

**Commission on Strategic Development
Committee on Social Development and Quality of Life**

**An Overview of Key Population Policy Issues (Part I):
Demographic Trend of Hong Kong and Major Issues on
Promoting Parenthood and Quality of Population**

Purpose

The paper outlines the key long-term demographic trend and the major population issues of promoting parenthood and quality of population of Hong Kong; and invites Members to discuss the strategic direction and strategies on this subject.

2. In view of the complexity of the population issues concerned, we shall discuss other population issues, including ageing and eligibility and portability of public benefits, etc. in the next Committee meeting preceded by another workshop for members to exchange views more fully.

Background

3. Population challenges: ageing, low fertility, population quality and flow of people have become major public policy concerns world-wide. Hong Kong is no exception. In response, the Government set up a Task Force in 2002 to develop a population policy for Hong Kong. In February 2003, the Report of the Task Force on Population Policy was published, which contained 33 recommendations¹. The key objective of the population policy is to secure and nurture a population which sustains our development as a knowledge-based economy. The recommendations of the Task Force have been implemented or carried out as on-going measures by relevant bureaux and departments.

4. This Committee also recognises the strategic importance of population policy and has agreed to give priority discussion on this subject.

¹ Hong Kong SAR Government, Report of the Task Force on Population Policy, February 2003. A summary of the work related to the Population Policy was reported to the Committee at its meeting on 13.2.2006 (Annex to the paper Ref: CSD/SC/1/2006 refers).

A workshop on population policy was held on 28 March 2006 for members of the Committee to exchange views on the demographic trend and key population issues of promoting parenthood and quality population. A summary of the views of the participants is at **Annex 1**.

5. As reported at the last Committee meeting, the Council for Sustainable Development will initiate a public engagement exercise on population policy this year. A summary of views of this Committee on the macro, long term and broad directional perspective of the population policy will be channeled to the Council for reference in the coming engagement exercise.

Demographic Trend of Hong Kong

6. Hong Kong is moving towards an ageing society (**Annex 2**). The projected number of population of an age 65 and above will increase from 836 400 (12.1% of total population) in 2005 to 2 243 100 (26.8%) in 2033², i.e. about 1 in 4 people in Hong Kong will become elderly (**Annex 3**). Over the same period, the overall dependency ratio³ will increase from 361 to 598. Our labour force is expected to peak at 2014 at 3.77 million and then fall to 3.64 million in 2023. The ageing process is due to:

- (i) slowing down of population growth;
- (ii) declining fertility rate⁴ to an extremely low level; and
- (iii) considerable increase in life expectancy.

7. On population in-flow, the One-way Permit (OWP) system continues to provide about 55 000 annual new population to Hong Kong. It provides one of the largest sources of our population growth similar to the natural births in Hong Kong. However, there is a gradual decline in the number of children (aged under 18) arriving in Hong Kong, whilst spouses are the largest group among the new arrivals in the last four years. The large number of marriages between Hong Kong men and Mainland women who later settle in Hong Kong over past years also partly intensifies

² Census & Statistics Department, HKSAR Government, Population Projections 2004 – 2033, June 2004.

³ Overall dependency ratio refers to the number of persons aged under 15 and those aged 65 and over per 1000 persons aged between 15 and 64.

⁴ Total fertility rate in a year refers to the average number of children that 1000 women would bear (ignoring mortality) if they were subject throughout their reproductive span to the prevailing fertility rates during the year. In 2005, it was 973 being much lower than the replacement level which would require a fertility rate at 2 100.

the local imbalance in sex ratio between men and women.

8. On population out-flow, there is an increasing movement of Hong Kong residents to the Mainland for economic, living, and retirement reasons. This is mainly due to the increasingly close economic and social interaction between Hong Kong and the Mainland, in particular the Pearl River Delta. In 2004, there were about 195 000 Hong Kong residents who have stayed in the Mainland and have maintained no residence in Hong Kong. Another 291 000 Hong Kong residents were staying in the Mainland, whilst still travel to Hong Kong fairly regularly ⁵. Such a large flow of Hong Kong population to the Mainland will likely continue to increase with the increasing socio-economic interaction between Hong Kong and the Mainland. On the other hand, the number of emigrants has continuously declined from 1995 to 2003 and remained at a low level in 2004 and 2005.

9. Whilst Hong Kong's ageing and related demographic trends are not unique, the extent of our ageing, low fertility, and longevity seem to have out-paced other major economies as well as other Asian economies (**Annex 4**). A clear indicator is our old age dependency ratio which is relatively low compared to other advanced and regional economies, but is projected to double by 2030 and exceed those of other Asian countries ⁶.

Major Implications of the Demographic Trend

(a) Economic

10. International experience shows that it is still inconclusive whether ageing would definitely affect the long term economic performance of a society ⁷. Some argue that ageing in the advanced countries has been under way for a considerable time, and has coincided with a period of strong income gains. Furthermore, ageing is an evolving issue. Older people now lead healthier lives than at any time in the past, which allows them to continue to contribute to society. It is highly likely that we will have a very different perspective of what ageing is really about in future. Old age does not necessarily imply a liability to the community.

⁵ Census & Statistics Department, Thematic Household Survey Report No. 22 – Characteristics of Hong Kong Residents Having Resided / Having Stayed Substantially in the Mainland, October 2005

⁶ International Monetary Fund, People's Republic of China – Hong Kong Special Administrative Region, Staff Report for the 2005 Article IV Consultation Discussions, p.12, January 2006

⁷ International Monetary Fund, Chapter III – How will demographic change affect the global economy? World Economic Outlook, September 2004

In many developed economies, a lot of businesses are related to the “silver hair market” and people retire at a much older age than before.

