they could communicate with the care recipients. Both kinds of training take place in the home countries of FDHs and they have to pass the assessments for care service and Chinese language before entry to Taiwan.

(c) **Using smart technology or robots to take care of the elderly:** In Japan, 26.8% of its population was elderly aged 65 or above in 2015, and this was projected to increase to 30.3% in 2025. Japan is thus regarded as a "super-aged" country, with projected shortage of one million care workers by 2025.\(^{23}\) Unlike Singapore and Taiwan, the Japanese government appears to be more reluctant to import FDHs to meet the need for elderly care. Instead, it fosters development of robots for the nursing needs and medical care of elderly people.

In 2015, the Japanese government announced the "New Robot Strategy", aiming to develop and apply robots in major fields including nursing and medical care, and to put in practical use of robot technologies in some 100 medical care related devices by 2020.\(^{24}\) Such robotic nursing devices can help in transferring and lifting, mobility, toileting, bathing, as well as provide a monitoring system to facilitate a self-sustaining daily life for the elderly.

For instance, a nursing-care robot, ROBEAR, was developed to help lift up the elderly from the bed, bring them to the bathroom, and provide them support when they sit in the wheelchair. Such activities were done by the elderly or their care workers for an average of 40 times every day, ROBEAR was designed to assist the elderly in that respect in the everyday life.\(^{25}\) The cost of the prototype of the nursing care robot was estimated to be ¥20 million to ¥30 million (HK$1.3 million to HK$1.9 million), but this cost is expected to fall with mass production over time (Figure 9).

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\(^{23}\) According to the Japanese government, the demand for long-term care workforce will increase to 2.37 million to 2.49 million persons in 2025, from 1.49 million in 2012. See Japan Institute for Labour Policy and Training (2015).

\(^{24}\) The robot strategy identified five fields of development, comprising: (a) manufacturing; (b) services sector; (c) nursing and medical care; (d) infrastructure, disaster preparedness and construction; and (e) agricultural and food industry. See Ministry of Economy, Trade and Industry of Japan (2015).

\(^{25}\) See Riken (2015).
Figure 9 – The nursing-care robot, ROBEAR in Japan

ROBEAR lifted up a person from the bed
ROBEAR helped a person sit in the wheelchair.

Source of photos: Riken.

7. Observations

7.1 The following observations can be made from the above analysis:

(a) **FDHs as an integral part of Hong Kong's society**: After four decades of continued entry, FDHs have become an integral part of the local society. The presence of 352 000 FDHs in 2016 mostly from the Philippines and Indonesia represented 9.3% of the overall workforce and covered some 11.0% of local households in Hong Kong;

(b) **FDHs releasing married females for productive work in the economy**: Childcare responsibilities appear to be the primary duty of FDHs in Hong Kong, with 44% of nuclear families with children and working mothers employing FDHs. Releasing local married females for productive work can enhance the living standard of their families and contribute to development of the local economy;
(c) **Higher employment income improving family welfare of FDHs:** MAW for FDHs in Hong Kong was about twice to thrice the average local wages in the Philippines and Indonesia. Not only can the higher earnings improve family welfare of FDHs, but also provide a steady stream of remittance income and foreign exchanges for their home countries;

(d) **Increasing need of FDHs for elderly care:** There are emerging signs that FDHs will be re-orientated more towards elderly care, especially for those elderly households without live-in younger members. Some 10% of older persons aged 60 or above living alone employed FDHs in 2016, quadrupling that of 2.5% in 1995. Meanwhile, the respective coverage ratio of FDHs for retired couple households increased from 2.5% to 7.8% over the same period;

(e) **Challenge of insufficient care workers amidst ageing:** As the size of the elderly population is projected to double in 20 years to 2.3 million in 2034, there are concerns whether there is sufficient manpower with well-equipped training to take care of the elderly, many of whom may have special medical and nursing needs. There are concerns that Hong Kong is still not well-prepared for this manpower challenge; and

(f) **Robot and support measures to address elderly care in neighbouring places:** In response to the manpower challenge, Japan is keen to apply robots in nursing and medical care for elderly people. For Singapore and Taiwan, special allowances and tailor-made training are provided to elderly people and families in need to recruit FDHs for home-based elderly care.
References

Hong Kong


Indonesia


Japan


Philippines


Singapore


Taiwan


Others


