

Legislative Council Brief

REPORT OF THE TASK FORCE ON POPULATION POLICY

INTRODUCTION

At the meeting of the Executive Council on 25 February 2003, the Council ADVISED and the Chief Executive ORDERED that the Administration adopt the recommendations in the Report¹ by the Task Force on Population Policy (the Task Force) as follows:

The One Way Permit Scheme

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| No.1 | To strictly enforce the allocation of the sub-quota for Certificate of Entitlement (CoE) children. (para.5.6) ² |
| No.2 | To continue with the recently introduced improvement of allowing CoE children whose right of abode has been verified to choose when to leave the Mainland and |

¹ The Report of the Task Force at Annex A

² All paragraphs given in this section refer to those in the Report

settle in Hong Kong so that they can come to Hong Kong together with their Mainland parents if they so wish. (para.5.7)

No.3 To continue with the current practice of deploying unused places in the “long-separated spouses” category for spouses in Guangdong and their accompanying children. (para.5.8)

No.4 To continue with the current practice whereby the One Way Permit (OWP) issuing authorities in the Mainland take meticulous measures to verify the claims by OWP applicants and, if necessary, confirm with the SARG the validity of those parts of their claims involving Hong Kong residents on a case by case basis. (para.5.11)

No.5 To encourage the Mainland spouses to visit Hong Kong under the Two Way Permit Scheme, as soon as they have applied for an OWP, so that they may familiarise themselves with Hong Kong’s way of life and the living conditions of their Hong Kong families, thus helping them decide whether they wish to settle in Hong Kong. (para.5.9)

No.6 To propose to the Mainland authorities

to change their relevant legislation in order to cancel the current entry category for inheritance under the unspecified sub-quota. (para.5.10)

- No.7 To review the daily 150-OWP quota and the quota allocation among the three categories regularly with a view to reducing the quota at some stage when demand falls. (para.5.10)

Training and Other Needs of New Arrivals

- No.8 To continue to provide and develop appropriate programmes to address the training needs of new arrivals of different age-groups. (paras.5.14-5.17)

- No.9 To foster closer partnership between the Government and NGOs to identify and address the needs of new arrivals in Hong Kong. (para.5.19)

Education and Manpower Policy

- No.10 To continue to pursue extensive programmes to upgrade the educational attainment of our population at all levels. (paras.5.22-5.24)

- No.11 To promote and facilitate skills

upgrading and life-long education.
(para.5.25)

- No.12 To adopt a strategic, responsive and co-ordinated approach to manpower planning and development to meet the changing demands of the economy.
(para.5.25)

Admission of Mainland Professionals and Talent

- No.13 To align conditions of admission for Mainland professionals and talent with those coming from elsewhere as far as possible. (para.5.29)

- No.14 To provide more flexibility and incentives to tertiary institutions to attract academics and students from the Mainland and overseas. (paras.5.32-5.33)

- No.15 To continue to improve arrangements for Mainland businessmen to visit Hong Kong for business-related purposes.
(para.5.34)

- No.16 To step up efforts to encourage Hong Kong people being educated overseas to return to live and work here. (para.5.35)

Investment Immigrants

- No.17 To extend the existing immigration policy to cater for persons who will make substantial investment (HK\$6.5 million) in Hong Kong but do not themselves run a business i.e. capital investment entrants, and to apply this extended policy initially to foreign nationals, residents of Macao SAR and Taiwan. (para.5.38-5.39)

Policies Impacting on Childbirth

- No.18 To continue with our current family planning programmes emphasising healthy, planned parenthood. (para.5.42)
- No.19 To encourage the Family Planning Association of Hong Kong (FPA) to change its name to better reflect its present scope of work. (para.5.43)
- No.20 To consider granting the same level of tax deduction for all children irrespective of number. (para.5.45)

Elderly Policy

- No.21 To revisit and redefine the notion of retirement and old age. (para.5.46)

No.22 To continue to develop programmes that promote active and healthy aging. (paras.5.47-5.48)

No.23 To develop a sustainable financial support system for the needy elderly. (para.5.49)

Growing Transient Population: Foreign Domestic Helpers

No.24 To introduce a levy for the employment of foreign domestic helpers (FDHs), set at the same level (i.e. \$400 per month) as that imposed under the Supplementary Labour Scheme. The levy will be paid by employers and will apply to new contracts or renewal of contracts. The levy will be imposed under the Employees Retraining Ordinance. The Ordinance also stipulates that if the imported employees fail to arrive in Hong Kong having been granted visas or having arrived fail to complete their contracts of employment, there will be no refund of the levy paid, but the Director of Immigration will take into account the relevant balance if a fresh application for an imported employee is submitted

by the employer within four months.
(para.5.51)