11. However, others see greater risks, including the possibility of slower economic growth, less innovation, financial market instability and difficulties in funding generous public pension systems. The long-term decline in labour force will likely lead to a potential decline in economic growth unless there are large and sustained labour productivity gains. At the same time, it would also have a negative impact on the public revenue from the income-based taxes. However, on the demand side for public funding, the pressure on health and other age-related welfare expenditure would increase significantly over time⁸. For example, at present 50% of our social welfare budget is related to old people, including Comprehensive Social Security Assistance (CSSA) Scheme spending (old age), Old Age Allowance (OAA), other welfare spending, etc. If the current trend persists, it is projected that the CSSA and OAA expenditure may triple in 30 years’ time. Similarly, the demand for public health care from old people is also on the rise. According to past data, elders aged 65 and above have much higher rates of chronic disease prevalence, utilisation of accident and emergency departments of public hospitals as well as utilisation of hospital beds. In terms of public expenditure requirement, the welfare and public health related to ageing would likely compete with education and the upgrading of our workforce which are also essential to Hong Kong as a service economy so as to maintain our competitiveness⁹.

12. There is also an increasing concern on the quality of our population in sustaining Hong Kong moving towards a knowledge-based economy. They include:

- (i) A relatively low proportion of Hong Kong population has attained tertiary level of education. According to a recent study, only 12.3% of our workforce aged 25 and above have attained the university degree level. This is lower than London (22.9%) and New York (30.2%)¹⁰;

⁸ International Monetary Fund, People’s Republic of China – Hong Kong Special Administrative Region, Staff Report for the 2005 Article IV Consultation Discussions, January 2006

⁹ International Monetary Fund, People’s Republic of China – Hong Kong Special Administrative Region, Selected Issues, p.16, January 2006

¹⁰ Helen Siu, Richard Wong, David Faure, Rethinking Hong Kong’s Human Resources and Competitiveness : A Pre-Policy Study (Interim Report) , October 2005, p.6 – for New York and Hong Kong comparison, the New York figure refer to percentage of total population with aged 25 and above in 2000. For London and Hong Kong comparison, it refers to percentage of total working age population, the former was 22.9% and latter was 14.6% in 2001.

and

- (ii) A mismatch of labour supply and demand resulting in structural unemployment for the unskilled and less educated workers stemming from our economic restructuring and closer integration with the Mainland. The Government Economist has recently analyzed the structural unemployment of Hong Kong. It has been estimated that the natural rate of unemployment has moved up gradually from slightly above 2% in the early 1990s to around 4% in recent years. Lately during December 2005 – February 2006, whilst the overall seasonally adjusted unemployment rate stood at 5.2%, the unemployment rate for workers in elementary occupations was higher at 5.8%. In contrast, the unemployment rate for managers and executives, and professionals were distinctly lower at 1.6% and 1.4% respectively.

(b) Social

13. The growing number of older people will inevitably induce major social changes to our society. The mindset of our society should be re-orientated to perceive ageing positively. The concept of “active and healthy ageing” as promoted by the Elderly Commission and advocated by the World Health Organisation¹¹ should be fully articulated. Indeed, ageing is a problem only if people are unhealthy and unable to be self-reliant resulting in dependence on public resources support¹². It is a challenge for the community as a whole, including the government, business, non-government organizations, and individuals to accept, adapt, and manage the natural consequence of ageing.

(c) Population Flow

14. As an open and free society, Hong Kong residents could move freely to overseas and the Mainland. There are a growing number of

¹¹ World Health Organisation (WHO) developed a Policy Framework on Active Ageing for the Second World Assembly on Ageing in 2002 to help countries meet the challenges of population ageing. Active ageing is defined as the process of optimising opportunities for health, participation and security in order to enhance the quality of life as people age.

¹² Christine Loh, Hong Kong’s Demographic Challenge : what is the “Problem” of an ageing population, Civic Exchange, 2005

Hong Kong residents moving to the Mainland for working, living and retirement purposes. On the other hand, Mainland residents who wish to enter Hong Kong are required to apply for exit permission from the Mainland. This anomalous pattern of movement of people may have an impact on our ability to admit or retain talent which will in turn have a longer term impact on our population size and quality, public revenue, demand and usage of public facilities and benefits, etc.

15. There is also an emerging trend of older people to retire in the Mainland, in particular in the Pearl River Delta. Whilst many Hong Kong residents are retiring in the Mainland, they also regularly visit Hong Kong for family and social purposes. Many of them also have resorted to the public and private medical services in Hong Kong ¹³.

Response to Population Challenges: Hong Kong and Overseas Experiences

16. Many of the population implications outlined in earlier paragraphs are typical issues of an ageing society that other countries are also experiencing. The experiences of Hong Kong and other countries in promoting parenthood and fertility, and enhancing population quality are discussed in the following paragraphs. They may provide a useful reference for Members' discussion on what further strategic initiatives would be required to tackle the long term ageing challenge.

(a) Promoting Parenthood and Fertility

(i) *Hong Kong Experience*

17. The problem of an extremely low, by international standards, total fertility rate below 1.0 per woman, well below the replacement level of 2.1, experienced in Hong Kong is well recognized. This is mainly due to delay in marriage leading to delay in childbirths, increasing preference for small and childless family by couples, over 20% of our female population will remain permanently single, and childless ¹⁴. Some studies have also found that socio-economic factors such as financial commitment

¹³ Census & Statistics Department, Thematic Household Survey Report No.22 – Characteristics of Hong Kong Residents Having Resided / Having Stayed Substantially in the Mainland, October 2005. In the six months before the survey, 8.1% of such Hong Kong residents had been admitted to hospitals in Hong Kong, as compared to 3.1% to hospitals in the Mainland, while 40.9% had consulted medical practitioners in Hong Kong, as compared to 24.2% in the Mainland.

