

For discussion on
14 March 2001

Paper for the Legislative Council Panel on Security

Admission of Mainland Professionals Scheme

Introduction

This paper informs Members of the findings of the review on existing immigration policy on the admission of talents and professionals for employment. The paper also seeks Members' views on the implementation framework of the Admission of Mainland Professionals Scheme.

Review on immigration policy

2. The Chief Executive announced in the 2000 Policy Address that the Government would conduct a review on existing immigration policy in a proactive but prudent manner so as to admit from the Mainland and abroad more professionals not readily available in Hong Kong to meet our immediate needs. It is expected that the recruitment of these people will provide an impetus to economic growth, thereby creating more job opportunities for local workers.

3. Security Bureau is responsible for conducting this review in consultation with the Education and Manpower Bureau, the Information Technology and Broadcasting Bureau, Financial Services Bureau, the Innovation and Technology Commission, Labour Department and Immigration Department. In conducting the review, we have taken into account the supply and demand situation in the manpower market, immigration policies of overseas countries and the experience of implementing the Admission of Talents Scheme and the 1994 Pilot Scheme on Admission of Mainland Professionals. An important principle which forms the basis of the review is that whilst facilitating general economic development, we need to safeguard job opportunities for the local population.

Existing immigration policy

4. Under existing policy, foreign nationals from all places other than the Mainland, Macau and a number of countries which pose security and/or immigration risk may apply to enter Hong Kong for employment. Foreign nationals who possess skills or knowledge not readily available in and of value to Hong Kong may be allowed to come to work if they secure a job offer with a remuneration package broadly comparable to the local market rate. They are allowed to come here together with their dependants. All of them will be eligible for right of abode if they have stayed for a continuous period of seven years or more and have taken Hong Kong as their permanent place of residence.

5. As for Mainland residents, they are not normally allowed to enter Hong Kong for employment unless under the sponsorship of the Central People's Government or through the Supplementary Labour Scheme. The Admission of Talents Scheme was introduced on 17 December 1999 to attract talents, mainly those from the Mainland, to come to work in Hong Kong.

Review of the Admission of Talents Scheme

6. The Talents Scheme aims to admit talents from the Mainland and abroad who possess outstanding qualifications and skills or knowledge not readily available locally. These talents can help to enhance the competitiveness of Hong Kong as a manufacturing or services centre, particularly in technology-based, knowledge-intensive or high value-added activities. As at the end of February 2001, 452 applications were received, with 117 cases approved, 211 refused and 92 withdrawn. The remaining 32 applications were under processing. The majority of the approval cases are related to information technology (IT); telecommunications; engineering; environmental protection and financial services. About 48% of the successful applicants have a doctoral degree, whilst the rest hold master or bachelor degrees. Some 75% of them have a monthly remuneration package in the range of \$20,000 to \$ 50,000 (see detailed breakdown at Annex).

7. The response to the Talents Scheme is lower than expected. We have conducted a review on its operation and effectiveness. Our findings show that the modus operandi of the Scheme is generally effective. Immigration Department is generally able to process applications within three weeks upon the receipt of all supporting documents. The low response is mainly attributable to the following factors –

- (a) there is keen competition for talents, both in the Mainland and overseas countries;
- (b) some of our firms have already established their operations in the Mainland where they could source and recruit Mainland talents;
- (c) traditionally Hong Kong firms do not spend too much resources on research and development and they need time to build up their capability in innovation and technology; and
- (d) newly established or small enterprises may lack the means to search for and bring in the Mainland talents they require.

8. Despite the low response, the value of the Talents Scheme should not be underestimated. According to regular surveys conducted by the Census and Statistics Department on the effectiveness and economic benefits of the Talents Scheme, it is assessed that an average of six jobs mainly at the professional and supervisory levels will be created with the admission of one talent. The employers interviewed in the surveys generally expect that the admitted talents will help to enhance the technological level of their firms, facilitate technological transfer to the local workforce and broaden the business profile of the enterprises. These will be conducive to the development of the economy as a whole.

9. In the light of these findings, it is clear that we should continue with the Talents Scheme. We have already stepped up our publicity efforts and will continue to seek every opportunity to promote the Scheme –

- (a) we have participated regularly in briefings and seminars organised by trade-related organisations and chambers of commerce to promote the Scheme. We also take part in briefings organised by the Science Park for its prospective tenants and distribute pamphlets on the Scheme through the Information Technology and Broadcasting Bureau to prospective Cyberport tenants; and
- (b) a new section has been included in the Labour Department's Interactive Employment Service website since 1 February 2001 to provide a forum for employers to display job vacancies so that interested overseas and Mainland talents can approach the relevant employers direct for job application. The website has been hyper-linked to the Immigration Department's homepage for easy access.

