

LEGISLATIVE COUNCIL BRIEF

Population Policy Consultation Document and Public Engagement Exercise

Introduction

This brief informs Members of the population policy consultation document released on 24 October 2013 as the Government launches a four-month public engagement exercise. The consultation document, copies of which have been delivered to Members via the Secretariat of the Legislative Council, can be downloaded from the website dedicated to the public engagement exercise (www.hkpopulation.gov.hk/public_engagement).

Justifications

2. In his election manifesto, the Chief Executive (CE) said that having in place a well thought out population policy is essential, if not indispensable, for any government to be able to formulate meaningful and purposive policies that would provide effective solutions to the myriad of challenges faced by any society. The Steering Committee on Population Policy (SCPP) was reconstituted in December 2012, and was tasked to formulate a population policy and the related strategies and measures. In addition to the high level official representation, with the Chief Secretary for Administration (CS) as chairman and six Bureau Secretaries as members, the reinstated SCPP has incorporated for the first time non-official members from various fields, including academia, business, human resources and professionals.

3. Although population policy has been continually placed in the public domain, the SCPP considers that the significance of the population challenges Hong Kong is facing has yet to be fully appreciated by the community. To give this important matter the needed public attention, the SCPP proposes to launch an extensive public engagement exercise. To this end, the SCPP released a consultation document on 24 October 2013 to invite public views over a period of four months to 23 February 2014. The consultation document sets out the key facts and figures, identifies and explores the main issues and puts forth open-ended questions to gauge public views on broad policy directions and feasible measures.

Demographic Challenges

4. Hong Kong's population is ageing fast as a result of our persistently low fertility rate and long life expectancy. Our fertility rate has improved from the historic low of 0.9 childbirths per woman in 2003 to 1.3 in 2012. Still this remains the lowest amongst developed economies. Hong Kong people are living longer – the life expectancy at birth is 81 years for men and 86 years for women in 2012 and will increase to 84 years and 91 years in 2041. By then, nearly one third of our population will be aged 65 or above. An ageing population will lower our labour force participation rate, expected to drop from 58.8% in 2012 to 49.5% in 2041. Our labour force is projected to peak at 3.71 million in 2018 and then decline to 3.51 million in 2035 before resuming modest growth. But before that happens, some industries are already experiencing manpower shortage. Fewer workers will have a direct impact of slowing our economic growth and therefore adversely affect people's employment opportunities and living standards.

5. An ageing population will also compress our already narrow tax base at a time when public spending on healthcare and social welfare will increase for meeting the needs of our growing elderly population, thereby adding pressure on our fiscal sustainability.

6. In the years to come, migration (mostly being new arrivals from the Mainland via the One-way Permit (OWP) Scheme) will continue to be the main source of population growth. While new arrivals from the Mainland and the rising number of ethnic minorities may bring challenges to social integration, they are also a valuable source of manpower if we could cultivate a socially inclusive and cohesive environment in which individuals can realise their potential regardless of their backgrounds and colours.

Objective of Hong Kong's Population Policy

7. The SCPP considers that a sustainable population policy should have the vision of enhancing our human capital to sustain Hong Kong as Asia's world city. Acknowledging that Hong Kong's future lies in economic development and social progress going hand in hand, the SCPP proposes that the objective of Hong Kong's population policy should be –

“To develop and nurture a population that will continuously support and drive Hong Kong's socio-economic development as Asia's world city, and to engender a socially inclusive and cohesive society that allows individuals to realise their potential, with a view to attaining quality life for all residents and families.”

Five Policy Strategies to Manage Challenges

8. The SCPP proposes to tackle the population challenges through the following five policy strategies–

- (a) Increase the quantity of the labour force by encouraging more people to work or to work longer.
- (b) Improve the quality of the labour force by improving education and training and minimising skills mismatch.
- (c) Adopt a more proactive strategy and targeted approach to attract talent from overseas and the Mainland, and consider a more effective importation of labour system without jeopardising the interests of local workers.
- (d) Explore effective measures to remove barriers to childbearing and consider how the care-giving responsibility could be shared by families and our community.
- (e) Tap the valuable pool of elderly resources through building an age-friendly environment, promoting active ageing and developing the silver hair market.

Specific Topics for Consultation

9. Population policy is a wide-ranging subject and is heavily entwined with many aspects of public policies. To give our public engagement exercise a better focus, the SCPP has chosen not to duplicate subjects currently studied by other institutions or committees, such as retirement protection by the Commission on Poverty, housing demand by the Long Term Housing Strategy Steering Committee, public finances by the Working Group on Long-Term Fiscal Planning, as well as elderly health and welfare needs by respective bureaux in conjunction with their major advisory bodies.

10. In accordance with the directions in paragraph 8, the consultation document sets out in five chapters the following key issues and questions –

Unleashing the Potential of Existing Population

- (a) How to encourage female homemakers to work and to extend the worklife of early retirees?

- (b) How to help new arrivals, persons with disabilities and ethnic minorities join the labour force through education and training while achieving social integration?

Enhancing the Quality of our Home-grown Talent

- (c) How to get ourselves better informed of the types of talent/skill required to drive our economic development?
- (d) How to improve the quality of our post-secondary education and to align it closer with the needs of our economic development and employers?
- (e) How to revive the value of and inspire interest in vocational education for improving skills matching and increasing job diversity?
- (f) How to further promote continuing learning?

Complementing our Existing Population and Workforce with New Sources

- (g) Should we adopt a more proactive strategy and targeted approach for talent admission?
- (h) How to reach out to Hong Kong emigrants and their offspring and encourage them to return to Hong Kong to work and live?
- (i) How to make Hong Kong a more attractive place for talent to work and live?
- (j) What measures are required to ensure a more effective importation of labour system without jeopardising the interests of local workers?

Fostering a Supportive Environment for our People to Form and Raise Families

- (k) What measures would be effective in helping people form and raise families and how to meet the cost of such measures?

Embracing Opportunities in an Ageing Society

- (l) What are the key areas that need improvement for building an age-friendly environment to foster active ageing?
- (m) What sort of products and services tailored for elderly people should be developed and how can the Government facilitate the development of the silver hair market?
- (n) What other support measures are required to facilitate elderly people to retire on the Mainland, particularly in Guangdong?

Public Engagement Exercise

11. To make the public discussion more focused and the information more digestible, we will attempt to stage the public engagement exercise in three phases, with each phase featuring a specific theme –

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| <u>Phase 1</u> About six weeks from 24 October to early December 2013 | Making good use of the existing population |
| <u>Phase 2</u> About six weeks from early December 2013 to mid-January 2014 | Complementing our workforce with sources outside Hong Kong |
| <u>Phase 3</u> About five weeks from mid-January 2014 to end of consultation on 23 February 2014 | Fostering an environment conducive for raising families and active ageing |

12. To make the subjects easily understandable and accessible to members of the public, in addition to the broadcast of TV and radio Announcement of Public Interests, three mini-films featuring mini-stories will be released in phases to highlight the issues in a soft approach. A dedicated website and facebook group will also be set up to make it easier for the public, particularly young people, to express their views. To get the messages into schools, collaboration will be made with an organizer of inter-secondary school debate competition to feature population policy topics as debate motions.

13. We will use different platforms and channels to gather views widely during the consultation period –

- (a) Legislative Council and District Councils;
- (b) Public forums targeting members of the public;
- (c) Focus group meetings to collect views from stakeholders, experts and think tanks; and
- (d) Consultative sessions with government advisory bodies and stakeholders, for example, Elderly Commission, Women's Commission, Rehabilitation Advisory Committee, Family Council,

Economic Development Commission, Labour Advisory Board, chambers of commerce, professional bodies, non-governmental organisations and community leaders.

Next Step

14. The consultation document is designed to draw out community views about the challenges and opportunities created by our changing population. This will help the SCPP in its next stage of work, which involves developing the strategies to address the population challenges and mapping out an actionable agenda with short- and long-term measures in the latter half of 2014.

Our Stance on Three Issues of Public Concern

15. While the SCPP has an open mind on ways to manage the population challenges, our stance is clear on three topical issues of public concern.

Population cap

16. A population cap is undesirable. Hong Kong needs population growth to cope with a rapidly ageing population by adding people to the shrinking workforce to maintain competitiveness. This is especially relevant when our annual population growth, which has been declining steadily since the 1950s, is now at a low level of 0.6%. It is predicted to remain low in the years to come. A population cap would only compound, not resolve, the population challenges we are facing. We acknowledge that population growth will put pressure on infrastructure, housing, public services and the environment. We will continue to undertake robust population projections to support continued planning and investment well ahead of time.

OWP Scheme

17. The OWP Scheme should be preserved. The Scheme has a firm constitutional basis and is designed primarily for family reunion. When cross-boundary marriages are making up 35% of our locally registered marriages, there is clearly a continued need for an orderly arrival of spouses and children of Hong Kong people for family reunion via the Scheme. About 48% of the working age new arrivals are economically active. With proper training and support services, this source of newly added population can provide timely relief to our tight labour market.

Type II children

18. Type II children is not a solution to our demographic challenge. Instead, the birth of some 200 000 such children in Hong Kong prior to the implementation of the “zero delivery quota” policy has presented some transient, multi-faceted problems we need to properly address through flexible measures. Concerns arising from the recent application for kindergarten places by parents of Type II children and allocation of primary one school places to cross-boundary students in the northern part of the New Territories call for enhanced planning and preparation in order to ensure that the needs of local students (i.e. students residing in Hong Kong) are being taken care of.