¹⁴ Yip S F, Lee Joseph & Law C K, "Hong Kong's Demographic Challenge - Hong Kong's Challenge: Impact of Population Changes", Civic Exchange, 2005

and the need to provide better education for children were some of the major reasons for couples not wanting to have more children, or any children at all ¹⁵.

18. The decision to have children is a matter very much of an individual choice. The Government, however, has regularly reviewed its policies to see whether they would discourage childbirth ¹⁶. For instance, the Government has granted the same level of tax deduction for all children (a maximum of 9) starting from the 2003/04 assessment year. The Financial Secretary has also indicated recently that the Government would consider introducing a one-off allowance for parents of new born babies to encourage childbirth ¹⁷.

19. On public health care, the Government provides a world class high quality pre- and post-natal medical care and advisory services for maternity, child rearing, parenting, etc. The Social Welfare Department also provides supporting services to relieve the pressure of working females in making childbirth plans. The services through non-government organisations include provision of subvented day nurseries and crèches care for young children, and other ancillary services such as extended-hour service, occasional child care service, after-school care, financial assistance for child care centre service to needed families, etc.

20. On protection of pregnant employees, the Employment Ordinance provides effective maternity protection, including maternity leave and pay, employment protection against termination of employment and prohibition of assignment of heavy, hazardous or harmful work, etc. In addition, the Labour Department also encourages employers to adopt “employee-oriented” good personnel management practices and implement such practices through understanding and caring for employees’ needs including their family needs.

(ii) *International Experience*

21. Many countries have introduced policies and measures to promote parenthood and encourage more childbirth. In general, the measures could be broadly classified into financial incentives (e.g. child tax and cash allowances, baby bonus payment, etc.) promotion of a

¹⁵ Family Planning Association, Family Planning Knowledge Attitude and Practice in Hong Kong Survey 2002, 2002

¹⁶ Task Force on Population Policy, Para 5.40, Report of the Task Force on Population Policy, 2003

¹⁷ Financial Secretary speech on the Appropriation Bill 2006, Legislative Council on 29.3.2006

family-friendly work-place practices (e.g. maternity, paternal, childcare leaves etc.), and childcare arrangements (e.g. nursery, pre-schooling, school-age care services, etc.). **Annex 5** summarises the measures of Australia, Japan, Singapore, Sweden, USA and Hong Kong in encouraging childbirth.

22. International experience shows that the general direction is towards creating a more conducive environment for promoting parenthood and childbearing. Nevertheless, the effectiveness of individual measures in promoting parenthood is not conclusive¹⁸. This highlights the complexity of married couples in making decision on having children and the practical difficulties in identifying a set of effective measures to promote parenthood and fertility. Nevertheless, it has been argued that the introduction of various promoting parenthood measures could at least help maintain the fertility rate from falling further and to provide more time for the community to prepare for ageing.

(iii) *Strategic Issues for Consideration*

23. The “number of birth” is one of the most important sources of our population growth. Despite various existing measures to promote parenthood and fertility, our fertility rate will likely remain one of the lowest in the world. Our ageing process will continue assuming other things being equal. This raises the following strategic issues for Members’ consideration:

- (i) Should the existing policy of emphasizing that having kids is an individual choice be reviewed to see if it would discourage childbirth?
- (ii) Should a proactive policy direction of creating a more conducive environment for promoting parenthood and childbearing be adopted?
- (iii) What further strategic initiatives in respect of financial incentives, promoting family-friendly working practices, childcare arrangements, etc. would be required to promote parenthood and fertility in Hong Kong?

¹⁸ International Monetary Fund, Chapter III – How likely demographic change affect the global economy, World Economic Outlook, September 2004, p.156

- (iv) How to engage the community and the business sector in promoting parenthood and fostering a family-friendly environment in the society?

(b) Quality of population

(i) *Hong Kong Experience*

24. The quality of our human capital is a key to our future success. A larger pool of talents will sustain our competitiveness and turn Hong Kong into an even more vibrant society. The following paragraphs highlight the Government's efforts to nourish the talents and skills of our population and to admit non-local talents.

Nourishing talents and skills of local population

25. A key priority of the Government is to invest in education to uplift the overall quality of our local human capital in the long term. The recurrent government expenditure on education accounts for about 24% of the total recurrent government expenditure in the 2006-07 financial year. On nurturing our younger generation, we have already achieved the target of making provision for 60% of our secondary school leavers to receive post-secondary level of education in 2005/06 academic year.

26. On encouraging our work force to enhance their skill and continued life-long education, the Government set up the Skills Upgrading Scheme with a provision of HK\$400 million in 2001. A total of 23 industries have been included in the Scheme. In 2002, the Government also established the \$5-billion Continuing Education Fund, which subsidises adults with learning aspirations to pursue continuing education and training courses in specific economic sectors and skill domains. As at end of February 2006, over 260 000 applications have been received. Moreover, the Government provides an annual subvention to the Employees Retraining Board which offers over 100 000 retraining places annually to eligible workers to assist them to take on new or enhanced skills and have their employability enhanced. The subvention amount for the year 2006-07 is over \$350 million. In October 2000, the Government also established the Project Yi Jin (PYJ) to provide an alternative progression pathway for secondary school leavers who do not do well in conventional schooling, and mature students who do not have the opportunity to complete their secondary education. Over 25 000 students have been benefited from PYJ since the inception of the programme. In

the latest 2006-67 Budget, an additional \$60 million has been committed to continue the Intensive Employment Assistance Projects and another \$20 million of employment assistance measures to help the low skill unemployed workers rejoin the workforce.

27. A cross-sectoral Qualifications Framework (QF) and its associated quality assurance mechanism to facilitate lifelong learning and enhancing the capability and competitiveness of our human capital are being established. The QF is a seven-level hierarchy that orders and supports academic, vocational and continuing education qualifications. Each level is identified by a set of generic level descriptors to assure uniformity and coherence of qualifications at different levels in the framework.