10. Notwithstanding the present low response, the demand for talents is expected to increase gradually when the Science Park and Cyberport start to operate from 2001 onwards. Further development of the local IT related businesses will also create a need for more talents. We should therefore maintain this admission channel.

Hong Kong's manpower requirement

11. Apart from admitting talents, there have been increasing calls from the private sector to bring in more qualified professionals to fill positions which are not readily taken up by the local population. Talents and professionals are playing different but complementary roles to enhance the competitiveness of Hong Kong's economy. Talents focus more on innovation and research which will bear fruits in the medium or longer term. Professionals, on the other hand, help to attend to firms' immediate operational needs.

12. According to a manpower projection up to the year 2005 undertaken by the Education and Manpower Bureau and other relevant Government Bureaux and Department, the labour market will undergo structural changes over the next five years. A number of sectors are expected to grow in strategic importance in the coming years, namely IT for which manpower requirement is projected to grow at an annual average rate of 11.8% over the period; banks, insurance companies and other financial institutions (3.7%), tourism-related trades (2.4%) and the import and export trade (2.2%) The study also reveals that there will be a surge in the demand for workers with post-secondary and first degree education due to increase in manpower requirements for managers, administrators, professionals and associate professionals, which is expected to grow at an annual average rate of 5.6% over the period. As the manpower requirement at the post secondary and degree levels is projected to grow at a faster pace than the corresponding manpower supply, a shortfall of some 117 000 persons at these education levels is expected.

13. More specifically on the IT sector, the Education and Manpower Bureau has completed a Consultancy Study on the Manpower and Training Needs of the IT Sector in February 2000. According to the high end estimate, the shortfall of degree IT graduates currently stands at 4 000 and may rise to 14 000 in 2005. In 2010, the shortage may further rise to 50 600¹.

¹ According to the consultancy report, current manpower shortfall stands at 1 700 – 4 000 and will rise to 370 – 14 000 in 2005. In 2010, the shortfall will further rise to 7 000 – 50 600. The lower end estimates are based on a conservative estimate of future demand for IT professionals, whereas the high end estimates are made based on more robust assumptions about future demand. Low end estimates reflect that past increases in IT students have virtually satisfied demand. At the high end, the demand gap reflects a situation where past increases in students have never been enough to meet the demand and the gap has escalated dramatically.

14. In the context of examining the development of human resources in the financial services sector, the Advisory Committee on Human Resources Development in the Financial Services Sector recommended that the importation of talents/professionals from the Mainland should be considered as an interim measure to meet the present shortfall of staff. The Committee, however, cautioned that it would be important to ensure that the imported talents and local candidates compete on a level playing field.

15. While measures will be taken to increase the provision of tertiary education places and to upgrade the skill level of the local workforce through training and retraining, we need to admit more professionals from outside Hong Kong to alleviate the immediate problem. As we already have a liberal policy on the admission of foreign professionals, the focus of the review is on the admission of Mainland professionals. We will continue to facilitate the admission of eligible foreign professionals by streamlining procedures and shortening processing time as far as possible.

Admission of Mainland Professionals Scheme

16. We ran a Pilot Scheme on Entry of Mainland Professionals in 1994. The Pilot Scheme was subject to a quota of 1 000 and the target was to utilise this quota within one year. Employers were required to go through designated Mainland recruitment agencies to identify and bring in selected candidates. Only the graduates of 36 key Mainland universities were eligible to apply under the Scheme. They had to make separate applications to obtain a place under the quota and a work visa. Eventually only 602 professionals were admitted in the three years after implementation. The Scheme was discontinued in 1997 due to slow and low utilization of the quota. A review of the Pilot Scheme showed that its failure was attributable to procedural hurdles and the various restrictions imposed on admission.

17. Having regard to the review findings of the 1994 Pilot Scheme, application procedures for the Admission of Mainland Professionals Scheme will be streamlined to make it more user-friendly. The Scheme will help to bring in the professionals we need and to redress the present anomaly with the much more liberal policy on the admission of foreign professionals. The fundamental principles common to all admission policies should continue to apply, i.e. the Mainland professionals to be admitted must possess skills and knowledge not readily available or in shortage locally, and are offered a remuneration package which is broadly comparable to the prevailing market level for professionals.