Implications of the Proposal

19. The consultation document outlines broad directions and possible options for the public to discuss. We are open on the way forward at this stage. Assessment on financial implications will be conducted when more specific policy proposals are generated after the public engagement exercise. Any additional resources will be sought in accordance with established procedures.

20. The public engagement exercise is likely to spark off public interest and discussion on a range of measures, including the quantity and quality of local manpower, talent admission and importation of labour, forming and raising families, as well as active ageing.

Publicity

21. In a press conference held by the CS on 24 October 2013, we released the consultation document to kick-start the four-month public engagement exercise.

Background

22. To follow up the pledge made by the then CE in July 2002 of developing a population policy, the Task Force on Population Policy (TFPP) was set up with CS as the chairman and representatives from relevant bureaux and departments as members. The TFPP published its report in February 2003.

23. In October 2007, the SCPP was set up. It was led by CS with representatives of bureaux and departments as members to coordinate efforts by relevant bureaux and departments in reviewing policy measures taking into

account the latest demographic data and forecasts. As tasked by the then CE in the 2010-11 Policy Address, the SCPP subsequently examined issues including the ramifications of children born in Hong Kong to Mainland women returning to Hong Kong to study and live. The SCPP issued its report in May 2012.

Enquiry

24. Enquiries in relation to the consultation document and the public engagement exercise should be directed to Ms. Eugenia Chung, Senior Administration Officer, Policy and Project Coordination Unit, Chief Secretary of Administration's Office at 2810 2891.

Secretariat of the Steering Committee on Population Policy
Policy and Project Coordination Unit
Chief Secretary of Administration's Office
24 October 2013

集思港益

Thoughts for Hong Kong

人口政策
公眾參與活動
Public Engagement
Exercise on
Population Policy

How to
recruit more talent to
boost competitiveness ?

How to
encourage young couples
to start a family ?

How to
help elderly people
stay active and enjoy life ?

How to
make best use of
local human resources
and help everyone
realise their potential ?



Please send us your views on
Population Policy
by 23 February 2014



Secretariat of the Steering Committee on Population Policy
Chief Secretary for Administration's Office

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Foreword

Hong Kong is home to seven million people. Most were born here. Some came to join their spouses and parents for family reunion while others chose to build a future here.

Hong Kong has thrived as a result of the hard work, resilience and adaptability of her people. Without doubt, people are our most valuable asset and the foundation of this city's continued success.

But, Hong Kong is facing a number of significant population challenges.

Our population challenges

For a start, our population is ageing and ageing fast. According to projections, our labour force will start declining from 2018. Can our economy stay competitive with fewer workers? Should we increase the productivity of our labour force or find new sources of labour to keep our economy growing?

Skills mismatch and the lack of job diversity are growing concerns. Employers of certain industries have complained about not being able to recruit enough workers to fill vacancies. But at the same time some young people feel their path to upward mobility is being blocked by a lack of quality jobs.

Our birth rate is among the lowest in the world. Should we help young couples have as many babies as they desire, and if so, how? Against the low birth rate, net migration mostly from the Mainland will be the main source of our population growth. Social integration will require careful planning and community effort.

Our people are living longer. Many elderly of the next and future generations will be better educated, healthier and want to stay active in the community. How can we embrace these economic and social changes?

Hong Kong's future will be shaped by our ability to respond to the above challenges. The issues are not totally new. But the significance has yet to be fully appreciated and implications thoroughly deliberated in society. The Steering Committee on Population Policy (SCPP) is launching this public engagement exercise to help everyone better understand the challenges and bring population policy to the centre of public discussion, with a view to mapping out key strategies and specific measures to address those challenges.

Some key considerations

Population policy should not simply be a policy for economic growth. It should be for all Hong Kong people. It should focus on giving every one of us the chance to develop our full potential and enhance our well-being. A sustainable population policy should be one aimed at finding a balance between creation of economic wealth, equal opportunities for all people and better quality living.

Population is not just about numbers. The quality of people is equally if not more important. Hong Kong owes its success to her people's international outlook. In addition to nurturing local talent with global perspectives, Hong Kong must act like other world cities to attract talent from around the world. We must also make Hong Kong an attractive place for everyone to live and work here. Capital follows brains. Today the brains are very mobile. If Hong Kong is not attractive, they can go anywhere they want to go. And there is no shortage of such places in the world, and in this region, competing for talent.

Hong Kong also needs population growth to cope with a rapidly ageing population by adding people to the shrinking workforce to maintain competitiveness. This is especially relevant when our population has only grown at 0.6% per annum on average in the past decade and is expected to grow at roughly the same rate between now and 2041. A population cap as suggested by some in the community would compound, not solve, the population challenges we are facing.

Nor is changing the One-way Permit Scheme an answer. The Scheme is designed primarily for family reunion. At a time when cross-boundary marriages make up as high as 35% of locally registered marriages, there is a continued need for an orderly arrival of spouses and children of Hong Kong people for family reunion via the Scheme.

We nonetheless acknowledge that population growth will put pressure on infrastructure, housing, public services and the environment. We need to manage these challenges through continued planning and investment well ahead of time. We should also ensure population and economic growth is consistent with sustainability of the environment.

Give us your views

Population policy is a wide-ranging subject and is heavily entwined with many aspects of public policies. To give our public engagement exercise a better focus, we have chosen not to duplicate subjects currently studied by other institutions, such as retirement protection by the Commission on Poverty, housing by the Long Term Housing Strategy Steering Committee, public finances by the Working Group on Long-Term Fiscal Planning, as well as ongoing and projected elderly health and welfare needs by respective bureaux in conjunction with their major advisory bodies.

The issues are complex and multi-faceted and the SCPP has no preconceived views. Through this exercise, we hope to find solutions together with everyone in society all of whom have a stake in this city, for the current and future generations. The SCPP will rely heavily on public participation and wisdom to help us tackle these challenges together. I, together with Members of the SCPP, earnestly invite you to send us your views and suggestions on or before 23 February 2014.



Carrie Lam, GBS, JP
Chief Secretary for Administration
Chairman, Steering Committee on Population Policy

Your
views
matter

Your views can be sent via the following channels:

Email: views@hkpopulation.gov.hk

Telephone: 3142 2041

Fax: 2537 7068

Website: www.hkpopulation.gov.hk

Facebook: www.facebook.com/groups/Thoughts4HK

Address: Secretariat of the Steering Committee
on Population Policy,
26/F, Central Government Offices,
2 Tim Mei Avenue, Tamar,
Hong Kong

Important note: your views and suggestions may be made public. If you prefer to remain anonymous, please say so.



Introduction: Hong Kong Our Home



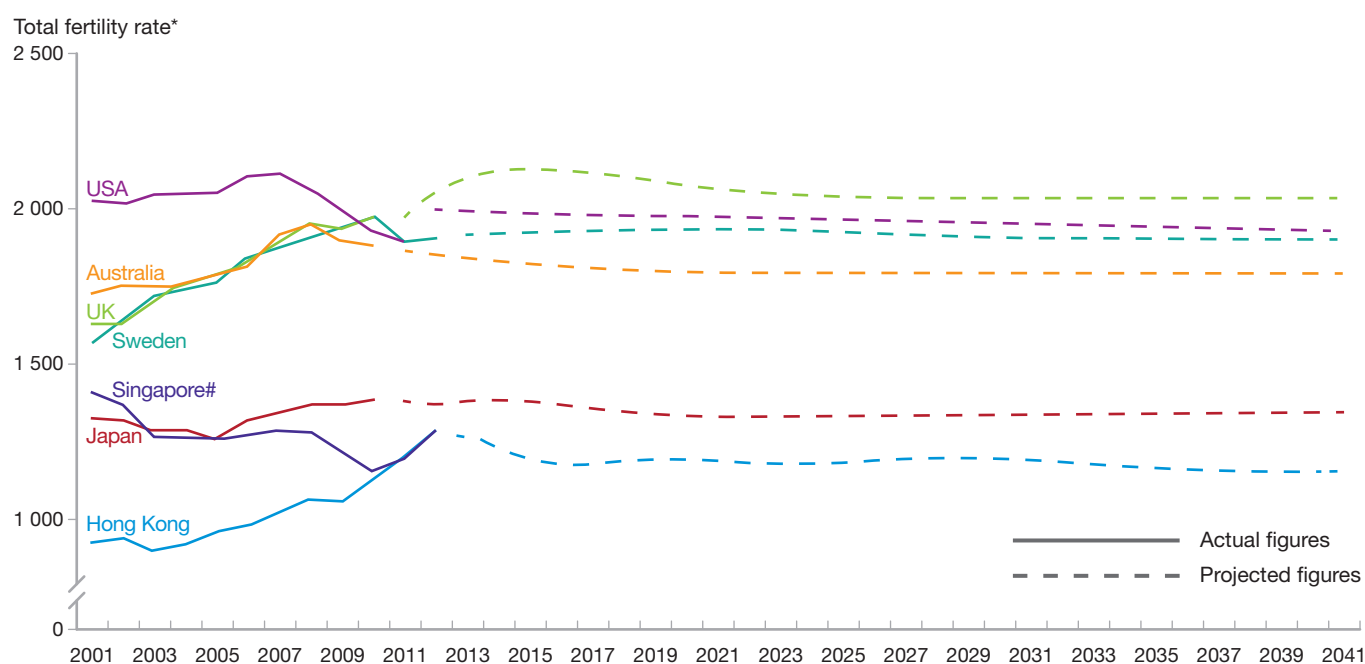
Our Demographic Challenges

1.1 Latest population projections show that by 2041, nearly one third of Hong Kong's population will be aged 65 or above. We have known for some time that Hong Kong's population is ageing, like in many other advanced economies. But the latest figures indicate that our population will age at a faster pace than previously expected. The number of people aged 65 or above will increase to 2.16 million by 2031 – that is, more than double the 980 000 in 2012. By 2041, that figure will rise further to 2.56 million.