To admit foreign and Mainland talents and skilled workers

28. Hong Kong has an established policy towards entry for employment. Professionals from overseas or the Mainland who possess skills, knowledge or experience of value to and not readily available in Hong Kong, or who are in a position to make substantial contributions to the economy may apply to work here under the General Employment Policy (GEP) or Admission Scheme for Mainland Talents and Professionals (ASMTP). Successful applicants may bring along their spouses and unmarried dependent children under the age of 18 to Hong Kong. Each year, some 20 000 to 25 000 professionals from overseas and the Mainland are admitted into Hong Kong.

29. Responses to the entry for employment schemes are generally favorable. From its introduction in July 2003 to the end of March 2006, a total of over 12 100 applications have been received under the ASMTP, out of which over 10 104 were approved.

30. Apart from the above two schemes, Mainland students who have graduated from tertiary institutions with degree level or above may apply to stay in Hong Kong for employment purposes. Over 650 Mainland students have been approved to stay in Hong Kong under this arrangement since its implementation in August 2001.

31. To complement existing admission for employment policies, the Government will introduce the Quality Migrant Admission Scheme (QMAS) in June this year to attract quality personnel from all over the world to develop their career or business in Hong Kong. There is no need

for applicants to secure a job offer beforehand under this new scheme. An initial annual quota of 1 000 will be set. Talents from the Mainland and overseas are welcomed to apply under the new scheme. The Government will review the scheme one year after its operation and decide whether the scheme should continue or suitable adjustments should be made.

32. On attracting investment-related migration, the Capital Investment Entrant Scheme has been introduced since October 2003 to attract investors (excluding Mainlanders) to bring their capital to Hong Kong for investment. Over 670 applicants have been granted approval bringing over HK\$4.9 billion investment to Hong Kong. Another about 180 applicants have been granted approval-in-principle to come to Hong Kong to make the requisite investment (not less than HK\$6.5 million).

(ii) International Experience

33. There is a worldwide competition of attracting talents among developed economies due to globalization and technological development. However, talents are highly mobile and their move are mostly in response to opportunities abroad that are better than those available at home as well as in response to the migration policies in destination countries¹⁹.

Selected countries experience

34. In general, government policy could only provide a facilitating and regulating role to influence the types and the size of talents an economy would like to absorb. The broad direction of various economies is shifting away from simply easing immigration restriction (i.e. introducing facilitation measures) to offering incentives to lure the talents to stay in their countries (e.g. lower income tax); to do away with labour market tests or certification and leaving the policy to be driven by employers; and to give the spouses of skilled workers equal access to jobs market. A summary of the measures of selected countries including Canada, Australia, USA, Singapore and the United Kingdom to attract quality migrants and the lessons for Hong Kong is at **Annex 6**.

35. The Singapore government is also very proactive in attracting foreign talents and students to work or study in the country and hoping that

¹⁹ Organisation for Economic Co-operation and Development (OECD), Policy Brief - International Mobility of the Highly Skilled, 2002.

they will settle down. This is mainly due to the insufficient indigenous skilled workers pool and the very slow population growth of the country to support their national development towards higher value-added activities. Notable efforts include cooperating with international renowned institutions for research development, e.g. the Joint International Medical Centre with Johns Hopkins University to offer clinical education programs and degrees at the National University of Singapore. In 2004, an estimate of 35 000 foreign students was in the Singapore's education system and 1 in 5 students in the three government-funded universities was a non-citizen²⁰. Also, the Singapore government sets up the "Contact Singapore" offices in Australia, North America, Europe and India with a primary role to attract foreign talents and overseas Singaporeans to work and stay in Singapore. Even during the difficult economic condition in 2003, it has been estimated that there were still about 90 000 to 120 000 skilled foreign talents working in Singapore²¹. However, evidence seems to suggest that many of the talents are moving to Singapore mainly for working purposes instead of seeking permanent residency. Whilst these talents have contributed a lot to Singapore's economy and society, the Singaporean government is considering ways to have more migrants who wish to stay in the country more permanently.

Selected major cities experience

36. At city level, vibrant cities like New York, Tokyo and London have avoided an ageing population by attracting younger migrants eager to look for all sorts of opportunities, whilst the older population moves out for less exciting and less costly life styles. This continuous circulation and flow of population keeps the cities economically vibrant²². For instance, Tokyo has the lowest birth rate in Japan. However, the population of Tokyo grew for the tenth straight year in 2005, owing to an influx of immigrants from elsewhere in Japan and overseas. Nearly 73 000 people moved to Tokyo last year. There were also some 365 000 registered foreigners, an all-time high record²³.

37. This flow and circulation of people also appear in the Mainland

²⁰ Nirmala M and W L Soh, "Foreign talent : A new class act," Strait Times, 24 April quoted by Pang Eng Fong, "Foreign talent and development in Singapore", in Competing for Global Talent, edited by Christine Kuptsch and Pang Eng Fong, International Labour Office, 2006.

²¹ Pang Eng Fong, "Foreign talent and development in Singapore", in Competing for Global Talent, edited by Christine Kuptsch and Pang Eng Fong, International Labour Office, 2006.

²² Helen Siu, Richard Wong, David Faure, Rethinking Hong Kong's human resources and competitiveness : A Pre-Policy Study (Interim Report), October 2005, p.5.

²³ Economist, Economist.com : Tokyo Briefing, March 2006.

major cities like Beijing, Shanghai, Guangzhou and Shenzhen. The municipal governments of the cities are very proactive and flexible in attracting domestic talents from other parts of the Mainland and foreign-trained Chinese students. Preferential treatments such as offering residential status, financial incentives, etc. are offered to attract those talents required by the market, in particular the foreign-trained Chinese returnees. A special department or bureau is responsible for the policy formulation and implementation of measures to attract the talents required. However, the municipal authorities are very cautious in attracting foreign talents whose admission is a matter of national policy. Beijing and Shanghai are the most attractive cities for talents in the Mainland, followed by Shenzhen and Guangzhou²⁴.