No.25 To reduce the minimum allowable wage (MAW) of FDHs by \$400 on 1 April 2003.
(para.5.52)

No.26 To step up enforcement action against abuse of the FDH system and to prevent exploitation of the workers. (para.5.53)

No.27 To promote employment opportunities for local domestic helpers (LDHs).
(para.5.54)

Eligibility for Public Benefits

No.28 To adopt the principle of “seven-year” residence requirement for providing social benefits heavily subsidized by public funds. To consider tightening up the eligibility criterion for Comprehensive Social Security Assistance (CSSA) so that such benefits should, from a future date, be available only to residents who comply with the seven-year residence rule (except for children under the age of 18; current residents in Hong Kong will not be affected by this rule). (paras.5.55-5.57)

No.29 To apply the same principle in respect of

public healthcare services to Two Way Permit holders and other visitors and to consider how this policy could apply and be implemented for the rest of the population. (para.5.58)

No.30 To review in the longer term access to subsidized benefits by residents absent from Hong Kong for a long period of time. (para.5.59)

Portability of Benefits

No.31 To address, in the longer term, the issue of portability of public benefits taking into account the pace of our economic integration with the Pearl River Delta. (paras.5.60-5.61)

No.32 To examine in detail the cost implications of portable benefits for the Government fiscal position and the local economy. (para.5.62)

Need for Regular Review

No.33 To dedicate resources in the Administration to take forward the population policy and review annually the implementation of relevant decisions and programmes, with a view to

publishing a report every two to three years. (paras.5.63-5.65)

JUSTIFICATIONS

2. We have set out fully the justifications for the 33 recommendations in the relevant paragraphs of the Report, as indicated against each recommendation above, and we do not propose to repeat the justifications here. Most of recommendations flow naturally from the problems identified in paragraph 1 above. They form a coherent package as a first attempt to deal with what we regard as the most urgent issues which a population policy must address. They are by no means exhaustive or immutable. Indeed we propose that the Administration should dedicate permanent resources to go more deeply into some of them and other related issues in order to develop a mature and rounded population policy which may stand up and adapt to the test of time.

POLICY PARAMETERS

3. In drawing up these recommendations, the Task Force has taken into account a number of principles and considerations. First, the recommended measures should aim to improve the overall standard of living of the people of

Hong Kong and ensure the long-term sustainability of our economy. They should strive to address the challenges posted by an aging population and shrinking workforce to our economic growth.

4. In terms of *quantity*, the recommended measures should help rejuvenate our progressively aging population. The One Way Permit Scheme constitutes the single most important source of population growth. In this regard the Government must endeavor to admit as soon as possible children born outside Hong Kong with the right of abode here. While we must respect fully the rights of these children to settle in Hong Kong, the recommended measures must also address the problems arising from separated families, not uncommon under the present situation. In line with BL22(4), the One Way Permit Scheme is administered by the Mainland authorities in accordance with relevant laws and regulations in the Mainland. Further consultation with the Mainland authorities is required on those proposals which would have implications for the Mainland exit control system. The recommended measures should seek to ensure that existing Government policies do not discourage childbirth.

5. In terms of *economic sustainability*, the recommended measures should be able to upgrade the quality of our human capital, particularly the productivity and capability of our workforce. In this regard the Task Force must examine the existing policies for admitting Mainland professionals and talent into Hong Kong. We need Mainland talent from diversified fields including the arts, sports and academia. The Task Force should also examine the case for a new category of investment immigrants.

6. The recommended measures should address the problem of rising medical and welfare expenditure as a consequence of population aging and should provide a more rational basis for offering subsidized benefits to the residents of Hong Kong.

7. In order to protect the job opportunities of the local workforce of lower skill, the Task Force must examine the current policy for admitting FDH, and address the present anomaly whereby employers of FDH are exempt from the levy applicable to other low-skilled imported workers under the Supplementary Labour Scheme.

8. Finally, in terms of *social sustainability and integration*, the recommended measures should promote racial harmony and facilitate integration of new arrivals within the community.

IMPLICATIONS OF THE PROPOSAL

9. The recommendations in the Report are in conformity with the Basic Law, including the provisions concerning human rights. The recommendations in the Report also have economic, financial, civil service and sustainability implications as set out at Annex B. They have no environmental implications.