1.2 An ageing population is the combined result of longer life expectancy and a low fertility rate. Over the past three decades, life expectancy at birth has increased by eight years to 81 years for men and 86 years for women in 2012, almost the highest in the world. During that same time, Hong Kong's total fertility rate has fallen from 1.9 childbirths per woman in 1981 to 1.3 in 2012. While it has improved noticeably from the historic low of 0.9 in 2003, it still remains the lowest amongst developed economies (see **Chart 1.1**) and far below the commonly cited replacement level of 2.1.

1.3 A summary of key statistics of Hong Kong's population from 2001 to 2041 is at **Annex I**.

Chart 1.1: Total fertility rates in selected developed economies (2001–2041)



* Total fertility rate refers to the average number of children that would be born alive to 1000 women during their lifetime if they were to pass through their childbearing ages 15-49 experiencing the age specific fertility rates prevailing in a given year.

Projected figures for Singapore are not available.

Chapter 1

Introduction: Hong Kong Our Home

Lower economic growth

1.4 An ageing population will lower our labour force participation rate, from 58.8% in 2012 down to 49.5% in 2041. With the retirement of the baby boomer generation in the next few years, there will be more people retiring than entering the labour force. Our 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 (see **Chart 1.2**).

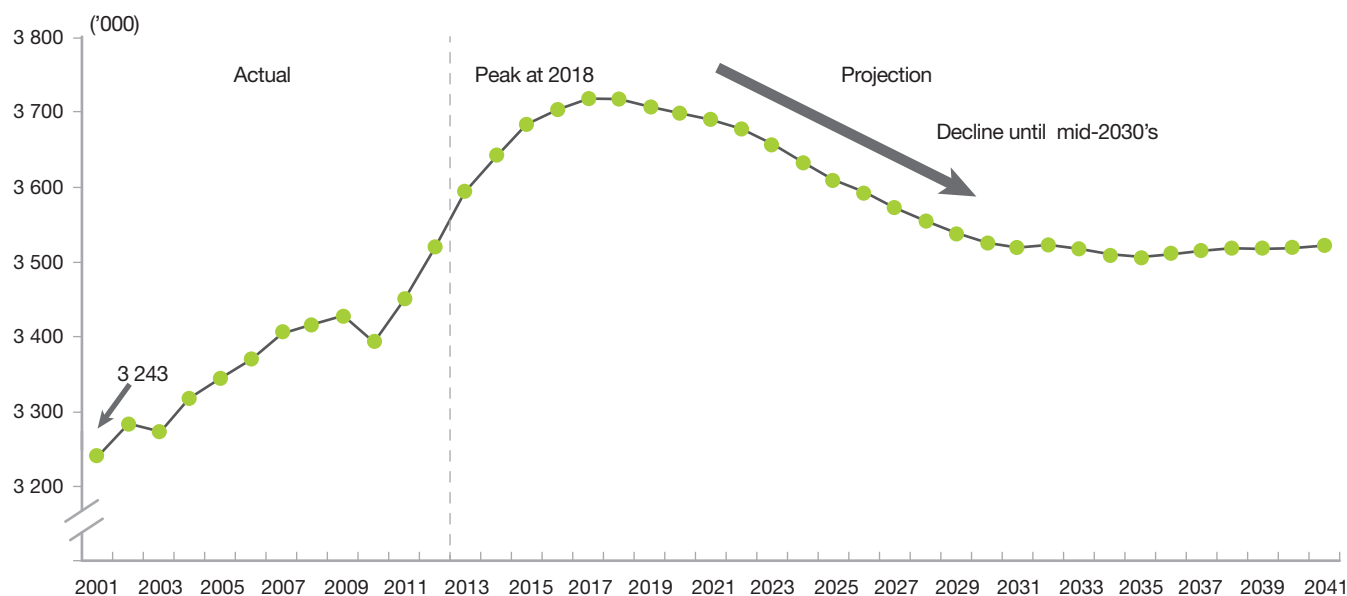
1.5 Over the past two decades, our economy has grown by an average of 4% per year. Of this, 1% was due to growth in the labour force while the other 3% came from productivity growth. If the labour force starts to decline after 2018, we will not be able to maintain the trend growth of 4% per annum unless we can significantly increase productivity further to the extent of offsetting the loss of 1% growth rate due to the declining labour force. Overseas experience has also shown that when a population ages, the aggregate savings rate declines. The growth in capital accumulation and hence investment will then weaken, slowing down the pace of economic growth. Lower economic growth will mean less job opportunities which, in turn, will result in lower living standards over time.

Fiscal concerns

1.6 As our population ages, the declining number of working age people will have to support an increasing number of dependants. The overall dependency ratio, for young and elderly combined, will worsen quickly – from 355 dependent persons per 1 000 working age persons in 2012 to 712 per 1 000 by 2041.

1.7 A dwindling labour force will further compress our already narrow tax base. This will impose pressure on revenue growth from income tax under the current taxation system. At the same time, an ageing population will lead to increased public spending on healthcare and elderly services. Combined, the two issues of slower growth in tax revenues and higher spending demands will impact on our fiscal sustainability. The Working Group on Long-Term Fiscal Planning has been formed under the Financial Services and the Treasury Bureau to explore ways to make more comprehensive planning for our public finances to, amongst others, cope with the fiscal challenges arising from an ageing population.

Chart 1.2: Projected labour force to 2041



Note: Excluding foreign domestic helpers

Source: General Household Survey Section, Census and Statistics Department



Net migration as the major source of population growth

- 1.8** The movement of people across the boundary will continue to affect the size, mix and quality of our population. Under the One-way Permit Scheme, up to 150 Mainlanders come to Hong Kong for family reunion per day. On the other hand, some people go to the Mainland to study or work, while retirees may move there to live. This trend will likely continue with the closer integration between Hong Kong and the Mainland. Net inward migration from the Mainland will continue to be the major source of our population growth.
- 1.9** Net migration led by people from the Mainland together with a rising number of ethnic minorities from 344 000 in 2001 to 451 200 in 2011 will create some challenges in social integration. However, these sources of population growth will be able to provide a much-needed boost to the labour force, particularly in those economic sectors facing a manpower shortage. Hong Kong society will benefit economically and socially if we can cultivate a more inclusive and cohesive environment that helps people with different backgrounds to realise their full potential.

Managing our Challenges: the Need for a Population Policy

- 1.10** Managing the demographic change is a priority task for the current-term Government. To take this forward, the Government reconstituted the **Steering Committee on Population Policy (SCPP)** in December 2012 with an expanded membership to include for the first time non-official members from various fields. The membership list of the SCPP is at **Annex II**.
- 1.11** Population issues are wide-ranging. Realistically, ***the SCPP considers it not possible to cover all of them without compromising the depth of deliberations. The SCPP is also mindful not to duplicate the efforts of other government boards and committees.*** For example, the Commission on Poverty has appointed Professor Nelson Chow and his research team to undertake a study on the future direction of retirement protection. The housing issue including elderly housing is being looked into by the Long Term Housing Strategy Review, while the Elderly Commission will continue to discuss long-term care services for the elderly in the community and institutional settings. ***The SCPP has therefore agreed that this review should focus on the key topics that have not been dealt with in other public forums.***

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Introduction: Hong Kong Our Home



1.12 *The SCPP considers that the manpower issue is one of quantity and quality.* With an unemployment rate of just over 3%, Hong Kong is now almost at full employment. The tight manpower situation is already evident in many trades and sectors. This problem will only get worse when our labour force starts to shrink after 2018.

1.13 *Manpower quality and a growing mismatch in human resources are issues that the SCPP believes should be addressed imminently and seriously to ensure Hong Kong remains economically competitive in future.* The Government invests heavily in education to nurture local talent. But education is not just about money; it is about producing the right results. More should be done to ensure that our home-grown talent acquires the skills and expertise needed by our economy. We should also broaden our economic base to increase the diversity of career choices, and enhance upward social mobility, for our younger generations.

1.14 In addition to grooming local talent, *the SCPP considers that we should continue to attract global talent to provide skills not adequately met by our population and to boost our stock of human capital.* A less outward-looking or less international Hong Kong will cost us our economic vitality. On the importation of low-skilled labour, while we should continue to give priority to local workers, we should also provide our economy with the flexibility it needs to maintain our competitiveness.

1.15 On the social front, *the SCPP considers that we should examine how to create a more supportive environment for people to have children.* Yet there needs to be discussion on who foots the bill.

1.16 As issues such as housing, retirement protection, health and long-term care are being dealt with by other policy forums, *the SCPP has agreed to explore the positive impacts that an ageing population will create for the community.* This exercise will focus on building an age-friendly society, promoting active ageing, and the development of silver hair market.

People-Oriented Population Policy: Economic and Social Objectives

1.17 *The SCPP considers that a sustainable population policy should have the vision of enhancing our human capital to sustain Hong Kong as Asia's world city.* Our goal is to build a population for Hong Kong to flourish both economically and socially.