(iii) Strategic Issues for Consideration

38. The above raises the following strategic issues for members' consideration:

- (i) Whether the current efforts of nourishing local talents through education, training and retraining, and admission of talents from outside Hong Kong would be adequate to secure an adequate pool of human capital to sustain Hong Kong's long term development needs?
- (ii) What further strategic initiatives should be considered to enhance the skills of and retrain the low education and low skilled workers?
- (iii) Should further strategic initiatives be explored to build up a larger and broader pool of highly skilled workers for Hong Kong? For example:
 - ◆ to further raise our target for training university students.
 - ◆ to significantly increase the in-take of Mainland and overseas students to the local tertiary education institutions hoping that many of the students would stay behind.
 - ◆ to expand the latest proposed Quality Migrant

²⁴ Ni Peng-fei, "The comparison of urban talents competitiveness", in Pan chen-guang(ed), Blue Book of Chinese Talents – The Report on the Development of Chinese Talents (Chinese), 2004, p.241.

Admission Scheme upon review after its implementation.

- ◆ to make it easier for the Mainland highly skilled individuals to work in Hong Kong, or a managed porous boundary between Hong Kong and the Mainland.

- (iv) How to secure a broad community consensus should a more proactive admission of talents be initiated?

Summary of Issues for Consideration

39. The following summarises the key issues for discussion:

- (i) Should the existing policy of emphasizing that having kids is an individual choice be reviewed to see if it would discourage childbirth?
- (ii) Should a proactive policy direction of creating a more conducive environment for promoting parenthood and childbearing be adopted?
- (iii) What further strategic initiatives in respect of financial incentives, promoting family-friendly working practices, childcare arrangements, etc. would be required to promote parenthood and fertility in Hong Kong?
- (iv) How to engage the community and the business sector in promoting parenthood and fostering a family-friendly environment in the society?
- (v) Whether the current efforts of nourishing local talents through education, training and retraining, and admission of talents would be adequate to secure an adequate pool of human capital to sustain Hong Kong's long term development needs?
- (vi) What further strategic initiatives should be considered to enhance the skills of and retrain the low education and low skilled workers?
- (vii) Should further strategic initiatives be explored to build up

a larger and broader pool of highly skilled workers for Hong Kong?

- (viii) How to secure a broad community consensus should a more proactive admission of talents be initiated?

Secretariat to the Commission on Strategic Development
April 2006

**Summary of views expressed
at the Workshop
for the Committee on Social Development and Quality of Life
of the Commission on Strategic Development
held on 28 March 2006**

The workshop was to provide a platform for Members to exchange views on population policy issues outside formal meetings so as to facilitate further discussion on the subject in future Committee meetings. To facilitate discussion at the workshop, the Secretariat had prepared an information paper (Ref CSD/SC/W/1/2006) on the demographic characteristics and trends of Hong Kong for Members' reference.

2. Three speakers gave presentations on the following topics:

Dr Paul YIP of the University of Hong Kong	"Experience of Selected Countries in Encouraging Childbirth"
Professor WONG Siu-lun and Dr WANG Cangbai of the University of Hong Kong	"Experience of Selected Cities in the Mainland in Attracting Professionals and Talents"
Dr John BACON-SHONE of the University of Hong Kong	"Experience of Selected Countries in Attracting Talents, Professionals and Investors"

3. Salient points of discussion following the presentations were summarised in the ensuing paragraphs.

Encouraging Childbirth

Correlation between parents' income and fertility rate

- Members were concerned about whether there was correlation between income and fertility rate of specific groups of women. A speaker pointed out that the correlation was not that clear in Hong Kong. However, non- Hong Kong female residents had slightly higher total

fertility rate than the Hong Kong female residents.

Suggested measures to encourage parenthood

- A Member opined that cash payout might not help boost fertility in Hong Kong significantly. However, another Member commented that financial incentive was an important factor for couples in considering whether or not to have children.
- A speaker echoed that based on his experience of focus group study on this subject, many participants indicated that the lack of time and financial considerations were the major barriers of having children. He considered that tax rebate and subsidy on kindergarten schooling might be more preferable to cash payout in encouraging responsible parenthood.

Attracting Talents

One-Way Permit (OWP)

- Members were interested to know more about the profile of the OWP holders. It was pointed out that some surveys on new arrivals had been carried out by the Government, which might shed light on the age-sex profile and socio-economic characteristics of the OWP-holders.
- Some Members considered that the daily quota (150) and mechanism of admission of Mainland people through OWP should be reviewed. A Member suggested that the quota of OWP to be reduced to 100 so that the rest could be allocated to talents. Another Member opined that a point-based scheme could be set up for attracting talents, using some of the existing OWP quota.
- It was pointed out that the issuance of OWPs was within the jurisdiction of the Central People's Government (CPG). Nevertheless, Hong Kong could make suggestions to the scheme for the CPG's consideration.
- A speaker suggested to consider modifying the existing OWP scheme to serve the purpose of attracting talents and professionals in the Mainland, and introduce a new family-reunion scheme under which adult children of Hong Kong residents would not be considered eligible for admission.

Strategies for attracting talents

- A Member was of the view that Hong Kong should define clearly the types of talents it needed and target specifically to those talents in designing and introducing admission schemes or immigration policies. Moreover, it was suggested that gender perspective should be incorporated into the future population policy.
- A speaker commented that it was difficult for any government to identify the right mix of talents. Hong Kong should consider welcoming talents from all sectors to come and stay for a certain period of time for job-seeking or business start-up. Another speaker further remarked that while government policies could facilitate talent migration, the abundance of opportunities remained the most important consideration for talents to stay at a certain place. Nevertheless, Hong Kong should extend its “radius of talent” (人才半徑) beyond the Mainland, and seek to attract talents in the Asia-Pacific region.

