

## INFORMATION NOTE

### Hong Kong's population policy (as at 4 February 2014)

#### 1. Background

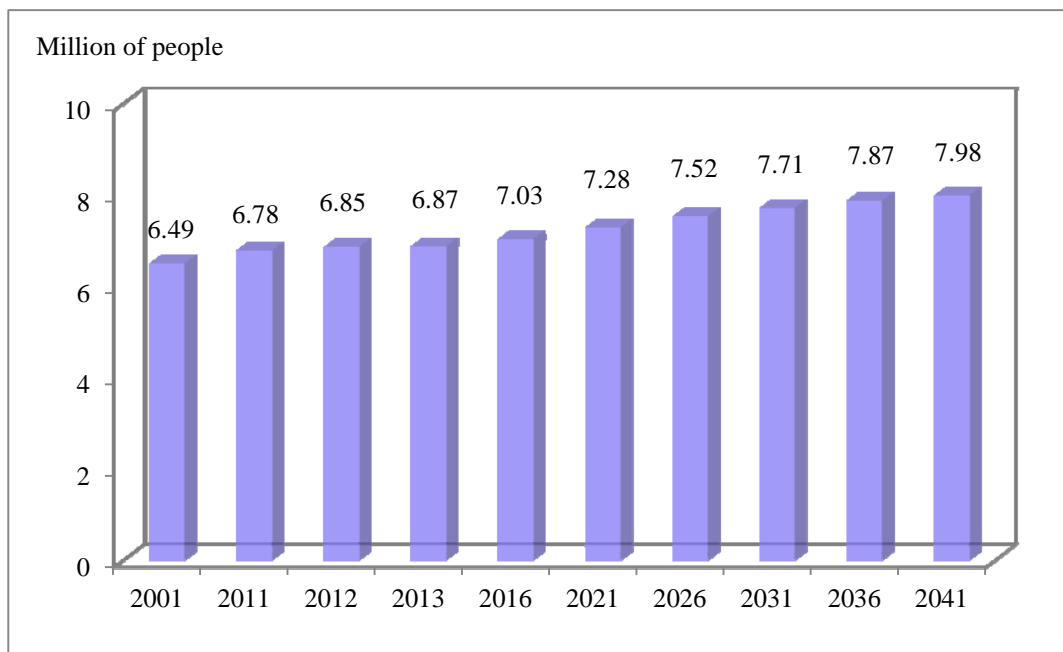
1.1 On 24 October 2013, the Steering Committee on Population Policy released a consultation paper on population policy entitled "Thoughts for Hong Kong" and launched a four-month public engagement exercise to run until 23 February 2014. Further to the special meeting held on 8 November 2013, the House Committee will hold another special meeting on 7 February 2014 to discuss the consultation paper and public engagement exercise with the Chief Secretary for Administration. To facilitate members' deliberations, this information note highlights the profile of Hong Kong's population, reviews the development of population policy over the years, and elaborates on the major issues relating to population policy in the light of the past deliberations at the Legislative Council.

#### 2. Population profile of Hong Kong

2.1 Hong Kong's population grew slowly by an average of 0.5% per year between mid-2001 and mid-2013. This trend is expected to sustain in the years ahead, as the Census and Statistics Department ("C&SD") forecasts Hong Kong's population to continue growing by an average of 0.5% per year from 6.87 million in mid-2013 to 7.98 million in mid-2041<sup>1</sup> (see **Figure 1**). In addition to slow population growth, Hong Kong has undergone other demographic changes in recent years as elaborated in the ensuing paragraphs.

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<sup>1</sup> Unless specified otherwise, all the population projections (excluding foreign domestic helpers) quoted in this information note are based on the forecasts published by C&SD.

**Figure 1 — Mid-year population of Hong Kong**

Source: Census and Statistics Department.

### Ageing population

2.2 Hong Kong's population has experienced an ageing trend over the past decade or so. The proportion of people aged under 15 decreased from 17% in mid-2001 to 12% in mid-2013 (see **Table 1**). In contrast, the proportion of people aged 65 and above increased from 12% to 15% over the same period. Reflecting the above change, the median age of the population increased from 37.2 in mid-2001 to 43.4 in mid-2013.

**Table 1 — Mid-year population by age group**

	2001	2011	2012	2013	2016	2021	2026	2031	2036	2041
<b>Age structure</b>										
Aged 0-14	17%	12%	12%	12%	12%	12%	12%	11%	10%	10%
Aged 15-64	71%	74%	74%	73%	72%	68%	64%	61%	59%	58%
Aged 65 & above	12%	14%	14%	15%	17%	20%	24%	28%	31%	32%
<b>Median age</b>										
	37.2	42.4	42.8	43.4	44.4	46.5	47.8	49.3	50.7	51.8

Source: Census and Statistics Department.