1.18 Hong Kong should stay ahead of our competitors by leveraging our competitive advantages including our strategic location at the heart of Asia. Only if we remain vibrant as a competitive economy will we be able to offer the fullest opportunity of employment to our citizens and create the financial ability needed to deal with our social challenges. This is a message often highlighted by our Chief Executive.

1.19 A world city should be cosmopolitan and outward-looking. We should continue to actively explore world markets and attract foreign capital and talent. At the same time, we should build on our expertise in serving the Mainland's trade and investment needs, and strive to be the most sophisticated and efficient platform for the world to do business with China and for China to do business with the rest of the world.

1.20 But there is more to being a world city. Hong Kong's long-term sustainability will not only be measured by our economic success. We should nurture a socially inclusive and cohesive environment that provides each of us with equal opportunity to move ahead and excel in life. The

SCPP also recognises that population growth will put pressure on our infrastructure, housing, public services and the environment. The Government needs to manage these challenges through continued planning and investment.

1.21 On the environmental side, the Government has been taking action to ensure population and economic growth is consistent with sustainability of the environment. The Government has issued a Clean Air Plan and the Blueprint for Sustainable Use of Resources to progressively improve air quality and waste management. The Biodiversity Strategy and Action Plan is being compiled with a view to addressing the ecological and environmental needs of a livable city.

1.22 Acknowledging that Hong Kong's future lies in economic development and social progress going hand in hand, ***the SCPP proposes that the objective of Hong Kong's population policy should be -***

“To develop and nurture a population that will continuously support and drive Hong Kong's socio-economic development as Asia's world city, and to engender a socially inclusive and cohesive society that allows individuals to realise their potential, with a view to attaining quality life for all residents and families.”



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Five Ways to Manage Challenges

1.23 *The SCPP considers there may be five ways to deal with the challenges –*

- (a) increase the quantity of the labour force by drawing more people into the labour market. We should remove the barriers to work for our people.
- (b) enhance the quality of the labour force by improving education and training and minimising skills mismatch. We should equip our people with skills that can support our future economic development.
- (c) build up our human capital with a more proactive policy and targeted approach to attract more talent from overseas and the Mainland. We should also consider a more effective importation of labour system without jeopardising the interests of local workers.
- (d) focus the community discussion on effective measures in the Hong Kong context to remove barriers to childbearing and how the care-giving responsibility of families can be assisted by government and community efforts.
- (e) tap the valuable pool of elderly resources to create new impetus to the economic and social development of our community through

building an age-friendly environment, promoting active ageing and the development of silver hair market.

Each of the above will be discussed in greater detail in the following chapters.

Purposes of this Consultation Document

1.24 This consultation document provides the key facts and figures, identifies and explores the main issues, and outlines possible directions for change. It is designed to draw out community views on the challenges and opportunities created by our changing population. This will help the SCPP in its next stage of work, which involves formulating strategies to address the population challenges and mapping out an actionable agenda covering short- and long-term measures.

1.25 The questions contained in boxes throughout the consultation document are designed to assist in framing input into the development of the population policy and should be used as a guide only. Those who wish to provide input are welcome to address any issues they feel may be relevant to the population policy and are not limited to addressing the questions in the document.

Links for further information

2011 Population Census, Census and Statistics Department
www.censtatd.gov.hk/hkstat/sub/so170.jsp

Hong Kong Population Projections 2012-2041, Census and Statistics Department
www.censtatd.gov.hk/fd.jsp?file=B71208FB2012XXXXB0100.pdf&product_id=FA100061&lang=1

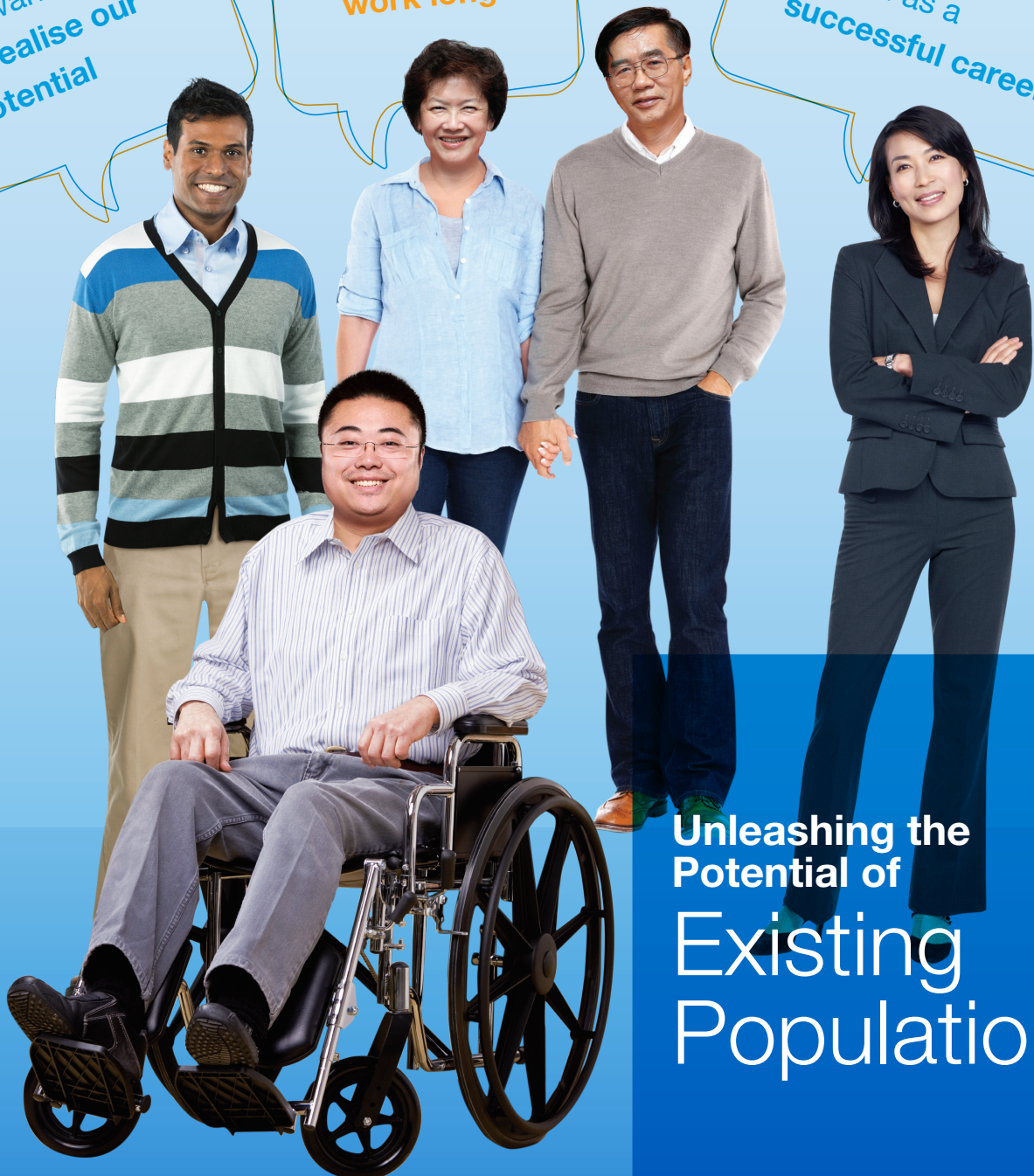
Demographic Trends in Hong Kong 1981-2011, Census and Statistics Department
www.censtatd.gov.hk/fd.jsp?file=B1120017032012XXXXB0100.pdf&product_id=B1120017&lang=1

Updated Hong Kong Labour Force Projections 2013-2041, Census and Statistics Department
www.censtatd.gov.hk/hkstat/sub/sp200.jsp?productCode=FA100042

We want
to realise our
potential

We can
work longer

I want
a happy family
as well as a
successful career



Unleashing the
Potential of
Existing
Population

Chapter 2

Unleashing the Potential of Existing Population

2.1 One way to mitigate the consequences of an ageing population and shrinking labour force is to encourage more people to work, or to extend their working life. This can mean-

- (a) drawing new entrants into the labour force (such as homemakers who are mostly female);
- (b) promoting a longer working life (by retiring later); and
- (c) promoting integration of new arrivals from the Mainland, persons with disabilities and ethnic minorities and helping them join the labour force.

