Supplementary Information on the
Admission of Mainland Professionals Scheme

Introduction

At the special meeting of the Legislative Council Panel on Security held on 14 March 2001, Members discussed the implementation framework of the Admission of Mainland Professionals Scheme and requested the Administration to provide supplementary information. Relevant information is set out in this paper.

Assessment in "Report on Manpower Projection to 2005" that there would be a shortage of some 117,000 workers with post-secondary and first degree education level by 2005

2. With Hong Kong's progressive transformation into a knowledge-based economy, the demand for workers with degree and post- secondary education is projected to grow at an average annual rate of 4.8% and 7.2% respectively. The surge in demand for workers with post-secondary and first degree education is due to the increase in manpower requirement for managers, administrators, professionals and associate professionals, which is expected to grow at an average annual rate of 5.6% over the period.

3. The supply of workers with degree and post-secondary education is projected to grow at an average annual rate of 3.6% between 1999 and 2005. The increase is mainly attributable to the coming on stream of local graduates with these education levels during the period. As the demand for workers with post-secondary and degree education levels is projected to grow at a faster pace than the corresponding manpower supply, a shortfall of some 117,000 is expected (a statistical breakdown by education levels is at Annex 1).

Manpower shortage in the IT and financial services sectors

4.   According to the "Report on Manpower Projection to 2005", the manpower requirement for the IT sector is projected to grow at an annual rate of 11.8% amounting to 98,200 in 2005. As for banks, insurance companies and other financial institutions, the requirement is projected to grow at an annual rate of 3.7% amounting to 219,300 in 2005 (out of which the demand for managers, administrators, professionals and associate professionals is expected to grow at an even higher annual rate of 7%).

5.   In assessing the manpower shortage in the IT sector, the Administration has also made reference to the "Consultancy Study on the Manpower and Training Needs of the IT Sector" completed by the Education and Manpower Bureau in February last year. 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. The figures are broadly consistent with those contained in the "Manpower Survey Report" prepared by the Committee on Information Technology Training and Development of the Vocational Training Council in 2000. According to the report of the Vocational Training Council, a breakdown by job level of the annual average additional manpower requirement for IT workers with education attainment at degree level or above is at Annex 2.

6.   The projected manpower shortage in banks, insurance companies and other financial institutions is computed based on the projected growth in manpower requirement contained in the "Report on manpower Projection to 2005". According to the report, the manpower requirement for managers, administrators, professionals and associate professionals from banks, insurance companies and other financial institutions will increase from 104,200 in 1999 to 156,700 in 2005, representing an increase of 52,500 (an annual average of 7%). It is estimated that the accumulated shortfall may rise to 16,800 in 2005. Areas with shortfall mainly include trade and project financing, economic analysis, capital financing and investment services, risk management, insurance sector training and actuarial work etc.

7.   The tight manpower situation in these sectors can be reflected by the relevant unemployment figures. Last year, the unemployment rate for those engaged in management and administration was 1.2% whereas the unemployment rate for professionals was 1.3%. According to the analysis conducted by the Census and Statistics Department on the IT and financial services sectors, in 2000 the full-year unemployment rate for the IT and financial services sectors was 1.5% and 1.4% respectively. There is a high demand for persons with university education level. According to the unemployment figures for the fourth quarter of 2000, the unemployment rate for those with university education level was 2.1%, far below those with lower education level.

Local education and training

8.   To cater for the needs of the local labour market, the Administration is committed to upgrading Hong Kong's overall education level and will co-operate with various training institutes and different industries (particularly those facing shortage of manpower) to train local people so as to meet the needs of our future development. The Chief Executive announced in his 2000 Policy Address that starting from the 2002/03 school year, all Form 3 students who have the ability and the wish to continue their studies will be provided with subsidised Form 4 or vocational training places. The Administration supports a progressive increase of tertiary places and aims to provide tertiary education for 60% of secondary school leavers by the 2010/2011 school year.