2.3 The trend of population ageing is expected to be more apparent in the years ahead. While the proportion of people aged under 15 is projected to remain at 10%-12% throughout 2013-2041, the proportion of people aged 65 and above is projected to rise from 15% in mid-2013 to 32% in mid-2041. As a result, the median age of the population is projected to increase from 43.4 in mid-2013 to 51.8 in mid-2041.

#### Longer life expectancy and low fertility rate

2.4 The ageing population is the combined result of longer life expectancy and a low fertility rate. Hong Kong has experienced a continuous decline in mortality during 2001-2012, leading to an increase in life expectancy. In 2012, life expectancy at birth was 80.7 years for males and 86.4 years for females (see **Table 2**), among the highest in the world. Mortality rate should continue its declining trend and life expectancy at birth is projected to increase further to 84.4 years for males and 90.8 years for females in 2041.

**Table 2 — Life expectancy at birth and total fertility rate in Hong Kong**

Year	Life expectancy at birth (years)		Total fertility rate
	Male	Female	
2001	78.4	84.6	931
2011	80.3	86.7	1 204
2012	80.7	86.4	1 285
2016	81.4	87.6	1 177
2021	82.2	88.5	1 191
2026	82.9	89.2	1 191
2031	83.5	89.8	1 190
2036	84.0	90.3	1 164
2041	84.4	90.8	1 151

Source: Census and Statistics Department.

2.5 Total fertility rate<sup>2</sup> in Hong Kong has persistently been at a low level during 2001-2012, which is below the replacement level of 2 100 per 1 000 women.<sup>3</sup> It stood at 1 285 per 1 000 women in 2012, and is projected to decrease to 1 177 in 2016 and further to 1 151 in 2041 (see **Table 2**).

### Shrinking working population

2.6 As Hong Kong continues to face a low birth rate, the labour force is expected to peak at 3.71 million in 2018 and then decline to 3.51 million in 2035 before resuming modest growth. Another trend worth noting is the projected decline in labour force participation rate<sup>4</sup> from 59% in 2012 to 50% in 2041 (see **Table 3**), partly attributable to the expected increase in the proportion of females (whose labour force participation rates are relatively lower than those for men) during the period.<sup>5</sup>

**Table 3 — Labour force participation rate and sex ratio**

	2001	2011	2012	2016	2021	2026	2031	2036	2041
<b>Labour force participation rate</b>									
Male	73%	68%	69%	70%	67%	63%	59%	57%	56%
Female	47%	49%	50%	52%	51%	48%	46%	45%	45%
Overall	60%	58%	59%	61%	59%	55%	52%	50%	50%
<b>Sex ratio</b>									
	1 021	948	943	921	896	867	839	812	786

Source: Census and Statistics Department.

<sup>2</sup> Total fertility rate refers to the average number of babies born alive to 1 000 women (excluding foreign domestic helpers) during their lifetime.

<sup>3</sup> For a population to replace itself, each woman would have to produce on average a sufficient number of children. A total fertility rate of 2 100 children per 1 000 women is considered to correspond to the replacement level, allowing for factors such as sex differential at birth, mortality of infants/children and mortality of women before reaching their reproductive years.

<sup>4</sup> Labour force participation rate refers to the proportion of the labour force in the population aged 15 and above after excluding foreign domestic helpers.

<sup>5</sup> As shown in Table 3, the sex ratio (i.e. number of males per 1 000 females after excluding foreign domestic helpers) of Hong Kong's population is projected to fall noticeably from 943 in 2012 to 786 in 2041.

### Rising overall dependency ratio

2.7 The increasing proportion of people aged 65 and above boosted the elderly dependency ratio<sup>6</sup> from 163 in mid-2001 to 203 in mid-2013 (see **Table 4**). Meanwhile, the child dependency ratio<sup>7</sup> fell from 237 to 157 over the same period. The lower child dependency ratio contributed to the decrease in the overall dependency ratio<sup>8</sup> from 399 in mid-2001 to 360 in mid-2013.

**Table 4 — Dependency ratios in Hong Kong**

	2001	2011	2012	2013	2016	2021	2026	2031	2036	2041
Child	237	164	161	157	162	178	179	176	170	163
Elderly	163	188	194	203	231	293	375	457	514	549
Overall	399	352	355	360	393	471	555	633	684	712

Source: Census and Statistics Department.

