



HONG KONG HURTS ITSELF BY FINANCIALLY EXCLUDING FOREIGN DOMESTIC WORKERS

BY JASON HUNG

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Some 385,000 [foreign domestic workers](#) (FDWs) are employed in Hong Kong. A total of [69.9%](#) were from the Philippines. FDWs comprised 10% of the local workforce. Statistics from the Hong Kong government revealed that the number of FDWs citywide will rise to [600,000 by 2047](#). The soaring number of FDWs in Hong Kong is partially due to the city's relatively [liberal policy](#) toward foreign workers—the government does not impose any quota on FDW intake so long as employers and employees fulfil the requisite conditions set out in the standard contract.

The [Hong Kong government](#) has permitted FDWs to work in the city since the 1970s in order to meet the shortage of local full-time domestic workers. The arrangement has been in line with the fundamental principle of the government's labor policy, in which employers are entitled to hire imported laborers if they cannot recruit suitable local workers in Hong Kong.

Alternatively, a shortage of an estimated 7 million domestic workers has been reported in [mainland China](#), predominantly due to the growing intensity of work for urban families and, therefore, an increasing need to hire domestic workers. In contrast to Hong Kong's situation, on the mainland most chores are

performed by migrant workers from within the country rather than FDWs.

The influx of FDWs within Hong Kong, alongside the increasing educational attainment of local women, enables Hong Kong women to join in the labour market and seek paid work. This is because FDWs are subject to time-consuming, physically demanding household duties that local women disdain, thus facilitating the economic activity of the local female workforce. Figures published by the World Bank indicated that [female labour force participation rate](#) (LFPR) in Hong Kong grew from 49% in 2000 to 54% in 2018.

Aside from indirect economic contributions, Hong Kong parents favor hiring Filipino FDWs due to their [English proficiency](#) relative to FDWs from other Southeast Asian countries. [Bilingualism](#) is an important asset helping Hong Kong develop as a major commercial and economic centre at the crossroads between West and East. Hiring domestic helpers from the Philippines, who use English in everyday communication, is conducive to aiding Hong Kong children to read and write English, an intellectual and cultural capital helping generate economic value in the long-term.

[A report](#), entitled "[The Value of Care: Key Contributions of Migrant Domestic Workers to Economic Growth and Family Well-being in Asia](#)," was commissioned by Experian, a global information services company, in partnership with Enrich, Hong Kong's leading educational organisation promoting the economic empowerment of migrant domestic workers. According to the report, FDWs in Hong Kong contributed an estimated \$12.6 billion to the city's economy, or 3.6% of local GDP. Additionally, only 49% of Hong Kong's mothers aged 25 to 54 would be able to participate in the labour market if they did not employ FDWs. After hiring FDWs, however, the female LFPR increases to 78%.

Aside from directly contributing to family wellbeing, employing FDWs also indirectly adds \$2.6 billion to Hong Kong's economy. Hiring FDWs for childcare, alternatively, is at least three times cheaper than sending children to childcare centres and finding

private tutors, further securing Hong Kong households' financial wellbeing.

Despite their significant financial contribution to local economy, FDWs are exploited to a substantial degree. Hong Kong's foreign domestic workers are entitled to a minimum wage and protected under the Employment Ordinance and the Standard Contract for the Employment of a Foreign Domestic Helper. However, FDWs are paid a low salary. The [minimum wage](#) was set at HK\$4,310 (US\$551) per month in 2017, excluding food allowance, a rise of 2.3% from the previous year. The wage, with the food allowance included, amounts to [HK\\$5,205](#). Despite a [yearly adjustment](#) of FDWs' salary level, the adjustment is often below FDWs' expectations. The Hong Kong government should adjust the minimum wage yearly as per the inflation rate, in order to maintain the financial wellbeing of FDWs. This helps minimise their need to seek second, informal, and illegal job opportunities, thus increasing the [likelihood of their being fined or deported](#).

One statistic highlights the demeaning financial exclusion of FDWs within the city: only [18% of Hong Kong's](#) FDWs have local bank accounts, far lower than FDWs in Singapore (51%) and Malaysia (86%). Taking the Singaporean government as a reference, the Hong Kong government should consider applying public policies mandating that employers pay FDWs through bank accounts and encourage more banks to offer no minimum amounts when opening a bank account.

According to Secretary for Labor and Welfare Dr. Law Chi-kwong, Hong Kong needs an extra [240,000 FDWs](#) in the next three decades. FDWs are a crucial asset to help Hong Kong sustain its economic prosperity. However, the Hong Kong government is treating FDWs from the Philippines and other Southeast Asian countries as foreigners and low-class workers. The government financially isolates FDWs from the wider population. Local academics and journalists dub the government's practices an exercise in [modern-day slavery](#).

Without the employment of FDWs, local household revenues would decrease while expenses would increase significantly. If the Hong Kong government continues its financial limitation and exclusion against FDWs, FDWs may relocate to neighboring countries, putting the economic sustainability of Hong Kong at stake.

At the end of 2019, the [secretary for labor and welfare](#) warned that mainland China's recent labor policies, of opening up to workers from the Philippines, pose a significant threat to Hong Kong's economic development. As he noted, if wages for FDWs in the mainland were double those of the city, half of Hong Kong's 190,000 Filipino FDWs would leave to seek work across the border.

It is noteworthy that in the recent months of Hong Kong's political unrest, the [Filipino Migrant Workers' Union](#) (FMWU) and Indonesian Migrant Workers' Union (IMWU) announced FDWs are concerned about the disrupted transportation systems and their arbitrary, irregular day-off schedules. This socio-political interruption has barred FDWs from meeting and socialising with relatives and friends during the statutory holidays, resulting in a rise in their anxiety levels.

Financial limitation and exclusion, political unrest and uncertainty, and mainland China's recent policies of increasingly opening up to FDWs would all affect the economic landscape of Hong Kong. Substantial economic reforms benefitting FDWs—raising economic inclusion and benefits for these migrant cohorts—should be prioritised, or else the economic performance of Hong Kong will be jeopardized in the coming decades.

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