Attractiveness of Hong Kong for talents

- A Member considered that in order to strengthen and maintain our competitiveness, Hong Kong should actively consider exporting its educational service to the world and positioning itself as the regional educational hub. A speaker echoed by citing the experience of Beijing. An abundant supply of university students could serve as a talent pool of a city. This was also consistent with international experience. He supported to increase the percentage of non-local students in Hong Kong’s tertiary institutions.
- The speakers considered that the political stability and vibrant international culture of Hong Kong were attractive to overseas Chinese. Having both the advantages of the proximity to the Mainland and the cosmopolitan lifestyle, Hong Kong should also be attractive to the overseas trained Chinese returnees to work or stay here. However, they pointed out that it would be difficult for the talents in the Mainland to have a thorough understanding of Hong Kong’s job market and socio-economic situation through the internet. Other barriers of attracting Mainland talents included absence of a dedicated government department to coordinate the recruitment of talents. Also, there was the impression that Hong Kong people did not welcome Mainland immigrants was deep-rooted among many Mainland talents.

Data Availability

- About one-third of the total births in Hong Kong were delivered by Mainland mothers who were non-Hong Kong residents. Members considered it necessary to keep track on the movement pattern of these children between the Mainland and Hong Kong to facilitate the planning of education, medical and social services in Hong Kong.
- It was pointed out that little data are available on the number of Hong Kong students studying abroad who have returned and on other local migration statistics. A speaker suggested that the entry and exit records of the Immigration Department might provide some useful data on the migration pattern of Hong Kong students studying overseas.

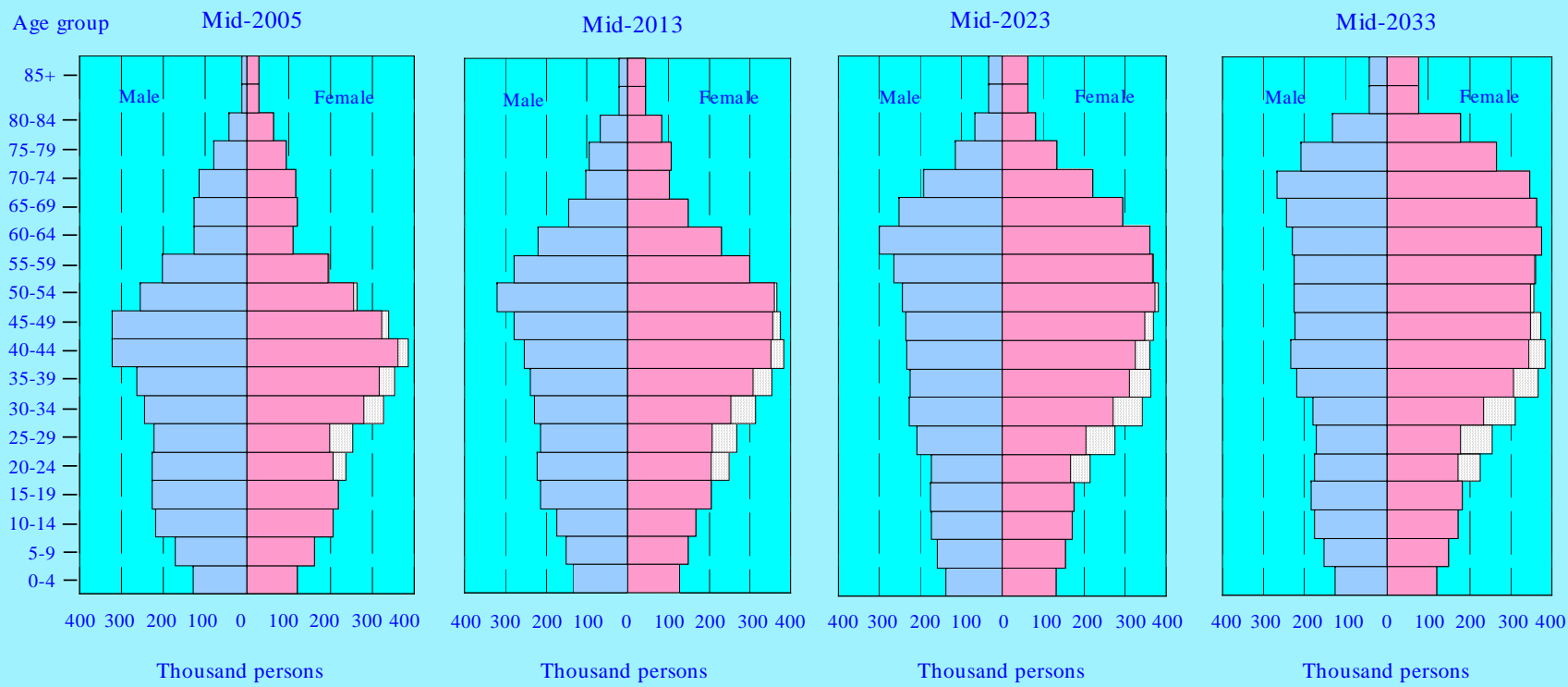
Concluding Remarks

4. Head of CPU expressed gratitude to the speakers and all Members for their suggestions and comments. Population policy involved many different aspects. He welcomed further comments from Members either through email or fax to the Secretariat for distribution to other Members. The Secretariat would prepare a summary of views expressed at the workshop for Members' reference.