18. The Professionals Scheme will be separate from and independent of the Talents Scheme. We do not intend to lower the requirements of the Talents Scheme to cater for professionals. Many other countries adopt separate schemes and priorities for the admission of talents and professionals.

19. We propose that the Professional Scheme should be introduced on a sector specific basis, initially targeting at the IT and financial services sectors where there will be a sustained growth in manpower demand in the coming years. No quota or ceiling will be imposed. We will review the Scheme on a regular basis to assess its effectiveness and to examine whether additional sectors should be included.

20. Apart from meeting the sectoral requirement, an applicant will be eligible for entry under the Scheme if he satisfies the following criteria –

- (a) **Academic qualifications and working experience** - the applicant should have a good education background, normally a first degree in the relevant field, but in special circumstances, good technical qualifications, proven professional abilities and/or relevant experience and achievements supported by documentary evidence may also be considered;

- (b) **Employment** - admission should be contingent on a confirmed offer of employment. The applicant should be employed in a job relevant to his academic qualifications or working experience. Applications for change of employment will not normally be considered during the first year of admission; and
- (c) **Remuneration** - the remuneration package including income, accommodation, medical and other fringe benefits should be broadly commensurate with the prevailing market level for professionals.

21. Unlike the 1994 Pilot Scheme, all applications will be submitted by the employers, acting as sponsors, to the Immigration Department directly without the need to go through any intermediate Mainland recruitment agencies. Entry of successful applicants will not come under the One-way Permit Scheme which caters primarily for family reunion. The professionals are allowed to change jobs one year after admission and will be allowed to remain in Hong Kong as long as they are employed in a job relevant to their qualifications and expertise. They will be eligible for right of abode after seven years of residence.

22. Eligible Mainland professionals will be initially admitted without their dependants. Whether and how they can bring their families will be considered in the context of an overall review on our policy on the entry of dependants of all persons admitted to work and live in Hong Kong. We expect to complete the review before the end of this year. In the review, we will take into account the contributions of the admitted professionals, their personal aspirations and the merits of providing incentives for them to stay.

23. As the Professionals Scheme will affect the exit policy of the Mainland, we have consulted the relevant Mainland authorities who have given agreement in principle to the Scheme. We will need to further discuss operational details with the relevant Mainland authorities before launching the Scheme.

Conclusion

24. We believe that the Professionals Scheme strikes a fine balance between enhancing Hong Kong's economic development whilst safeguarding job opportunities for the local work force. Sustained growth in manpower demand in the IT and financial services sectors is expected in the coming years. The development of these two sectors, which are gaining increasing strategic importance in the economy, will be hampered if there is insufficient manpower supply. The admission of Mainland professionals is expected to generate new employment opportunities at the sub-professional and technical levels. There is now a world-wide scramble for skilled professionals. Hong Kong will be left behind if we do not make suitable adjustments quickly to our immigration policy to admit the professionals we need. We would welcome Members' views on the implementation framework of the Professionals Scheme. We intend to launch the Scheme within the first half of this year.

Security Bureau
March 2001

**Statistical Breakdown on Approved Applications under
the Admission of Talents Scheme**

Employment applications

The Scheme was implemented on 17 December 1999. As at 28 February 2001, 452 entry applications for employment were received. 117 applications were approved, 211 refused and 92 withdrawn. 32 applications were under processing.

Breakdown of approval cases

Industry

Industry	Number
Information/communication/multi-media technology	48
Engineering and environmental protection	39
Finance	12
Legal	4
Medicine	4
Biotechnology/bio-medical	4
Others (chemical technology, education and research in Chinese traditional medicine, etc.)	6
Total	117

Employers

A total of 86 employers are involved. Three employing companies are local universities, one is a non-profit-making company exempted from business registration and two are partnership. The paid up capital of the remaining 80 is as follows:

Paid up Capital	Number
Below HK\$1 million	33
HK\$1 million to below 10 million	20
HK\$10 million to 100 million	10
Over HK\$100 million	17
Total	80

Education attainment

Academic Attainment	Number
Doctoral degree	56
Master degree	43
Bachelor degree	18
Total	117

Monthly remuneration

Remuneration Range (HK\$)	Number
20,001 to 50,000	88
50,001 to 80,000	17
80,001 to 120,000	11
240,001 to 280,000	1
Total	117