2.8 The declining trend in the overall dependency ratio is unlikely to sustain in the coming years under the prevailing ageing trend. The proportion of people aged 65 and above is projected to rise markedly, thereby increasing the elderly dependency ratio from 203 in mid-2013 to 549 in 2041 (see **Table 4**). This trend, coupled with shrinking working population, will boost the overall dependency ratio from 360 in 2013 to 712 in 2041.

### Growing importance of immigrants to population growth

2.9 Given the low fertility rate, net inward migration (particularly new arrivals from the Mainland) has been a major source of population growth for Hong Kong. Since the early 1980s, Mainland spouse and accompanying children of a Hong Kong resident may apply for settling in Hong Kong for family reunion through the One-Way Permit ("OWP") Scheme. The scheme is administered by the Mainland authorities and the daily quota is 150. A total of 487 525 Mainland residents came to settle in Hong Kong on the strength of the OWP Scheme between 2003 and mid-2013.

<sup>6</sup> Elderly dependency ratio refers to the number of persons aged 65 and above per 1 000 persons aged between 15 and 64.

<sup>7</sup> Child dependency ratio refers to the number of persons aged under 15 per 1 000 persons aged between 15 and 64.

<sup>8</sup> Overall dependency ratio is defined as the number of dependents (persons aged under 15 and those aged 65 and above) per 1 000 persons aged between 15 and 64.

### Reversed trend in the number of babies born to Mainland women

2.10 In July 2001, the Court of Final Appeal ruled that Chinese citizens born in Hong Kong are Hong Kong permanent residents regardless of the status of their parents.<sup>9</sup> The number of babies born in Hong Kong to Mainland women increased from 7 810 in 2001 to 43 982 in 2011, of which 6 110 or 14% were Type I babies<sup>10</sup> and 35 736 or 81% Type II babies<sup>11</sup>.

**Table 5 — Number of births given by Mainland women in Hong Kong**

Year	Type I babies	Type II babies	Others <sup>(1)</sup>	Total
2001	7 190	620	n.a.	7 810
2002	7 256	1 250	n.a.	8 506
2003	7 962	2 070	96	10 128
2004	8 896	4 102	211	13 209
2005	9 879	9 273	386	19 538
2006	9 438	16 044	650	26 132
2007	7 989	18 816	769	27 574
2008	7 228	25 269	1 068	33 565
2009	6 213	29 766	1 274	37 253
2010	6 169	32 653	1 826	40 648
2011	6 110	35 736	2 136	43 982
2012	4 698	26 715	1 786	33 199
2013 (Jan-Jul)	2 667	492	24	3 183

Note: (1) This refers to Mainland mothers who chose not to provide the father's residential status during birth registration.

Sources: Department of Justice (2013) and GovHK (2013c).

<sup>9</sup> *Director of Immigration v Chong Fung Yuen (2001) 4 HKCFAR 211.*

<sup>10</sup> Type I babies refer to babies born to Mainland women in Hong Kong and whose fathers are Hong Kong permanent residents.

<sup>11</sup> Type II babies refer to babies born to Mainland women in Hong Kong and whose fathers are not Hong Kong permanent residents.

2.11 In recent years, the increasing number of Type II babies has aroused public concerns over the adequacy of the provision of obstetric services for local pregnant women, and the longer-term implications on education, health and social services in meeting the needs of these babies. To address the above concerns, the Government has since January 2012 stepped up various administrative measures including ceasing to accept delivery bookings by Mainland pregnant women in public hospitals and setting a delivery quota in private hospitals. As a result, the number of Type II babies decreased by 25% to 26 715 in 2012 over a year earlier.

2.12 In 2013, the Government implemented a zero quota policy requiring all public and private hospitals not to accept any bookings by Mainland pregnant women whose husbands are not Hong Kong permanent residents for delivery in Hong Kong.<sup>12</sup> This latest government measure has helped contribute to a further decrease in the number of Type II babies born in Hong Kong, which dropped to 492 in the first seven months of 2013.

2.13 To assess the impact of babies born to Mainland women on the Hong Kong population, C&SD conducted six rounds of "Survey on babies born in Hong Kong to Mainland women" during 2007-2012. These surveys were to enquire the intentions of parents of Type I and Type II babies on whether they would bring their babies born in Hong Kong back to the Mainland and, for those babies who have been taken back to the Mainland, the intention of their parents on whether these babies would be brought back to Hong Kong later.

2.14 Based on the average result of the six rounds of survey conducted, about 51% of Type I babies would stay in Hong Kong after birth (see **Table 6**). Among the 49% of the parents of Type I babies who indicated that their children would not stay in Hong Kong before the age of one, about 86% of the parents indicated that they intended to bring their children back to Hong Kong later. That means, about 93% of Type I babies would eventually settle in Hong Kong.