PUBLIC CONSULTATION

10. In the formulation of the recommended measures, the Chief Secretary for Administration has canvassed the views of academics, political parties, opinion leaders, the business sector, social service groups and grassroot organisations. A majority of the interlocutors believe that there is an urgent need to develop a population policy for Hong Kong to address the growing population dependency arising from aging and a need to upgrade the quality of our

human capital to meet the demands of the knowledge-based economy. They have expressed grave concerns at the rising public spending to meet the needs of new arrivals, but at the same time, they have urged the Administration to upgrade their skills to facilitate their integration with the community. Many have urged that the Government establish a new category of investment immigrants as soon as possible. Most interlocutors have warned that the Administration must regularly review any population policy proposed in order that it may respond promptly to changing demographic conditions.

11. We have also consulted the Hong Kong and Macao Affairs Office, and, through them, other ministries of CPG. We have obtained their general support for those recommended measures that touch on matters under the responsibility of CPG. For some specific measures, consultations on implementation details will continue at working levels with the Mainland authorities.

12. Members accept the recommendation that the proposed policy measures should be reviewed annually, the Task Force believes that the Administration may implement some of the recommended measures forthwith. Indeed, for

those related to the relaxation of investment immigrants and admission of Mainland professionals, the community has discussed them extensively and there is overwhelming support for early implementation. The primary objective of this exercise is to develop a population policy to steer those social and economic policies that directly or indirectly impact on Hong Kong's demography. For these social and economic policies, well-established consultative mechanisms are already in place. We will continue to gauge the views of the community.

PUBLICITY

13. A full-scale publicity plan will be put into effect for the publication of the report. The Chief Secretary for Administration will make a statement at the Legislative Council, followed by a press conference. A press release will be issued. The Chief Secretary for Administration will attend the House Committee Meeting of the Legislative Council to further brief Members. Subject officers in relevant bureaux and departments will be available to answer media and public enquires.

BACKGROUND

14. In September 2002, CS set up a Task Force to develop a population policy for Hong Kong, as pledged by the Chief Executive in the Inaugural Speech for his second term. The Task Force comprises the Financial Secretary, relevant Principal Officials and Heads of Departments as members.

15. Population is a highly complex and multi-faceted subject. Hong Kong is experiencing extremely low fertility. Coupled with one of the longest life expectancies, this means that our population is aging progressively and that we are more and more reliant upon migration for population growth. A quarter of our population is expected to be aged 65 or above by 2031. The size of the workforce will shrink as the proportion of our population in the prime working age declines.

16. As regards quality, Government has allocated substantial resources to education. Despite this, only 13% of our population had tertiary education in 2001. As for our new immigrants, because they are admitted mostly for family reunion under the provisions of the Basic Law in accordance with arrangements determined by CPG, the SARG has little

control over the quality of those admitted.

17. Against this background, Hong Kong is facing up to the challenges of global economic restructuring and deflationary pressures. Low-skilled workers are finding it more difficult to secure employment. The economic downturn has also led to deficits in Government finances over the past few years. At the same time, with closer integration between Hong Kong and the Pearl River Delta, the growing volume of population flows both ways across the boundary carries profound consequences for Government planning. Government needs to take urgent steps to address these challenges and to ensure that Hong Kong can sustain its economic vitality in the long term.

18. The Task Force has had six months to work on this complex subject. In its Report, the Task Force seeks to identify the characteristics of HKSAR's population and analyze the main social and economic challenges which such characteristics represent for our future. It establishes the objectives of a population policy and has recommended a set of practical measures to achieve these objectives. Due to the time constraint, the Task Force has warned that some of its recommendations are inevitably tentative and will require

more thoughts and deliberation.

ENQUIRIES

19. For enquiries, please contact Ms Lorna Wong, Secretary, Task Force on Population Policy, Central Policy Unit, at 2810 3886

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FINANCIAL AND CIVIL SERVICE IMPLICATIONS

1. Some of the recommendations in the Report will carry financial implications on Government. These include: levy on FDHs; extending the length of residence requirement for CSSA applicants; and requiring visitors and Two Way Permit holders who have close family links with Hong Kong Identity Card holders to pay full cost for the use of public health care services.

ECONOMIC IMPLICATIONS

2. The key objective of the population policy is to secure and nurture a population that sustains Hong Kong's long-term economic growth. The Task Force has put forward recommendations with the objective of enhancing economic sustainability.

SUSTAINABILITY IMPLICATIONS

2. According to our initial sustainability assessment, some of the proposed measures, in particular the relaxation of sectoral restrictions on Mainland professionals and the admission of investment immigrants should enhance the local knowledge base and bring new impetus to economic development in Hong Kong. The tightening up of eligibility criteria for public benefits would affect some members of the low-income group, and would need to be handled carefully. Depending on the outcome of the proposed measures, corresponding physical and social infrastructure should be appropriately planned and provided so as to minimize any adverse impact of the increase in population on the environment.