9.   As regards undergraduate and postgraduate courses, the number of IT and business/management/finance places offered by local universities in the coming few years is set out in Annex 3. Among the 14,500 subsidised first-year first degree places provided under the purview of the University Grants Committee (UGC), IT places account for 13%, whereas business/management/finance places account for 25%. Places in these two areas add up to a total of 38%, which represents quite a large proportion of the total number of places. Furthermore, the UGC has included information technology as one of the items under the "Areas of Excellence Scheme"

since 2000, and a total of $51 million will be allocated to HKU, CUHK and HKUST in the next five years for promoting information technology research and training. In addition, the Information Technology and Broadcasting Bureau is working on a series of measures to train up local IT professionals. These include:

- inviting well-known international IT training institutes to provide local students with internationally-recognised training courses;

- inviting multinational IT firms, such as Microsoft, Sun Microsystems, etc., to provide local secondary school students with short-term training;

- studying the feasibility of sponsoring local IT talents to go overseas for training and attachment in IT training institutes and IT firms; and

- providing an accreditation mechanism for IT training courses at sub-degree level.

Employment situation of university graduates

10.   According to the findings of a survey on the employment situation of university graduates conducted by UGC, the overall unemployment rate for university graduates in 2000 was 2.3%. The unemployment rate for university graduates taking IT and business/management/finance courses was only 1.1% and 1.7% respectively, while graduates with master degree in IT had an employment rate of 100%. As regards the salary of university graduates, the survey shows that the average monthly salary for an IT graduate is about $14,500, representing an increase of about 18% over the previous year. Graduates with business/management/finance degrees may not all choose to work in the financial services sector. However, according to the survey findings, their average monthly salary is about $11,750, representing an increase of 9% over the previous year and exceeding the overall growth rate. This reflects the high demand for university graduates in the IT and financial services sectors. The growth in their

salaries exceeds the overall growth rate of 6% for all graduates.

Initiatives taken by other places on admission of professionals

11.   A summary of the initiatives taken by other places on admission of professionals is at Annex 4.

The number of people working in the IT and financial services sectors who left Hong Kong in the past ten years

12.   Hong Kong residents have the freedom to emigrate to other countries and regions and the freedom to enter or leave the territory at any time. We do not keep statistics on professionals in the IT, financial services or other sectors who have left Hong Kong.

Security Bureau
March 2001

Projection of manpower balance by education attainment in 2005

Education attainment	Projected manpower Supply (No.)	Projected manpower requirement (No.)	Projected manpower resource balance (No.)	As a % of manpower Supply (%)
Lower secondary and below	1 202 200	1 065 500	+136 700	+11.4
Upper secondary	1 120 200	1 105 000	+15 200	+1.4
Craft	32 100	24 700	+7 400	+22.8
Post secondary@#	535 600	621 200	-85 500	-16.0
First degree and above#	485 400	516 700	-31 400	-6.5

Note: @   Including matriculation, technician and sub-degree qualifications

  #   Including the qualifications acquired through continuing education

According to the 2000 Manpower Survey Report compiled by the Committee on Information Technology Training and Development (the Committee) of the Vocational Training Council, the analysis on the annual average additional manpower requirement in the IT sector between 2000 and 2004 with education attainment at degree level or above is as follows:

Job Level	Estimated Annual Average Additional Manpower Requirement (Degree/Postgraduate Diploma/Corporate Membership of Professional Body)
IT Management	178
Application Systems Development	)
Internet/Multimedia/Contents Development	)
Telecommunications & Networking	) 4 013
Database	)
Systems Programming	)
Hardware Support	464
IT Research & Product Development	783
IT Education & Training	1 192
Systems Operation	-6
Total	6 624

The Committee believes that after deducting the annual IT degree graduates, an annual shortfall of some 4 000 persons is expected.