5. The attendance list of the participants is at Annex (not attached).

Secretariat to the Commission on Strategic Development
April 2006

Population Pyramid



Foreign domestic helpers



Annex 3: Comparison of Population Trends - Hong Kong and Selected Countries Demographic Characteristics

Demographic Characteristics	Hong Kong	Australia	Japan	Singapore	Sweden	USA	UK
Total Population							
2004	6.94 million (2005)	20.1 million	127.8 million (2005)	4.35 million [@] (2005)	9.05 million (2005)	296.4 million (2005)	59.8 million
2033	8.38 million	26.4 million (2051)	113.6 million	N.A.	10.11 million	363.6 million (2030)	67.0 million (2031)
Total Fertility Rate							
2004	973 ^p (2005)	1 770	1 290	1 240	1 770 (2005)	2 044 (2003)	1 770
2033	993	1 600 (2051)	1 390	N.A.	1 850	2 210	1 740 (2031)
Life Expectancy							
Male: 2004	78.8 ^p (2005)	77.8 (2003)	78.6	77.9 (2005)	78.4 (2005)	74.6	76.3 (2003)
2033	82.5	84.2 (2051)	80.2	N.A.	82.3	79.1 (2035)	81.4 (2031)
Female: 2004	84.4 ^p (2005)	82.8 (2003)	85.6	81.6 (2005)	82.8 (2005)	80.1	80.7 (2003)
2033	88.0	87.7 (2051)	88.2	N.A.	85.3	84.8 (2035)	85.0 (2031)
Dependency Ratio	<u>Child Elderly Overall</u>	<u>Child Elderly Overall</u>	<u>Child Elderly Overall</u>	<u>Child Elderly Overall</u>	<u>Child Elderly Overall</u>	<u>Child Elderly Overall</u>	<u>Child Elderly Overall</u>
2004	197 164 361 (2005)	299 194 493	208 293 502	273 116 389 (2005)	264 264 528 (2005)	309 185 494	299 ^Δ 346 ^Δ 645 ^Δ
2033	171 428 598	238 460 698 (2051)	190 515 704	N.A.	286 389 675	325 324 649 (2030)	293 ^Δ 534 ^Δ 827 ^Δ (2031)
Proportion of persons aged 65 and over							<i>Aged 60 and over</i>
2004	12.1% (836 400) (2005)	13.0% (2 611 900)	19.4% (24 722 000)	8.4% (296 900) (2005)	17.3% (1 565 377) (2005)	12.4% (36 293 985)	21.1% (12 601 000)
2033	26.8% (2 243 100)	27.1% (7 160 100) (2051)	30.2% (34 815 000)	N.A.	23.2% (2 346 100)	19.6% (71 453 471) (2030)	29.2% (19 574 000) (2031)
Median Age	39.1 in 2005 48.5 in 2033	36.4 in 2004 46.8 in 2051	41.5 in 2000 51.8 in 2033	36.0 in 2005 N.A.	40.9 in 2005 (average age) N.A.	36.0 in 2004 39.0 in 2030	38.6 in 2004 42.9 in 2031
Sex Ratio (no. of males per 1 000 females)							
2004	979* (2005)	988	953	987 (2005)	984 (2005)	969	958
2033	749*	987 (2051)	907 (2035)	N.A.	990	965 (2030)	975 (2031)
Total Labour Force (LFPR)							
2005 (Actual)	3.59 million (60.9%)	10.39 million (64.0%)	66.50 million (60.4%)	2.37 million (67.4%)	4.51 million (77.9%) [#]	149.32 million (66.0%) [^]	29.95 million (62.8%) [^]
2014	3.77 million (58.1%)	10.8 million (60.6%) (2016)	N.A.	N.A.	N.A.	162.82 million (66.8%) [^] (2015)	31.58 million (62.4%) [^]
2023	3.64 million (52.2%)	N.A.	N.A.	N.A.	N.A.	164.68 million (65.1%) [^] (2020)	32.13 million (61.7%) [^] (2020)

Notes:

*

#

^

LFPR

N.A.

Excluding Foreign Domestic Helpers.

Labour force in percentage of population aged 16-64 only.

Cover labour force aged 16 and over.

Labour force participation rate.

Not available.

p

Δ

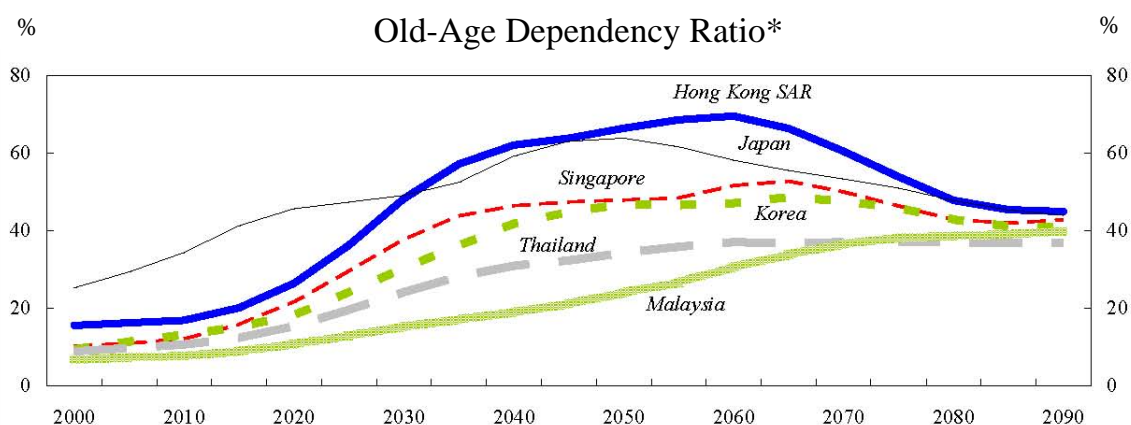
@

Provisional figure.

The age groups in calculating the dependency ratios are 0-14, 15-59 and 60+ instead of the usual age groups of 0-14, 15-64 and 65+.