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<sup>12</sup> For those Mainland pregnant women whose husbands are Hong Kong permanent residents, they can only make bookings at private hospitals for delivery.

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**Table 6 — Surveys on intentions of parents about future living arrangement for their Type I babies**

	First round	Second round	Third round	Fourth round	Fifth round	Sixth round	Average <sup>(1)</sup>
Staying in Hong Kong	65%	53%	47%	54%	31%	56%	51%
Not living in Hong Kong before age one	35%	47%	53%	46%	69%	44%	49%
With intention of being brought back to Hong Kong	90%	87%	87%	87%	88%	77%	86%
Others <sup>(2)</sup>	10%	13%	13%	13%	12%	23%	14%
Overall proportion of babies living in Hong Kong eventually	97%	94%	93%	94%	92%	89%	93%

Notes: (1) Average result of the six rounds of survey conducted.

(2) Figures include those cases that the parents chose the options "not yet decided", "possibly will not bring back" and "definitely will not bring back".

Source: Census and Statistics Department.

2.15 As to Type II babies, about 4% of them would stay in Hong Kong after birth (see **Table 7**). The remaining 96% of Type II babies would not live in Hong Kong before reaching the age of one, and 55% of their parents indicated the intention of bringing them back to Hong Kong later. In other words, about 57% of Type II babies would eventually settle in Hong Kong.



**Table 7 — Surveys on intentions of parents about future living arrangement for their Type II babies**

	First round	Second round	Third round	Fourth round	Fifth round	Sixth round	Average <sup>(1)</sup>
Staying in Hong Kong	9%	3%	3%	4%	1%	2%	4%
Not living in Hong Kong before age one	91%	97%	97%	96%	99%	98%	96%
With intention of being brought back to Hong Kong	58%	28%	61%	67%	64%	53%	55%
Others <sup>(2)</sup>	42%	72%	39%	33%	36%	47%	45%
Overall proportion of babies living in Hong Kong eventually	62%	30%	62%	68%	64%	53%	57%

Notes: (1) Average result of the six rounds of survey conducted.

(2) Figures include those cases that the parents chose the options "not yet decided", "possibly will not bring back" and "definitely will not bring back".

Source: Census and Statistics Department.

### 3. Development of population policy in Hong Kong

3.1 The urgent need for development of a comprehensive population policy was raised as early as July 2002 in the Inaugural Speech of the Chief Executive. Subsequently, the Government set up the Task Force on Population Policy in September 2002 with a view to, among others, identifying the major challenges to Hong Kong arising from its demographic trends and characteristics. In the report released in February 2003, the Task Force laid down the key objective of Hong Kong's population policy as to secure and nurture a quality population for sustaining the development of Hong Kong as a knowledge-based economy.

3.2 In October 2007, the Government set up the Steering Committee on Population Policy chaired by the Chief Secretary for Administration to monitor and co-ordinate efforts on population policy. In his 2010-2011 Policy Address, the Chief Executive tasked the Steering Committee to focus its study on (a) ways to facilitate and support elderly people to settle on the Mainland after retirement, and (b) ramifications of children born in Hong Kong to Mainland women returning to Hong Kong to study and live.<sup>13</sup> In the light of the findings of the study, the Chief Executive proposed in his 2011-2012 Policy Address to (a) set up a new "Guangdong Scheme"<sup>14</sup> and (b) step up dissemination of information on the local education system to help Mainland families with Hong Kong-born children consider whether and how to arrange their children to return to Hong Kong for schooling.

3.3 On 30 May 2012, the Government released the *Steering Committee on Population Policy Progress Report 2012* setting out 10 recommendations for addressing the short-term and long-term demographic challenges facing Hong Kong. These 10 recommendations broadly revolve around three major areas, namely (a) Mainland women coming to give birth in Hong Kong, (b) an ageing and shrinking labour force, and (c) supporting the elderly.

### Revamped Steering Committee on Population Policy

3.4 The Steering Committee on Population Policy was revamped in November 2012 with the appointment of 11 non-official members to the committee for a term of two years from 1 December 2012 to 30 November 2014.<sup>15</sup> Previously, it comprised only officials from relevant bureaux and departments. The expanded membership is to ensure that the Government's deliberations on the Hong Kong population policy will have the benefit of professionals and experts in relevant fields.

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<sup>13</sup> The Steering Committee on Population Policy also examined other policy areas such as liberating the labour force from the existing working-age population, admission of talents from outside Hong Kong, and support for integration of new arrivals.