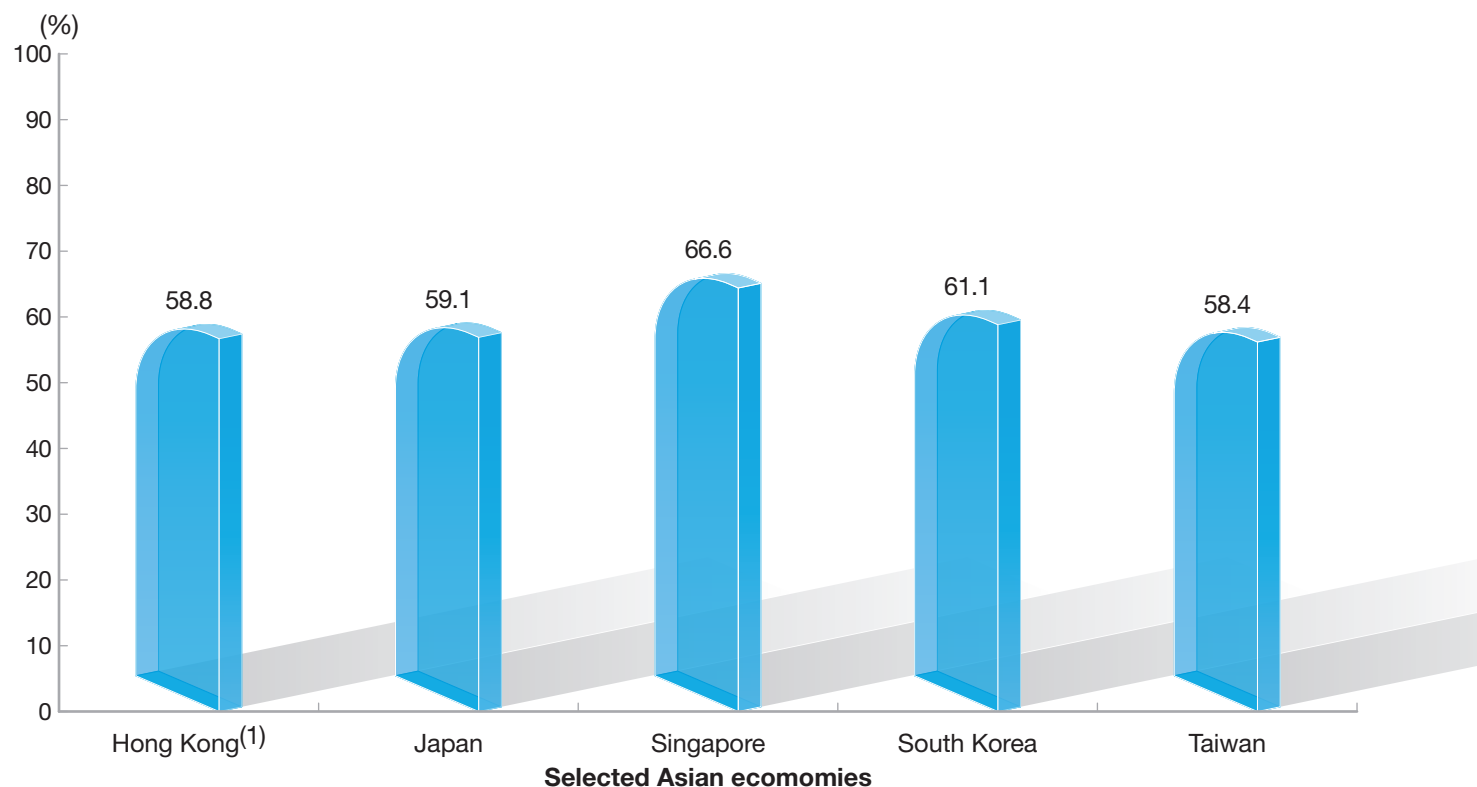
Encouraging More People to Work and to Work Longer¹

2.2 Our labour force participation rate (LFPR) of 58.8% in 2012 was comparable to that of other Asian economies (see **Chart 2.1**). Yet, there remains 1.6 million economically inactive people aged 15 to 64. These people can be a valuable manpower resource to replenish our labour force. Among them, female homemakers and early retirees are the prime groups.

¹ As the focus of this part is more on the domestic population and labour force, all related figures quoted have excluded foreign domestic helpers, unless specified.



Chart 2.1: LFPRs in selected Asian economies (2012)



Note (1): Excluding foreign domestic helpers

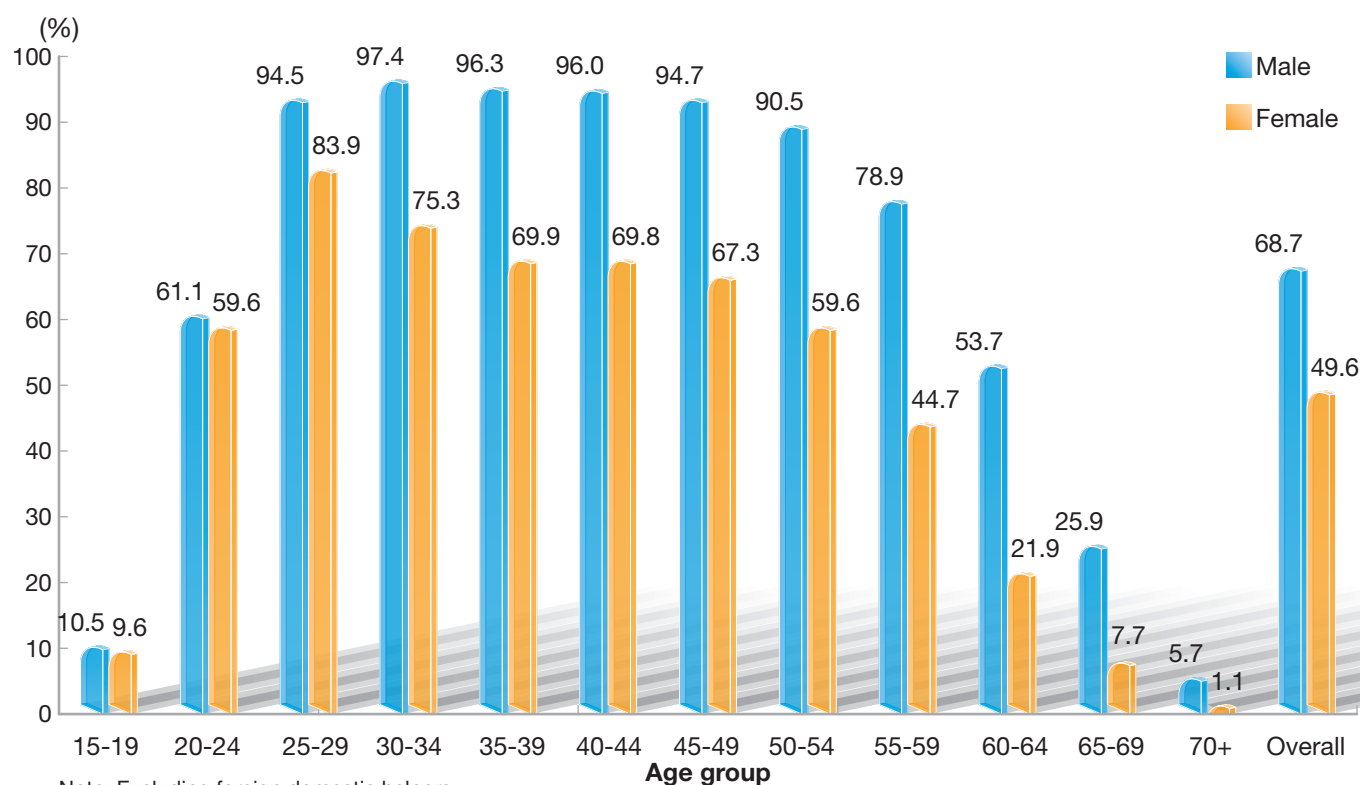
2.3 According to a survey conducted by the Census and Statistics Department (C&SD), about 8% of female homemakers and 5% of early retirees said they would be willing to work given suitable employment opportunities. Getting them into the labour force benefits both the economy and individuals – not only can it provide the manpower and facilitate inter-generational skills transfer needed to drive our economy forward, it can also provide financial benefits and help people realise their potential.

Female homemakers and early retirees

2.4 Despite higher education attainment, the LFPR for women only increased marginally from 48.6% in 2002 to 49.6% in 2012, and is still lower than 68.7% for men. The lower LFPR probably reflects that more women than men choose to stay out of the labour force to take care of families. This is evident in the sharp decline of women's LFPR within the 30-39 age range, when many get married and start to have a family (see **Chart 2.2**). There are 525 000 female homemakers aged 30-59, which accounts for 83.8% of the economically inactive female population aged 30-59.



Chart 2.2: LFPRs by sex and age (2012)