Planned first-year IT degree places offered by local universities in the coming few years

	2000/01*	2001/02*	2002/03*	2003/04*
Courses subsidized by UGC				
Post-graduate	541	555	574	577
Under-graduate	1,820	1,993	1,984	1,979
sub-total (A)	2,361	2,548	2,558	2,556
Self-financed places offered by the Open University of Hong Kong and UGC-funded institutions#				
Post-graduate	1,601	1,187	1,225	1,180
Under-graduate	1,921	1,701	1,765	1,736
sub-total (B)	3,522	2,888	2,990	2,916
Total(A) + (B)	*5,883*	*5,436*	*5,548*	*5,472*

Note: * Planned figures
\# Since the institutions have great flexibility in the offering of self-financed places, the figures are subject to change from time to time.

Planned first-year degree places related to business/management/finance

offered by local universities in the coming few years@

	2000/01*	2001/02*	2002/03*	2003/04*
Courses subsidized by UGC				
Post-graduate	1,054	801	718	683
Under-graduate	3,697	3,687	3,646	3,631
sub-total (A)	4,751	4,488	4,364	4,314
Self-financed places offered by the Open University and UGC-funded institutions#				
Post-graduate	881	889	903	803
Under-graduate	1,645	1,735	1,908	1,770
sub-total (B)	2,526	2,624	2,811	2,573
Total(A) + (B)	*7,277*	*7,112*	*7,175*	*6,887*

Note: * Planned figures
\# Since the institutions have great flexibility in the offering of self-financed places, the figures are subject to change from time to time.
@ Degree graduates in business/management/finance will not all work in the financial services sector. Many other sectors are also in need of these degree graduates.

Summary of initiatives taken by other countries
and regions on admission of professionals

USA

The US Government allows eligible foreign nationals to live and work permanently in the US. Local employers should file the applications on behalf of foreign nationals. There are five categories of employment based immigration:

(a)   First Preference: Aliens with extraordinary ability, outstanding professors and researchers; and certain multinational executives and managers.

(b)   Second Preference: Aliens who are members of professions holding advanced degrees, and aliens with exceptional ability in the sciences, arts, and business who can contribute substantially to the economy, cultural, or educational interests or welfare of the US.

(c)   Third Preference: Aliens with at least 2 years of experience as skilled workers, professionals with baccalaureate degree. Unskilled workers not available in the US.

(d)   Fourth Preference: Aliens who, for at least two years before applying for admission to the United States, have been a member of a religious denomination that has a non-profit religious organisation in the United States, and who will be working in a religious vocation or occupation at the request of the religious organisation.

(e)   Investors: Aliens engaging in a new commercial enterprise.

The US provides several categories of non-immigrant visas for a person who wishes to work temporarily in USA. These include persons in a specialty occupation requiring theoretical and practical application of a body of highly specialised knowledge; temporary or seasonal agricultural workers; trainees other than medical or academic; intracompany transferees, persons with extraordinary ability in the science, arts, education, business, etc.

The US also admits professionals from Mexico and Canada under a scheme called North America Free Trade Agreement (NAFTA). Applicants must meet the minimum education requirements and credentials as set out in the NAFTA list. Aliens entering under this classification are considered as non-immigrants.

The US Congress passed a resolution in October 2000 to increase the yearly admission quota for the employment of highly skilled foreigners (i.e. H-1B visas for persons in a specialty occupation which requires the application of highly specialized knowledge requiring the completion of higher education) from 115 000 to 195 000.

Australia

Australia allows admission of skilled and talented workers under the following arrangements:

(a)   Skilled migration: a points system is used to allow young, educated and skilled workers to emigrate to Australia without the need for an offer of employment.

(b)   Migration under special categories: distinguished talents with exceptional or outstanding record of achievement in chosen fields or profession, in arts or sports may be admitted.

(c)   Employer sponsored migration: there are four categories namely, Employer Nomination Scheme, Regional Sponsored Migration Scheme, Labour Agreements and Regional Headquarters Agreements. They are all employer driven. The first three enable Australian employers to recruit highly skilled workers from overseas or people staying temporarily in Australia. The fourth scheme enables employers to transfer key employees of their company group.