<sup>14</sup> The Guangdong Scheme is to provide the Old Age Allowance for eligible Hong Kong elderly residents who choose to reside in Guangdong. The Social Welfare Department launched the scheme on 1 October 2013. According to the Government, the initial response to the Guangdong Scheme has been positive. By the end of 2013, about 16 700 elderly people had submitted applications and about 7 000 are now receiving the allowance. In light of the scheme's operating experience, the Government will in 2014 explore the feasibility of extending the Old Age Living Allowance to Guangdong.

<sup>15</sup> The non-official members come from the academic, human resources management, business, social services, healthcare and education fields.

3.5 The revamped Steering Committee on Population Policy has so far held a total of seven meetings and agreed that the population issues should be addressed from the following four broad areas: (a) making good use of the existing population and workforce, (b) replenishing the workforce with sources outside Hong Kong, (c) creating a social environment conducive to setting up families and raising children, and (d) supporting the elderly to better prepare for their retirement.

3.6 The Steering Committee on Population Policy released a consultation paper on population policy on 24 October 2013. Based on the three main areas in the consultation document, namely existing population, new sources and the ageing population, the Steering Committee has proposed the following five policy strategies to deal with the demographic challenges facing Hong Kong:

- (a) increasing the quantity of the labour force by drawing more people into the labour market;
- (b) enhancing the quality of the labour force by improving education and training and minimizing skills mismatch;
- (c) building up human capital with a more proactive policy and targeted approach to attract more talents from overseas and the Mainland, and considering a more effective importation of labour system without jeopardizing the interests of local workers;
- (d) fostering a supportive environment for childbearing for young couples; and
- (e) building an age-friendly environment, promoting active ageing and developing the "silver hair market".

3.7 To gauge the public's views on the consultant paper, the Steering Committee on Population Policy has held three district forums. At the media sessions after these three forums, the Chief Secretary for Administration reiterated that the Government would (a) adhere to the OWP Scheme, (b) provide improved services to help working mothers, whether in terms of day care, day nursery or after-school care, and (c) take forward the relevant initiatives in the 2014 Policy Address, particularly those to release more labour force into the job market and raise the quality of local people.

#### **4. Deliberations at the Legislative Council**

4.1 Population policy and related issues have been discussed by Members in the Council and at various committees, including the House Committee, Panel on Education, Panel on Health Services, Panel on Manpower, Panel on Security, Panel on Welfare Services, Subcommittee to Study Issues Relating to Mainland-HKSAR Families and Joint Subcommittee on Long-term Care Policy. Members' major concerns are summarized in the ensuing paragraphs.

##### Formulation of a comprehensive population policy

4.2 Some Members expressed concern that over the past many years, the Administration had neither formulated a long-term, forward-looking population policy, nor proactively conducted regular reviews to enhance the quality and competitiveness of Hong Kong's population and cope with the problem of a rapidly ageing population. They urged the Administration to expeditiously come up with a comprehensive population policy as well as concrete measures to achieve the objectives of the policy.

4.3 The Administration advised that the four-month public engagement exercise on the population policy consultation document released in October 2013 would openly gauge the public's views on a diverse range of issues. After analyzing and deliberating the views of the public, the Steering Committee on Population Policy would further explore the policy directions and feasible measures, with a view to mapping out concrete proposals in the latter half of 2014.

##### Scope of the consultation paper

4.4 Some Members considered that the scope of the consultation paper on population policy was too narrow. The Administration explained that while population policy covered a wide range of issues, the Steering Committee on Population Policy had chosen not to duplicate subjects currently being studied by other government advisory boards and committees, such as retirement protection by the Commission on Poverty, housing by the Long Term Housing Strategy Steering Committee, and long-term care services for the elderly by the Elderly Commission.

### Population cap

4.5 Some Members asked the Administration whether it had conducted any study on the level of population that Hong Kong could support. In the view of the Administration, it was not appropriate to put a cap on the local population as population growth was crucial to boost the workforce, cope with an ageing population and maintain economic competitiveness.

### Low fertility rate

4.6 On the issue of raising the fertility rate in Hong Kong, Members pointed out the importance of factors such as education, housing and favourable social environment in affecting couples' childbearing decisions. They enquired about the measures to be taken by the Administration to boost the fertility rate, including whether consideration would be given to providing reproductive technology treatment services in public hospitals and amending the relevant legislation to allow surrogacy. In response, the Administration stated that it had all along been making use of incentive measures such as increasing tax allowances to boost the fertility rate. The Administration was open-minded about the suggestion of providing subsidized reproductive technology services. The Administration would need to listen to the views of the public and the healthcare services sector as the provision of such services would impact on the allocation of resources among various areas of public healthcare services.