Chapter 2

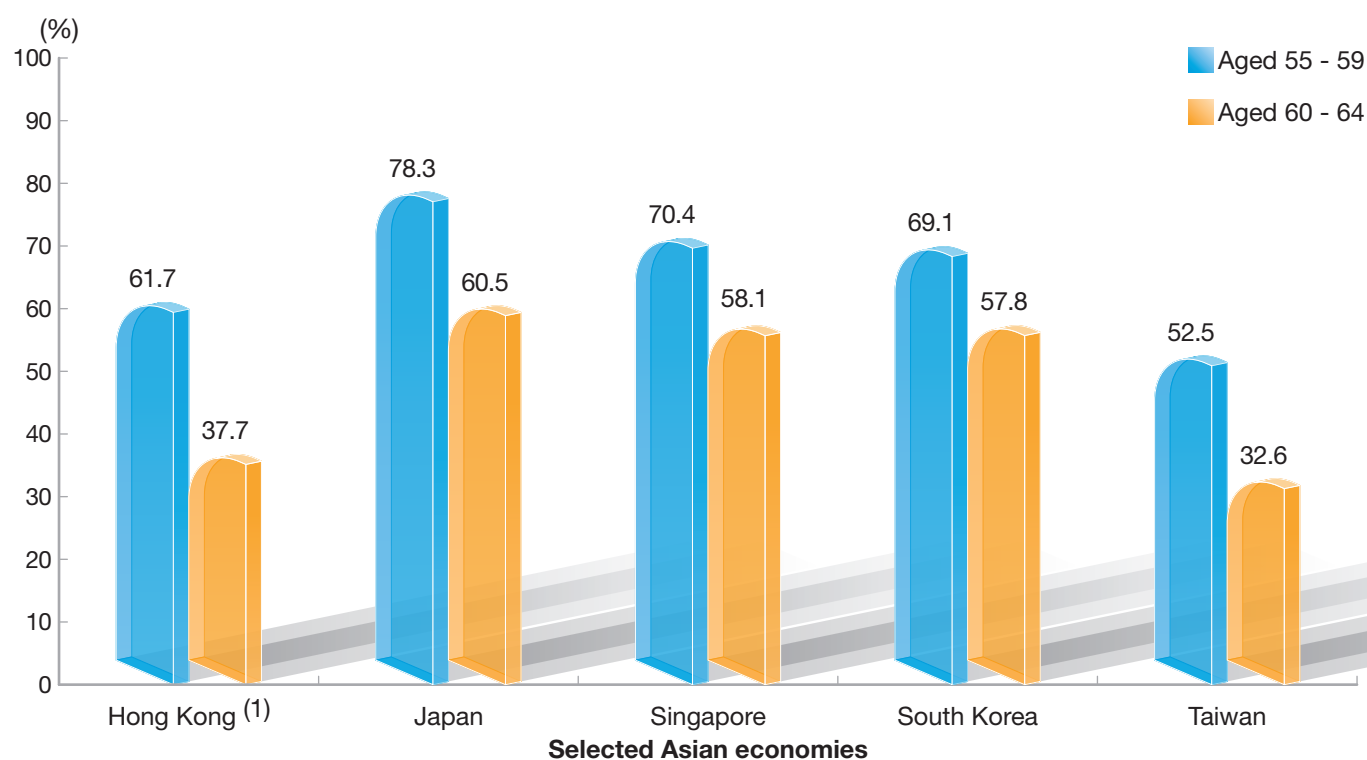
Unleashing the Potential of Existing Population



2.5 Compared to other Asian economies, the LFPRs of our mature persons aged 55-59 and 60-64 are on the low side (see **Chart 2.3**). While there is no statutory retirement age in Hong Kong, many local firms set their retirement age between 55 and 65. The LFPR decreased substantially as people got

older - from 74.9% for those aged 50-54 in 2012, to 61.7% for those aged 55-59 and to just 37.7% for those aged 60-64. Some 240 200 people, or 38.3% of the economically inactive persons aged 50-64, claimed they had retired.

Chart 2.3: LFPRs for persons aged 55-59 and 60-64 in selected Asian economies (2012)



Note (1): Excluding foreign domestic helpers



2.6 With better health, higher education levels and less physically demanding jobs among the current and future elderly generations, we expect that more and more mature workers would be willing to stay longer in the labour force. This expected trend is in line with the rise of the LFPR for those aged 50-64, from 56% in 2002 to 60% in 2012. Yet, we need to strike a balance of not hindering the career prospects of younger generations when promoting a longer working life.

Box 2.1 **Exploring the retirement age issue within the civil service**

The Government is taking the lead in looking at the retirement age issue for its employees. The normal retirement age for Hong Kong civil servants ranges between 55 and 60. The Government is conducting a study to examine its succession or operational needs and look at possible options for extending the service of civil servants who have reached retirement age and applying a higher retirement age to new recruits. The study is expected to be completed by early 2014.

Removing barriers to work

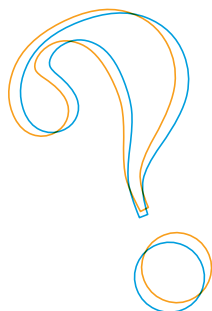
2.7 Apart from personal choices, female homemakers and early retirees may stay out of the labour force because of different socio-economic constraints. Our focus should therefore be on creating a supportive environment that will allow those willing to work to re-join or stay longer in the labour force. We should help women combine both work and family. We should also help mature workers balance work with the desire for a less hectic working life before complete retirement. Hong Kong has a highly open and efficient job market with effective labour protection policies and measures. We need to consider whether there are still barriers in the market which discourage some groups from working. If so, we should take action to remove these barriers.

2.8 Government efforts aside, these issues call for flexible workplace arrangements such as home office and job sharing. These arrangements may require employers' extra efforts. But employers who are more flexible and ready to change stand a greater chance of attracting and retaining talent in the midst of an ageing and shrinking labour force.

Chapter 2

Unleashing the Potential of Existing Population

Your views sought



Encourage female homemakers to work

- What are effective measures to encourage female homemakers to work or re-join the labour force? More accessible and affordable childcare services for those with young children? Retraining opportunities for those with grown-up children? Job matching services? Any others?
- How can we encourage the business sector to more widely adopt family-friendly workplace practices such as part-time or job sharing arrangements?

Extend working life

- How can we encourage the business sector to more widely adopt flexible working arrangements, optional or progressive retirement practices, etc.?
- How can we help mature workers stay in the labour force longer? Job matching services? Training programmes? Any others?
- How can we alleviate the possible adverse impacts on the career prospects of the younger generations?

Other groups

- Are there any other sub-groups of the population which we should encourage to join, re-join or stay longer in the labour force?



Promoting Integration of New Arrivals from the Mainland, Persons with Disabilities and Ethnic Minorities

2.9 Hong Kong is a city of immigrants. For many of us, our grandparents or parents came to Hong Kong in the 1940s or 50s. They made today's Hong Kong. Today, Hong Kong continues to take in new arrivals from the Mainland and all over the world. They are our families and neighbours forming one whole community. Persons with disabilities are also valuable members of the Hong Kong family. Many of them have talents and abilities that can contribute to our socio-economic development. We should strive to make Hong Kong a place where people of different origins, ethnicity and abilities can develop and realise their potential. This shall engender a more caring Hong Kong while broadening the diversity of our population.

One-way Permit (OWP) holders

2.10 The OWP Scheme is designed primarily for family reunion arising from cross-boundary marriages with a quota capped at 150 per day (or 54 750 per year). In the 16 years between July 1997 and June 2013, some 784 000 new arrivals have settled here. The vast majority (98%) were spouses or children of Hong Kong people. With cross-boundary marriages now making up some 35% of locally registered marriages, there is a continued need for the Scheme. And new arrivals admitted under the Scheme will continue to be the major source of our population growth in the years ahead.

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Unleashing the Potential of Existing Population

2.11 The power to approve OWP rests with the Mainland authorities under the Basic Law and there is no question of HKSAR Government “resuming” the approving authority. Imposing additional administrative screening criteria such as age, income level, education attainment, etc. would frustrate the OWP design as a scheme to facilitate family reunion. We see no case for changing the existing approval arrangements. Nevertheless, the HKSAR Government will take account of the views of various sectors and the overall interests of the community, and continue to reflect the views of various sectors to the Mainland authorities as appropriate.

2.12 With the admission of overage children since April 2011², the median age of new arrivals has increased from 28 in 2007 to 36 in 2012, but still lower than the territory-wide median of 43. Their education level has improved generally over the years, with 86% of them attaining secondary education or above in 2012. About 48% of working age new arrivals are economically active, with the majority (some 87%) engaged in low-skilled jobs. There is scope for encouraging more OWP holders to join the labour force, in particular at the general skills level, with proper training and support services.

2 “Overage children” refer to those Mainland persons who were under the age of 14 at the time their natural fathers or mothers obtained their first Hong Kong identity card on or before 1 November 2001, as long as their natural fathers or mothers still reside in Hong Kong on 1 April 2011.



Type II children

2.13 Before the “zero delivery quota” policy was implemented in 2013 for expectant Mainland mothers whose husbands are not Hong Kong permanent residents, some 200 000 Type II babies³ were born here.

2.14 Most Type II babies returned to the Mainland after birth. According to a survey conducted by the C&SD, some 50% will return to Hong Kong before the age of 21, while some others may attend schools here as cross-boundary students. These children will reach school age in the years to come. Their demand for local Primary One school places will peak between the 2016/17 and 2018/19 school years and return to a normal level thereafter because of the “zero delivery quota”. In the long run, these Type II children may become a possible source to replenish our shrinking working population.

3 “Type II babies” refer to babies born by Mainland women in Hong Kong and whose fathers are not Hong Kong permanent residents. These include babies born by Mainland women in Hong Kong and whose fathers have yet to become Hong Kong permanent residents such as those who came to settle in Hong Kong under the OWP Scheme but have yet to ordinarily reside in Hong Kong for seven years.

Box 2.2 Coping with the transient increase in demand for education

Given the volatility of whether and if so when Type II children will come to Hong Kong to study, the Government will endeavour to strengthen the mechanism for projection of Type II children coming to study in Hong Kong in the next few years. At the same time, we will ensure that the needs of local students (i.e. students residing in Hong Kong) are taken care of.

We are keeping close liaison with the principals of kindergartens in the North and Tai Po Districts on means to better utilise the kindergarten places for meeting genuine demand for kindergarten services during this transient period.

Similarly, as the increased demand for primary education services is only transient, we will adopt flexible measures to cope with the need for additional places in the next few years, including borrowing places from neighbouring school nets, using vacant classrooms, converting other rooms into additional classrooms, using suitable vacant school premises and allocating additional students per class.



Persons with disabilities

2.15 A study by the C&SD in 2007 indicated that there were 361 300 persons with disabilities in Hong Kong⁴. Of these, 45 800 were economically active. Their unemployment rate was 10.5% in 2007, more than double the territory-wide average of 4.3%.

2.16 Notwithstanding what has been done in our education and training system, anti-discrimination legislation, supported employment, social enterprises, etc., more efforts are required to unleash the potential of persons with disabilities to help them become economically productive while providing timely relief to our tight labour market.