(d)   Temporary stay for employment: it allows overseas people to go to Australia for specific purposes that result in some benefit to Australia. For example, a temporary stay of skilled people wanting to broaden their work experience and skills under reciprocal arrangements; temporary stay of staff for educational and research institutions; temporary stay of suitably qualified medical practitioners, etc.

Since January 2001, new initiatives have been introduced by the Minister for Immigration and Multicultural Affairs to attract IT talents. The package of measures, aimed at attracting more highly skilled information and communications technology (ICT) workers to Australia and retaining Australian-educated overseas ICT students, builds on Australia's competitive skilled migration system. It helps to retain Australia's leading position in the global ICT skills marketplace. Key features include:

(a)   at least 2 500 places in the existing Skill Stream contingency reserve of 5 000 places in the Migration Program will be used to accommodate the rising demand for permanent migration of overseas students with Australian qualification in ICT, over and above the 76 000 places under the Migration Program;

(b)   from 1 July 2001, successful Australian-educated overseas students with IT and other qualifications in high demand will be allowed to apply for and be granted permanent residence visas without leaving Australia;

(c)   recognising all IT occupations as 'key' positions for long-term temporary entry, removing the need for employers to test the labour market;

(d)   issuing ministerial direction to all immigration decision makers to give immediate processing priority to IT professionals;

(e)   exploring the possibility of electronic lodgement of visa applications over the internet; and

(f)   organising information sessions to ensure that IT firms are well-positioned to take advantage of Australia's streamlined immigration arrangements.

Singapore

Singapore allows entry of skilled workers and professionals for employment. To work in Singapore, foreigners need to have an employment pass or a work permit. The applications must be sponsored by a local employing company. The passes are normally issued for up to two years initially and are subsequently renewable up to three years. Work pass is issued to foreign technopreneurs establishing a start-up in Singapore so long as they have the support from the National Science and Technology Board.

Singaporean government has set up websites to facilitate overseas residents to access latest job opportunities offered by Singapore's companies.

UK

UK only issues work permits for jobs that require high-level skills. Persons with specialist skills, knowledge or experience that is not readily available within European Economic Area can be admitted. The following are three main types of applications:

(a)　Tier 1: for intra-company transfers and occupations that falls on the Shortage Occupation List;

(b)　Tier 2: applications must meet the high-level skill criteria;

(c)　Key workers: the job does not meet the high-level skill criteria but needs specialised skills, knowledge and experience.

Nationals from a European Economic Area do not need to have work permits to work in UK.

UK is now considering to allow highly talented people to enter UK to work prior to their obtaining a job offer. Details of the new arrangement have yet to be decided.

India

India issues employment visas to skilled and qualified professionals or persons who are engaged or appointed by companies, organisations, economic undertakings as technicians, technical experts, senior executives, etc. Applicants are required to submit proof of contract, employment or engagement by the company or organisation concerned.

Germany

In August 2000, Germany took an unprecedented move to implement a new policy to admit up to 20 000 IT professionals for employment.

Ireland

The Irish government announced a major shape-up of its immigration policies in March 2000 to allow entry of foreign professionals to take up posts in IT, nursing and construction sectors. It is expected that over 28 000 such professionals will be required over the next six years.

Canada

Canada allows admission of skilled workers under the following arrangements:

(a)   Independent means: Foreign nationals may apply for permanent residence in Canada as an independent immigrant. Independent immigrants are selected for the knowledge, skills and experience needed in Canada's labour market. A points system is used to allow admission of young, educated and well qualified people to emigrate to Canada on their own merits.

(b)   Temporary stay for employment: Most foreign workers who want to work temporarily in Canada must have a job offer validated by Human Resource Canada Centre (HRCC) and an employment authorisation. A pilot scheme was introduced to streamline the hiring of foreign workers in specific software positions by not going through validation by the HRCC. Spouses of highly skilled temporary workers are permitted to accept employment without HRCC validation.