### Children born to Mainland women

#### *Type I and Type II babies*

4.7 For Type I babies, some of them were brought up on the Mainland due to childcare arrangements. Members considered that arrangements should be made to facilitate early arrival of these children so that they could settle in Hong Kong at a young age. This would facilitate their integration into the local community and education system. As their arrival date depended on when OWPs were issued to their Mainland mothers, Members urged the Administration to raise the issue of shortening the waiting time for issuing OWPs with the relevant Mainland authorities.

4.8 According to the Administration, children born to Mainland-Hong Kong couples, irrespective of whether they were born in Hong Kong and resided on the Mainland for various reasons, might come to Hong Kong together with their mothers when the latter had obtained approval under the OWP system. The current waiting time had been shortened to around four years since 2009. These children could still start their education in Hong Kong at a young age and should not have insurmountable problem settling in Hong Kong. Some Members considered that the waiting time should be further shortened to three years or less.

4.9 Members also noted with concern that Type II children, who were Hong Kong residents by birth, might come back to study and live in Hong Kong even though they had returned to the Mainland with their parents after birth. However, it was uncertain whether and when they would return to Hong Kong. Members urged the Administration to give due attention to the number of children who would be settling in Hong Kong in planning ahead the resources required to meet the service needs of these children and their families, such as healthcare, education, transport, housing and employment. Some Members were of the view that the Administration's measures to cope with the increase in demand for public services from Type II children, particularly education services, were piecemeal and unsatisfactory.

4.10 The Administration explained that the uncertainty of whether and if so when Type II children would return to Hong Kong had made it difficult to plan for their demand for the local public services. Nevertheless, the Administration would endeavour to reflect the impact of Mainland women giving birth in Hong Kong in the population and household projections to be updated every two to three years by C&SD. These projections would form a common basis for the Administration's planning in various programme areas.

### *Cross-boundary students*

4.11 One of the challenges brought by Type II babies to the provision of education services was the increase in cross-boundary students. Members noted with concern that as a result of the surge in the number of cross-boundary students, there would be a shortfall of Primary One places in the North District. The shortfall was anticipated to last at least up to 2018. According to the Administration, it would adopt flexible measures to ensure sufficient provision of Primary One places in the 2013-2014 school year. The measures included borrowing places from the adjacent school net and making use of unused classrooms in the North District. The completion of the construction of a new primary school in the district in 2016 would also help alleviate the shortfall problem.

4.12 Members also expressed concern that the increase in cross-boundary primary students would lead to increased demand for secondary school places six years later. They enquired whether the Administration had any longer-term plan to cope with the consequential rise in the number of secondary students by that time. The Administration responded that an inter-departmental committee had been set up to study in a holistic manner how to address the impact of the increase in the number of cross-boundary students in the next few years.

### One-Way Permit Scheme

4.13 Noting that the average number of Mainland residents who came to Hong Kong in the past 10 years under the OWP Scheme had been less than the daily quota of 150 places, some Members asked whether the Administration had discussed with the Mainland authorities the possibility of allowing more categories of Mainland residents to come to Hong Kong under the scheme, and allocating a certain quota for Mainland single parents to come to Hong Kong to take care of their young children.

4.14 The Administration responded that the daily quota of 150 places under the OWP Scheme was determined by the Mainland after discussions with the Administration. Since 1 April 2011, Mainland "overage children"<sup>16</sup> of Hong Kong residents had been allowed to apply for OWP in an orderly manner. There had been over 40 000 applications so far, among which 30 000 applications had been processed and over 20 000 Mainland "overage children" of Hong Kong residents had come to Hong Kong.

4.15 In respect of Mainland single parents of Hong Kong born children, the Administration responded that this category was not among those eligible to apply for OWP. The Administration had provided information about cases in need of special assistance to the relevant Mainland authorities and there had been cases in which Mainland authorities had exercised discretion to issue OWP to such single parents.

4.16 Some Members pointed out that Mainland immigrants entering Hong Kong were mostly with low academic qualification and skills. They were concerned that the Administration could not control the quality of Mainland immigrants. Some Members considered that the Government should take over the role of vetting and approval of applications under the OWP Scheme.