4 This excludes persons with intellectual disability because estimates pertaining to intellectual disability are considered to be subject to under-estimation in the survey. A crude statistical assessment shows that the total number of persons with intellectual disability in Hong Kong might be in the region of 67 000 - 87 000.

Chapter 2

Unleashing the Potential of Existing Population

Ethnic minorities

2.17 Our non-Chinese ethnic population has increased significantly by 31% in the past decade to 451 200 by mid-2011. Of those, some 59% were Indonesians and Filipinos who worked mainly as foreign domestic helpers. The other key ethnic minority groups were Indians (28 600), Pakistanis (18 000) and Nepalese (16 500). A large number of this latter group were born here and take Hong Kong as their home.

2.18 The integration of ethnic minorities particularly those of South Asian origins may have been hindered by an inability to read and write Chinese effectively. This may affect their chances of finding jobs to match their qualifications as well as constrain upward social mobility for those settling here.

Box 2.3

The Commission on Poverty's work on vulnerable groups

The integration of the OWP arrivals, persons with disabilities and ethnic minorities has been high on the agenda of the Special Needs Groups Task Force (SNGTF) under the Commission on Poverty.

Considering that employment is the key to integration, the SNGTF is deliberating whether more accessible childcare services and tailor-made retraining services could help OWP arrivals find jobs in the market. The SNGTF is appealing to different sectors to provide more employment opportunities for persons with disabilities. For ethnic minorities, the SNGTF believes that the priority is to help students master the learning of Chinese language as early as possible and throughout their study in primary and secondary schools.

Your views sought



• What can we do to enhance the integration of new arrivals, Type II children, persons with disabilities and ethnic minorities into our community?

• What can we do to unleash the potential of new arrivals, Type II children, persons with disabilities and ethnic minorities through education and training and promoting more friendly practices in the labour market?

Links for further information

Statistics on New Arrivals from the Mainland, Home Affairs Department and Immigration Department
www.had.gov.hk/en/public_services/services_for_new_arrivals_from_the_mainland/surveys.htm

Social data Collected via the General Household Survey : Special Topics Report No.59 - Desire of economically inactive persons for taking up jobs if being offered suitable employment, Census and Statistics Department
www.censtatd.gov.hk/fd.jsp?file=B11301592012XXXXB0100.pdf&product_id=C0000014&lang=1

Hong Kong 2011 Population Census Thematic Report : Ethnic Minorities, Census and Statistics Department
www.censtatd.gov.hk/fd.jsp?file=B11200622012XXXXB0100.pdf&product_id=B1120062&lang=1

Hong Kong Monthly Digest of Statistics, September 2011, Feature Article, Babies Born in Hong Kong to Mainland Women
www.censtatd.gov.hk/fd.jsp?file=B71109FB2011XXXXB0100.pdf&product_id=FA100110&lang=1

Hong Kong Monthly Digest of Statistics, February 2009, Feature Article, Persons with Disabilities and Chronic Diseases in Hong Kong, Census and Statistics Department
www.censtatd.gov.hk/fd.jsp?file=B70902FC2009XXXXB0100.pdf&product_id=FA100059&lang=1

I want
to **acquire**
specialised skills to
develop my career

We want
our study
to be relevant
to our future career

I want
to **continue learning**



Enhancing
the Quality of our
Home-grown
Talent

Chapter 3

Enhancing the Quality of our Home-grown Talent



3.1 While we should identify ways to replenish our shrinking workforce, ***the SCPP believes that sustainable economic development should not rely solely on an ever expanding labour force.*** This is particularly true in Hong Kong where we cannot grow our workforce indefinitely because of constraints such as land and housing. Businesses should be encouraged to move up the value chain through, for example, job redesign and automation. We should also enhance the productivity of our labour force, particularly our young generation, who are Hong Kong's future.

Concerns about Manpower Quality, Skills Mismatch and Social Mobility

3.2 Hong Kong has always been competing on the strength of its people. Our adaptability, flexibility and can-do spirit have helped drive our economy forward. Until recently, we prided ourselves on the quality of people produced by our education and training system. But as Mainland cities such as Beijing, Shanghai, Guangzhou and Shenzhen have all opened up to business, Hong Kong's competitive advantage as the window to the Mainland has diminished. There appears to be doubt on whether we are as competitive as before. Questions have been raised about whether we can continue to produce quality people for Hong Kong to stay competitive along with the Mainland's increasing integration with the international economy.

3.3 While our economy is almost in full employment, the unemployment rate for youths aged 15-24 remained relatively high at 9.7% in 2012, compared to the overall average of 3.5%. The figure has yet to take into account the estimated some 30 000 youths who are not engaged in employment, education or training. At the same time, some trades (e.g. construction, aircraft maintenance, shipping and elderly care services) are struggling to recruit new blood, even though these jobs offer reasonably promising remuneration and prospects. It is clear that a labour mismatch exists in some sectors. This hampers our social and economic development.

3.4 Our investment in education has seen the proportion of people aged 15-64 with post-secondary qualifications rising, from 14.8% in 2001 to 27.3% in 2011. Better qualifications have heightened the expectations of our young job seekers. But higher education attainment has not paid off financially for some of them. For young persons aged 20-29 in full-time employment, the median monthly income remained basically the same at around \$10,000 in the past decade. When adjusted for a cumulative inflation rate of more than 10%, earnings have actually declined over the past decade. Some young adults have become discouraged by the lack of opportunity for upward social mobility.

3.5 Prolonged unemployment, non-rewarding jobs or limited career prospects breed disappointment and frustration amongst our younger generations. ***The SCPP considers that –***

- (a) we should tackle this issue through diversifying our economic base;
- (b) our education and training should better prepare our young people to transit from school to work;
- (c) we should revive the value of vocational education as a viable alternative to heavily academic routes; and
- (d) we should continue to promote continuing learning.

Diversifying our economic base

3.6 The Economic Development Commission established by the Chief Executive in January 2013 has identified four industry clusters (viz. Transportation; Convention and Exhibition Industries and Tourism; Manufacturing Industries, Innovative Technology and Cultural and Creative Industries; and Professional Services) with potential that may provide new growth opportunities while building on Hong Kong's strengths. Diversifying our economic base can increase job diversity and enhance career prospects for our young people.

3.7 If the four clusters are where Hong Kong should direct its efforts, we should address the skills matching issue at the outset. This is to ensure that we have people of the right calibre to drive forward Hong Kong's development and that we can equip our young people with the skills needed by our economy, and our people can realise their potential so as to attain higher quality of living. As a start, ***the SCPP considers that we should develop a more elaborate manpower projection system to assess in a more timely and objective way, the types of talent and skill needed to grow and develop the four industry clusters.*** We can then match the projected manpower needs against the potential supply and decide how the identified manpower gap could be met. Such a system can be applied to other key economic sectors and trades as well.

Education and training

3.8 Development of one's potential starts with education. Over the years, improvements have been made to our primary and secondary education which laid the foundation for our young people to pursue further education and training. For this consultation document, we shall focus on the three areas of –

- (a) post-secondary education;
- (b) vocational education; and
- (c) continuing education.

These are more immediately related to the nurturing of quality manpower.



Post-secondary education

3.9 In the past decade, post-secondary education rapidly expanded in the self-financing sector, mainly for the sub-degree programmes. More post-secondary programmes have helped meet the growing aspirations of young people for higher studies. But, the declining secondary student population is beginning to spread to the post-secondary population sector. Secondary school graduates will be offered with more post-secondary education opportunities, partly attributable to the decline in student population¹. The types of post-secondary programmes that best suit these students and Hong Kong need to be carefully deliberated and planned.

3.10 *The SCPP acknowledges the importance of liberal and broad-based education in preparing our young people for a knowledge-based economy. Yet, it remains a challenge for the post-secondary sector to train up our young people with skills and knowledge that can meet the fast-changing economic needs.* This calls for greater collaboration between employers and education institutions in curriculum design and workplace experience for students. It also requires more career counselling in schools to help students make career choices that are right for them.

3.11 Another challenge is the perception in the community, particularly in the business sector and amongst employers, that the quality of our post-secondary graduates is declining. Two of the more common areas of concern are language and communication skills. This perception is only partly true. We are convinced that good graduates from local institutions are still very good, and that the best may even be better than before. They are also more internationally oriented, as about one in four students in publicly-funded institutions take part in exchange programmes of various forms.

3.12 But as Hong Kong's economy has expanded over the years and is now one of the world's most service-intensive economies, we need many more graduates with good language and communication skills, maturity and sophistication to serve a wide range of clients, on top of a global perspective and good work ethics. This is an area where further efforts will be required of our institutions.



Vocational education

3.13 While employers in vocational trades with good pay and promotion prospects (such as the aviation and construction industries) are complaining about a chronic manpower shortage, some young people are disillusioned and frustrated that they cannot find jobs that suit their talents after academic study. The community's prevailing focus on traditional academic pursuits, while welcome, may not work to the advantage of all our students. ***The SCPP considers that Hong Kong is in need of a fundamental change in mindset towards career options for the young generation.*** More should be done to inspire interest in vocational education among young people and, equally importantly, their parents to help them better understand the career and progression prospects that a vocational job can offer.

¹ By 2015, almost 70% of the relevant age cohorts will be able to receive post-secondary education.