Japan

Japan also allows professionals to work in the country temporarily. Work visas are issued to 14 categories of persons namely, professors, artists, religious activists, journalists, investors/business managers, legal professionals/accountants, medical professionals, researchers, instructors, engineers, specialists in humanities/international services, intracompany transferees, entertainers and skilled labourers. Period of stay ranges from 6 months to 3 years.

New Zealand

New Zealand welcomes people who can contribute to the country through bringing valuable skills or qualifications which are not readily available in New Zealand to apply for entry for employment. Applicants may also apply for employment visas in relation to bringing in investment under the following categories:

(a)   Investor category: applicants are assessed by a point system that awards points for age, business experience and investment funds;

(b)   Long-term business: applicants are required to have a satisfactory business plan at the time of application; have investment capital and sufficient funds for the maintenance and accommodation of themselves; and meet health and character requirements;

(c)   Entrepreneur: applicants must have a business establishment in New Zealand and all documents provided on the establishment must be no more than 3 months old at the date of the application is lodged; and

(d)   Employee of business: the chief executive officer of the relocating business must write to the Business Immigration Unit of New Zealand giving details of the business relocation.

Thailand

Thailand allows the import of professionals to take up employment in Thailand, except for 39 occupations which were then closed to aliens by virtue of a Royal Decree in 1973 as revised in 1979. Other than these 39 occupations, foreign nationals may apply to enter Thailand for employment, including professionals in the fields of information technology and financial services.

Malaysia

Foreign companies are allowed to bring the required personnel in areas where there is a shortage of trained Malaysians to do the job. In addition to this, foreign companies are also allowed certain key posts to be permanently filled by foreigners.

Entry of professionals to work in Malaysia is allowed through investment programmes:

(a)   Any company with a foreign paid-up capital of US$2 million and above will automatically be allowed to have five expatriate posts including key posts. Additional expatriate posts will be given if necessary, upon request; and

(b)   consideration for allowing a company with a foreign paid-up capital of less than US$2 million to have expatriate posts will be given on the following basis:

- Key expatriate posts can be considered where the foreign paid-up capital is at least RM500,000. This is only a guideline. The number of key posts allowed depends on the merits of each case;

- For executive posts which require professional qualification and practical experience, expatriates may be employed up to a maximum period of 10 years subject to the condition that Malaysians are trained to eventually take over the posts; and

- For non-executive posts which require technical skills and experience, expatriates may be employed up to a maximum period of 5 years, subject to the condition that Malaysians are trained to eventually take over the posts.

Initiatives taken by the Mainland on admission of professionals

According to recent reports, the Mainland also introduces new initiatives to admit more professionals. These include:

Shenzhen

- The Shenzhen Personnel Bureau recently put up a proposed "Talent Zone" scheme for the consideration of the Municipal Government. The Scheme aims at attracting high-calibre professionals, particularly those from the financial services, engineering and technical professionals, education and research, and managerial grades to settle in Shenzhen. The Scheme has no nationality restriction and the admitted talents will be issued with a "residence permit" in Shenzhen, irrespective of whether they have been naturalized and registered as residents or not. In addition, talents of Shenzhen will be issued with a "long-term permit" for travelling to and from Hong Kong and high-tech professionals will be offered tax concession under the scheme.

<u>Shanghai</u>

- According to the policy in Shanghai, undergraduates below the age of 35 who possess expertise essential for the economic and social development of Shanghai and offered employment can become a registered resident. Talents over 35 years old with special skills can also settle in Shanghai.

- In addition, mobile post-doctoral talent recruitment kiosks have been set up in Shanghai to recruit overseas students studying in the Mainland. They are allowed to temporarily stay in Shanghai for the purpose of teaching, visits, taking temporary up jobs or conducting co-operative research etc. in order to promote interdisciplinary and high-tech research.

<u>Nation-wide policy</u>

- With the approval of the State Council, the Ministry of Personnel recently launched an initiative to attract high-calibre professionals studying abroad to return to the Mainland to work. Returnees are allowed to retain their long-term or permanent right of abode in foreign **countries.**