4.17 The Administration reiterated that the OWP Scheme was designed primarily for family reunion and new arrivals on the strength of the OWP Scheme were among the important sources of population growth in Hong Kong. The qualification of successful applicants had been improved in recent years and most of them were in the working age. The Administration further advised that the OWP Scheme had a firm constitutional basis. Pursuant to the Interpretation by the Standing Committee of the National People's Congress of Article 22(4) of the *Basic Law* in June 1999, the application, approval and issue of OWPs fell within the remit of the Mainland authorities, which had from time to time adjusted and refined the OWP Scheme. At this stage, the Administration did not see any justifications or needs to change the existing OWP Scheme or approval arrangements. Nevertheless, it would continue to exchange views on the related policy with the Mainland authorities.

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<sup>16</sup> "Overage children" eligible to apply for settlement in Hong Kong are those Mainland persons who were under the age of 14 at the time when their blood fathers or mothers obtained Hong Kong resident status before 1 November 2001. Starting from 10 February 2014, the Mainland authorities will accept a new round of applications for OWP from Hong Kong residents' Mainland "overage children" whose natural fathers or mothers obtained their first Hong Kong identity cards on or before 31 December 1983, to come to Hong Kong for reunion with their natural parents.



### Long-term care needs of the elderly

4.18 In view of the ageing population, Members considered that the Administration should study and project the long-term care needs of elderly people in terms of manpower and funding allocation in the next 10 years, with reference to the data and information collected under the Standardized Care Need Assessment Mechanism for Elderly Services<sup>17</sup>.

4.19 The Administration responded that the number of elderly persons in need of subsidized long-term care services in future hinged on various factors such as advancement in medical services, awareness of the public on healthcare, and preference for community care services over residential care services. The Administration had put in place measures to increase the manpower supply of nurses, paramedical staff and front-line care workers. It would also consider commissioning a consultancy study on enhancing the infrastructure of the long-term care services.

### Retirement protection

4.20 Members urged the Government to take early planning and preparatory work to address the issue of ageing society. Some Members were concerned about the challenges brought by ageing population to public finances. The Administration responded that the Social Security and Retirement Protection Task Force under the Commission on Poverty had been tasked to study the issue of retirement protection in depth. The Task Force had agreed to invite Professor Nelson CHOW Wing Sun<sup>18</sup> to undertake a study to review the three-pillar retirement protection system of Hong Kong. The study would assess the combined retirement protection effect of the current three-pillar system, analyze the various retirement protection options put forth by the community, and recommend improvement measures having regard to the inadequacies of the existing three-pillar system and the future development options proposed by the community. The study was expected to complete by mid-2014.

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<sup>17</sup> Since November 2000, the Social Welfare Department has implemented the Standardized Care Need Assessment Mechanism for Elderly Services. Under the mechanism, an internationally recognized assessment tool – Minimum Data Set-Home Care – is adopted to ascertain the care needs of elders and match them with appropriate services.

<sup>18</sup> Professor Nelson CHOW is the Chair Professor at the Department of Social Work and Social Administration of the University of Hong Kong.

4.21 On the concern over public finance management, the Administration stated that a working group led by the Treasury Branch would be formed to explore ways to make more comprehensive planning for public finances to cope with the ageing population and other long-term commitments of the Government.<sup>19</sup>

#### Extension of retirement age

4.22 Members noted that while there was no statutory retirement age in Hong Kong, many organizations had set the retirement age of their employees at 60. They considered that the Administration should not neglect the needs of retirees aged 60-64 when addressing the population ageing problem, as these elderly people were not yet eligible to apply for the Old Age Allowance or withdraw the Mandatory Provident Fund benefits, and some of them were willing to continue to work if given suitable employment opportunities. Members also asked whether the Administration would consider extending the civil service retirement age, in particular for civil servants in the disciplined services grades whose normal retirement age was 55.

4.23 The Administration agreed to the need of introducing flexible employment terms or raising the retirement age to extend the working life of those aged 60-64 and above. As regards extension of civil service retirement age, the Administration advised that the Civil Service Bureau had been tasked to study the issue.<sup>20</sup> The Administration would carefully consider the issue with a view to coming up measures which would strike a balance between promoting a longer working life and not hindering the career prospects of young civil servants.

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<sup>19</sup> The working group was formed in June 2013. It is led by the Permanent Secretary for Financial Services and the Treasury (Treasury) which aims to assess, under existing policies, the long-term public expenditure needs and changes in government revenue, and to propose feasible measures with reference to overseas experience.

<sup>20</sup> The study aims to assess the retirement situation in the civil service and look at possible options to address any operational needs identified. It is expected to be completed by early 2014.

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## Admission of talents and labour from outside Hong Kong

### *Admission schemes for talents*

4.24 The Administration has been admitting talents from other places to work or settle in Hong Kong under admission schemes such as General Employment Policy ("GEP")<sup>21</sup>, the Admission Scheme for Mainland Talents and Professionals ("ASMTP")<sup>22</sup> and the Quality Migrant Admission Scheme ("QMAS")<sup>23</sup> to enhance Hong Kong's manpower resources and strengthen Hong Kong's competitiveness in the globalized market.

