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**One Way Permit Scheme and Mainland-HKSAR Families**

**Family Reunion and the One Way Permit (OWP) Scheme**

Worldwide, family reunion is seen as a desirable objective, so family reunion mechanisms in nearly all jurisdictions make it easy for spouses, unmarried children aged under 19 and older dependent children of citizens to join their family. Any queuing time is limited and justified only by checking and processing time.

Hong Kong has similar arrangements for the family reunion of non-Mainland residents, but arrangements for family reunion with Mainland residents have been governed since 1980 by the One Way Permit (OWP) scheme. This is justified by the government, given their human rights obligations, as “facilitating family reunification at a rate that Hong Kong’s economic and social infrastructure can absorb without excessive strain”. The OWP scheme is now a transparent points scheme, used by Mainland authorities to determine the priority for family reunion from the Mainland within a quota of 55,000 people per year. The points scheme and quotas are crucial in determining the flow and characteristics of OWP arrivals. Currently, most dependent children born in the Mainland can come with their mother, without requiring a Certificate of Entitlement (CoE).

**Changing profile of OWP arrivals and Hong Kong population**

For most years since 1997, OWP arrivals have been the major element of population growth. In 2002, and 2004, the quotas were not filled, because the distribution of quotas across provinces that did not match demand. This was addressed by centralization of the quotas for children and spouses. However, the shortfall in 2007 and 2008 suggests that the pool waiting to come is shrinking, for reasons explained below.

The stereotype of old, poorly educated and dependent OWP arrivals is no longer true. In the last few years, the median age of spouses is close to 30 years old with over 85% having at least secondary education. Most children are now under 15 (over 60%), single (over 90%) and not yet working (over 90%). The services demand is now labour market oriented with 60% needing support finding a job and 40% wanting career training. This suggests that our estimates of the cost of OWP arrivals in terms of government services based on historical profiles are likely to be over estimates.

The total fertility rate in Hong Kong is very low (0.984 live births per woman) which is well below the replacement level of 2.1. and expected to remain low in the future while life expectancy (79.5 for males and 85.6 for females in 2006) continues to rise (projected to reach 82.7 for males and 88.3 for females in 2036), resulting in an ageing population and increasing elderly dependency ratio (168 per 1000 in 2006, but expected to reach 425 per 1,000 people in 2036). This highlights the importance of the significant fraction of births in Hong Kong to Mainland mothers (around 40%), many of whom (over 30%) have Hong Kong permanent resident husbands. Cross-boundary marriages are also important in terms of finding spouses for many Hong Kong residents. For these reasons, the OWP scheme plays a key role in a sustainable population policy.

## **Cross-boundary births and marriages**

Cross-boundary marriages have become an increasingly important element in marriages involving Hong Kong residents (almost 35,000 in 2006 versus 29,000 other marriages in Hong Kong). The marriages are increasingly taking place in Hong Kong so over 53% of the registered marriages in Hong Kong involved a mainland spouse in 2008. This provides an opportunity for both men and women in Hong Kong to find spouses, particularly for those who have difficulty finding someone with similar educational background.

Cross-boundary births have also become increasingly important and births in Hong Kong to Mainland mothers and Hong Kong fathers now represent 25% of births in Hong Kong with Hong Kong fathers. Because these children are born in Hong Kong, they already have Hong Kong Permanent Resident (HKPR) status and do not need to use OWP quota. This trend significantly decreases the pool of children waiting to come in the OWP scheme, leaving scope for change.

## **Modelling the pool waiting to come under the OWP scheme**

We have constructed a statistical model of the pool of people waiting to come to Hong Kong under the OWP scheme, based on the 1999 right of abode survey and administrative data since then on marriages, births and OWP arrivals, which provides estimates for recent arrivals that are broadly consistent with actual arrivals. This enables us to make predictions of future arrivals under different assumptions about willingness to come and under different scenarios about the utilization of the OWP quotas and to examine the impact of changing the assumptions about birth, marriage and death rates.

Given that the pool of children waiting to come under the OWP scheme appears to have greatly reduced, there is an opportunity to use the shortfall in utilization of the children quota to increase the inflow of spouses without exceeding the overall quota.

Currently, all spouses who have waited for at least five years are eligible to come under the OWP scheme, but the model predicts that quota flexibility would reduce the waiting time for spouses to three years over the next few years. This would also further increase the number of children born in Hong Kong to Hong Kong resident mothers and hence reduce further the pool of children waiting to come.

## **Impact on economic and social infrastructure of OWP arrivals coming earlier**

In terms of costs, the impact of OWP arrivals coming two years earlier on CSSA is likely to be small as the estimated percentage of arrivals receiving CSSA is now only around 3% of arrivals (compared to an average of 7% over the last decade). The impact on Public Rental Housing is also limited as many spouses are already living in public housing on a two-way permit with their Hong Kong spouse and children.

In terms of education, if the children come two years earlier, this increases direct costs, but has a triple benefit: firstly, the rate of repeaters is much lower for children who come before P1, secondly, children who come earlier are more likely to go on to tertiary education, improving the quality of the labour force and lastly, educational attainment is the best predictor of income and provides upward mobility opportunities. Also, given that the number of children starting kindergarten is dropping each year, some increase in enrollments would help to slow the rate of kindergartens needing to be closed.

Lastly, while OWP arrivals do have some negative impact on income inequality, this is almost entirely due to their lower education.

The social benefits of early family reunion include family integration. This reduces the risk of juvenile delinquency and divorce and allows spouses and children to integrate into the community earlier and younger, reducing the difficulties of the integration process and allowing the spouses to rejoin the labour force in Hong Kong, instead of remaining unemployed for up to 5 years while holding a Two Way Permit and their workplace skills deteriorate

Overall, the estimated additional costs to the HKSARG as a result of reducing the waiting time by two years are relatively modest (less than HK\$620M per annum) compared to recurrent government expenditure. In contrast, the estimated benefit to the families of the OWP arrivals is substantial (between HK\$4,600M and HK\$7,300M per annum), through additional income to both spouses and children, let alone the additional broad community benefits through the GDP multiplier.

In short, the economic evidence is strongly in favour of bringing children to Hong Kong as young as possible, with significant advantages and little disadvantage in bringing spouses sooner. There is no economic argument against reducing the waiting time to zero, although it will be necessary to ensure that there are adequate safeguards against marriages of convenience. When we take into account the social benefits of having households reunited, the arguments for reducing the waiting time are compelling.

### **Recommendations**

The shortfall in OWP arrivals in 2007 and 2008 supports the model predictions that, as a consequence of many children being now born in Hong Kong of cross-boundary marriages, there will be a continuing shortfall in utilization of the subquota for children. This shortfall provides an opportunity to transfer some of the unused quota to spouses, enabling the waiting time to be reduced in stages without exceeding the overall quota, down to three years waiting time. Further changes to the scheme could then be considered, either reducing the waiting time down to the minimum time that allows adequate checking on whether marriages are genuine or replacing the scheme by an administrative scheme more consistent with family reunion arrangements elsewhere.

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