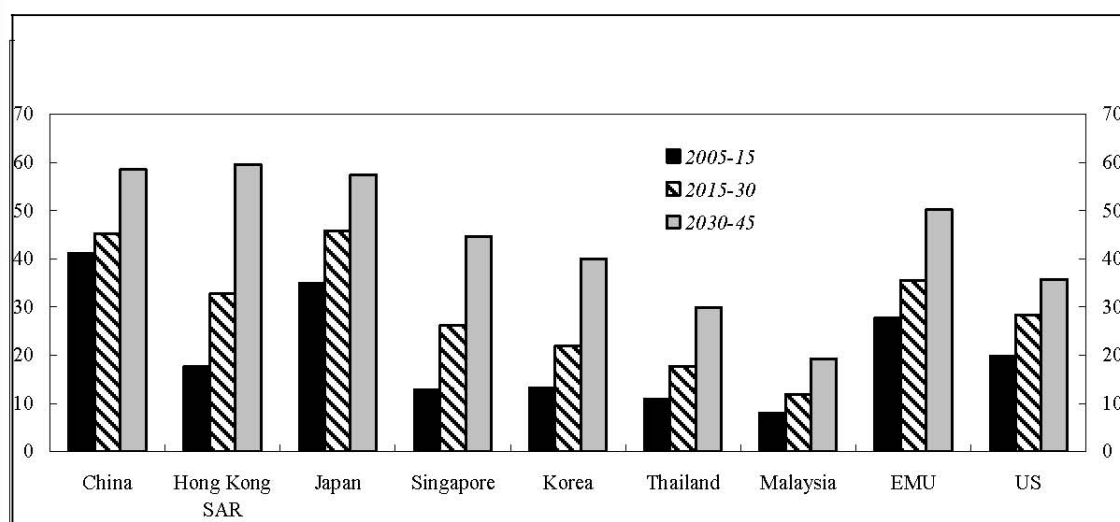
Refers to the total population which includes Singapore residents and non-residents. The population of Singapore residents as at mid-2005 is 3.55 million, which forms the basis in calculating the various demographic indicators given in this table.

Annex 4: Population Aging in Hong Kong SAR and Other Asian Economies



Source : World Development Indicators Database, World Bank.

* Defined as ratio of old-age dependents to working-age population.



Source: World Development Indicators, World Bank. Dependency ratio levels (in percent) and defined as old-age dependents to working-age population.

Extracted from : International Monetary Fund, People's Republic of China – Hong Kong Special Administrative Region, Staff Report for the 2005 Article IV Consultation Discussions, p.12, January 2006.

Annex 5: Promoting Parenthood and Fertility Measures
Broad Summary Comparison : Hong Kong, Australia, Japan, Singapore, Sweden and United States

Measures	Hong Kong	Australia	Japan	Singapore	Sweden	United States
Maternity Leave	✓	✓	✓	✓	✓	✓
Paternal leave	✗	✓	✓	✓	✓	✓
Childcare leave	✗	✗	✗	✓	✓	✗
a) Child allowance						
i) Tax allowance	✓	✗	✓	✓	✗	✗
ii) Cash allowance	✗	✓	✓	✗	✓	✓
b) Child care allowance						
i) Tax allowance	✗	✓	✗	✓	✗	✓
ii) Cash allowance	✗	✓	✗	✓	✓	✗
c) Maternity payment and Baby Bonus Scheme	✗	✓	✓	✓	✗	✗
Childcare services and education						
a) Nursery	✓	✓	✓	✓	✓	✓
b) Pre-schooling/kindergarten	✓	✓	✓	✓	✓	✓
c) School-age children	✓	✓	✓	✓	✓	✓

“✓” Yes - details of the provisions and measures vary among countries.

“✗” Not Applicable.

Annex 6: A Summary of Measures for Attracting Talents in Five Selected Countries and Hong Kong

	Canada	Australia	USA	UK	Singapore	Hong Kong
Immigration Policy Features	High immigration; High proportion of talents	High immigration; High proportion of talents	High immigration; Small proportion of talents	Focus on stopping illegals, asylum seekers; Talent immigration new.	Emphasis on talent immigration	Slow permanent residency
Types of Measures for Admitting Talents	Points-based migration program (Economic class immigrants)	Point-based migration program; Also used for SAS* immigration	Employment-based working visa; IT and science & engineering workers emphasized.	Point-based working permit for talents without prearranged job (HSMP program)**	Temporary Employment Pass	Employment-based working visa for foreign and Mainland talent
Students	Numerous foreign students Highly subsidized education	Very successful full-fee overseas student program	Both fee-paying and subsidized education Highly successful in attracting and retaining foreign students	Foreign students may stay & work after study	Attractive to overseas students as the medium of instruction is English	Foreign students are few; Mostly Mainlanders in highly-subsidized UGC places
Entrepreneur	Entrepreneur Class visa	Business Migration (Business Owner or Senior Executive class)	Limited program for entrepreneurs, includes strong requirements for financial strength and job creation	Limited program for entrepreneurs	EntrePass - renewable if company viable	GEP*** investors to set up a business
Investors	Investor Class visa	Business Migration (Investor class)	Limited program with very high requirements	Investor program	Investment deposit scheme for permanent residence	Capital Investment Entrant Scheme
Lessons for Hong Kong	Flexibility of policies; Points system for assessing skills; Good investor, entrepreneur models	Points system; Favor young adult and student talents; Good model on student immigration	Good model on bringing immigrants to Silicon Valley; Facilitate “brain circulation.”	Copied from Canada and Australia	Outreach to own citizens abroad	Current programs are successful; English & Putonghua skills important

* SAS – Skilled Australian Sponsored

** HSMP – Highly Skilled Migrant Program

*** GEP – General Employment Policy