4.25 While some Members expressed support for the admission of talents schemes, some other Members were concerned about the negative impacts of the schemes on the employment opportunities of the local workforce, particularly local university graduates. Some Members also considered it important to put in place a monitoring mechanism under the respective schemes to prevent possible abuse of the schemes. The Administration advised that the Immigration Department would adhere to the well-established principle that only those persons who possessed skills and expertise not readily available locally and were remunerated at market rates would be approved for entry under ASMTP and GEP. Minimum requirements for application and a points-based system had also been established under QMAS. Consideration would also be given to adopting a more targeted approach for talent admission.

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<sup>21</sup> GEP is a quota-free employment-based scheme for attracting professionals possessing skills and knowledge not readily available locally from overseas places other than the Mainland to work in Hong Kong. In 2012, 28 625 overseas professionals were admitted under GEP.

<sup>22</sup> ASMTP was introduced in July 2003 to attract qualified Mainland talents and professionals who possess skills, knowledge or experience of value to and not readily available locally to work in Hong Kong. A total of 57 126 applications were approved between 2003 and 2012.

<sup>23</sup> QMAS was introduced in June 2006 to attract highly skilled or talented persons from overseas places to settle in Hong Kong. The scheme operates on a points-based system and has an annual quota of 1 000. A total of 2 392 applications were approved between 2006 and 2012.

4.26 Some Members queried the need to admit talents from outside Hong Kong, given the relatively high unemployment rates among young people aged 15-24. They considered that emphasis should be put on grooming the local workforce, particularly the younger generation. The Administration advised that it had put effort into enhancing education and training of the youth. Two Youth Employment Resources Centres had been in operation since 2007 and 2008 respectively to offer personalized career advisory services to young people. The Administration would also strengthen the promotion on the value of vocational education as a viable alternative to traditional academic pursuits, thus encouraging young people to pursue vocational education and develop a career in relevant industries.

#### *Importation of workers*

4.27 Some Members considered that the Government was making use of the consultation paper on population policy to pave the way for importation of workers. They were of the view that the Administration should first consider channelling more resources into training the local workforce and improving job prospects of low-skilled local workers.

4.28 The Administration advised that the Steering Committee on Population Policy would adopt a holistic approach to the study of Hong Kong's population policy. In addition to strengthening measures to release more workforce from the existing population via promoting women, youth and elderly employment, there was also a need to review whether the existing schemes for admitting talents and labour could meet the needs of Hong Kong in view of the future economic development. The Administration would not lightly consider importation of workers without first making its best endeavour to unleash the potential of the local population. It stressed that importation of labour would be implemented on the basis of three premises: (a) not jeopardizing the interests of local workers, (b) not depriving local workers of job opportunities, and (c) not suppressing local wages.

4.29 Some Members pointed out that to encourage more women to join the job market, the Administration should adopt family-friendly measures such as implementing standard working hours and increasing the provision of childcare services. The Administration advised that it had all along been providing subsidy to non-governmental organizations to run a variety of childcare and after-school care services, and would work on enhancing these services.

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*Manpower shortage*

4.30 Some Members asked whether the Administration had any measures or long-term plan to cope with the labour shortage problem in sectors such as the construction, retail, catering, logistics and elderly care services industries. They also considered that the Administration should conduct an in-depth study to better understand the recruitment difficulties faced by these industries.

4.31 The Administration advised that the Supplementary Labour Scheme had been put in place to allow employers who were genuinely unable to recruit local workers to import workers outside Hong Kong to fill the job vacancies. Currently, many workers were imported under the Supplementary Labour Scheme to provide care services for the elderly. These jobs were not appealing to local people, largely because of its work nature and less favourable environment.

4.32 In addition, the Administration had been putting resources to enhance the training for local construction and elderly care services personnel and to attract new entrants (particularly young people) to join the industries. As to the retail industry, the Task Force on Manpower Development of the Retail Industry was set up by the Financial Secretary in March 2013 to study the economic outlook of the industry and its labour demand and supply. The Task Force was expected to complete its study within 2013 and put forward appropriate recommendations to support the industry growth.<sup>24</sup>

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Prepared by Yuki HUEN  
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Updated on 4 February 2014  
Tel: 2871 2127

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<sup>24</sup> The Task Force on Manpower Development of the Retail Industry concluded its work and submitted a report to the Government on 30 December 2013.

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