3.14 Vocational education and training not only supports our economic development. It helps our youngsters pursue wider and meaningful employment, and provides valuable credentials and articulation opportunities with multiple entry and exit points. Vocational education and training offers an alternative to the traditional academic route and should not be regarded or perceived as a second-rate option.

3.15 While a mindset change is crucial, other changes are also required. The existing apprenticeship scheme, a product of the 1970s, may need to be reviewed and enhanced. Employers should be involved more deeply in technical and vocational education to ensure that what is taught is relevant and useful in the workplace. For example, sandwich programme schemes with longer workplace experience built into classroom learning can be expanded. There should also be a stronger link between vocational courses, licensure in the trades and the Qualifications Framework (QF) to facilitate further education and career progression. Students are in need of better educational and career advice as early as they are pursuing secondary education.

Continuing learning, training and retraining

3.16 In this fast changing and globalised era, continuing education, training and retraining are particularly important for an individual's personal development and for enhancing labour force productivity for the benefit of the economy.

3.17 The QF, established in May 2008, enables learners at all levels and all disciplines to gain a clear idea of possible progression pathways so they can better plan for their personal development. The Continuing Education Fund (CEF), established in June 2002, subsidises adults with learning aspirations to pursue continuing education and training courses. The Employees Retraining Board was set up in 1992 to provide retraining courses to improve the quality of our labour force, particularly the less well educated.

3.18 The continuing learning and retraining system, nonetheless, has to be further strengthened. For instance, there should be better collaboration between course providers and employers on curriculum design and on providing recognition from the relevant trades.



Chapter 3

Enhancing the Quality of our Home-grown Talent

Your views sought



Diversifying our economic base

- Shall we conduct more elaborate manpower projection studies to assess the types of talent/skill required, particularly for the four industry clusters identified, to drive the economy forward?

Post-secondary education

- How can we facilitate a closer alignment of post-secondary education with our economic needs through increased collaboration between employers and education institutions?
- What more can be done to improve and sustain the quality of our post-secondary graduates, including graduates from sub-degree programmes?

Vocational education

- What could be done to inspire interest and instil a change in mindset in relation to vocational education among young people and their parents?
- How can the Government and employers revive the value of vocational education and increase acceptance of technical and craftsmanship type of jobs in the community?

Continuing education

- How can we, building on the QF and CEF, further promote continuing learning?

Links for further information

Report on Manpower Projection to 2018
www.lwb.gov.hk/report/mp2018_en.pdf

University Grants Committee
www.ugc.edu.hk

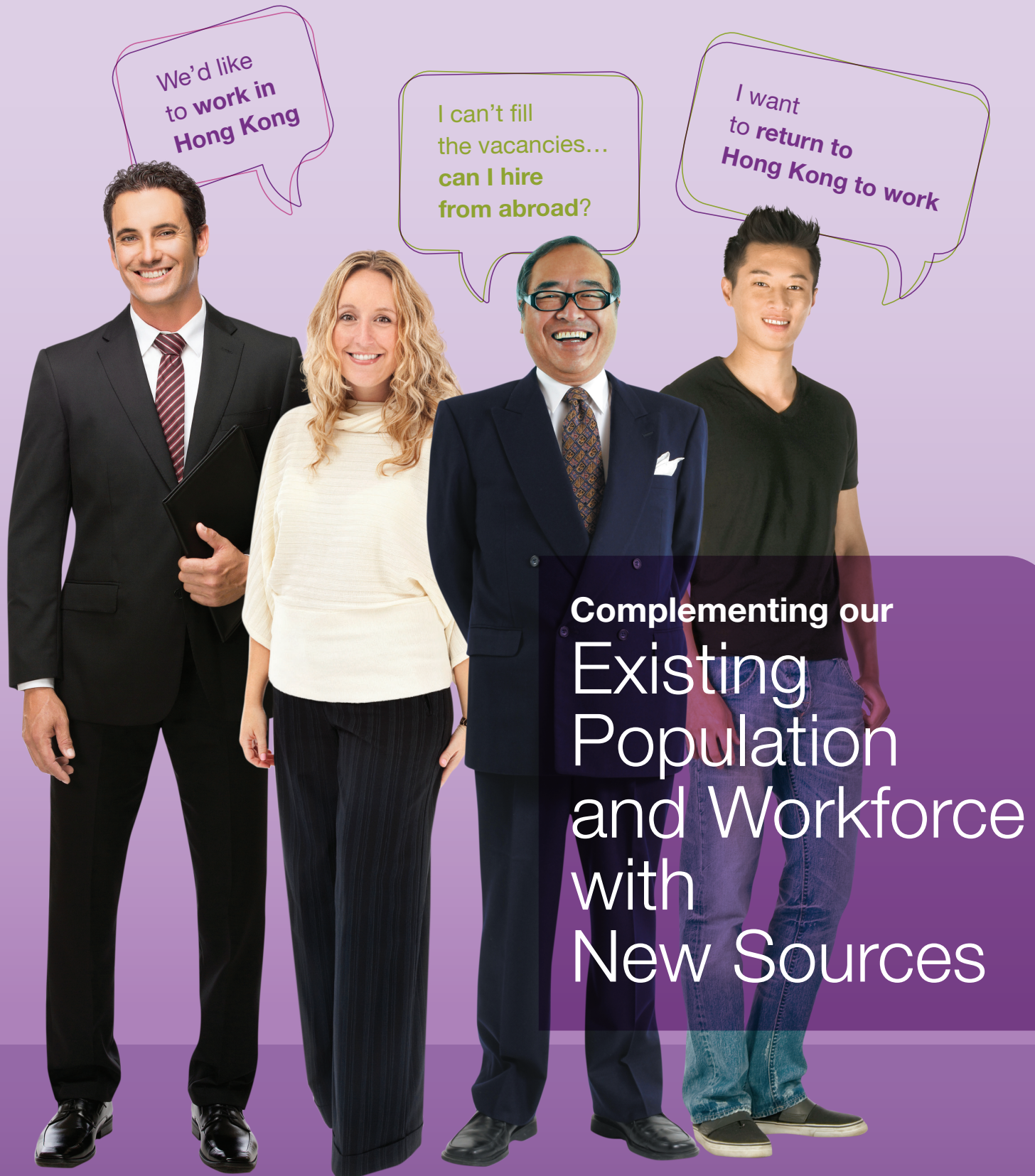
Qualifications Framework
www.hkqf.gov.hk/

Vocational Training Council
www.vtc.edu.hk/html/tc/

Employees Retraining Board
www.erb.org/

Continuing Education Fund
www.sfaa.gov.hk/cef/

Chapter 4



Complementing our
Existing
Population
and Workforce
with
New Sources

Chapter 4

Complementing our Existing Population and Workforce with New Sources



4.1 As Hong Kong's economy continues to develop, and with the broadening and diversification of our economic base, we may not have enough locally-bred professionals and skilled labour to meet the growing demand for talent. Importing talent from outside is a direct and effective way to address this issue. It also helps build up our stock of human capital – the larger the pool of talent, the easier it is to attract investment, thereby promoting economic development and increasing employment.

Existing Schemes to Attract Talent

4.2 Over the years we have put in place various schemes targeted towards different talent groups (see **Table 4.1**). The majority of talent comes to work in Hong Kong under the General Employment Policy (GEP) and the Admission Scheme for Mainland Talents and Professionals (ASMP) which are tied to employment offers. People from overseas wishing to establish or join in business as entrepreneurs can also come to Hong Kong via the GEP.

Table 4.1: Talent admission schemes

General Employment Policy

- Target: overseas professionals
- Eligibility criteria: skills/ knowledge/ experience not readily available locally; remuneration on par with market rate; confirmed employment offer; job cannot be filled locally
- No. of approved applications in 2012: 28 625

Admission Scheme for Mainland Talents and Professionals

- Target: Mainland talent and professionals
- Eligibility criteria: same as General Employment Policy
- No. of approved applications in 2012: 8 105

Quality Migrant Admission Scheme

- Target: highly-skilled/ talented persons from overseas and Mainland; annual quota of 1000
- Eligibility criteria: meet the minimum passing mark scored according to academic/ professional qualifications, work experiences, language proficiency, age, etc, or with renowned achievements; job offer not required
- No. of quota allocated in 2012: 298
- No. of quota allocated since its establishment in 2006: 2 553

4.3 Talented people and professionals admitted under the GEP and the ASMP make up around 2% of the local workforce (see **Table 4.2**)¹. Of the some 85 700 imported talent and professionals working in Hong Kong in August 2013, about 32 000 (or 38%) have stayed here for three or more years. These people not only help meet the strong demand for talent in the local market, but also bring diverse skills, knowledge and experience which will benefit the local workforce and contribute to our economic development.

¹ Approved applications under GEP and the ASMP can be classified into two categories of duration, i.e. less than 12 months (short-term) and 12 months or more (long-term). The percentages of short-term and long-term visas granted under the GEP were 38% and 62% while that for the ASMP were 44% and 56% in 2012.

Table 4.2: Imported talent and professionals

| Year | Talent and professionals admitted under the GEP and the ASMP |
|----------|--|
| end 2010 | 75 325 (2.2%) |
| end 2011 | 82 854 (2.4%) |
| end 2012 | 86 781 (2.5%) |

Percentages in brackets show the proportion of talent and professionals admitted under the GEP and the ASMP against total labour force (excluding foreign domestic helpers).

Box 4.1 Capital Investment Entrant Scheme (CIES)

The CIES was launched in October 2003 to attract investment entrants to Hong Kong. To be eligible for admission to Hong Kong under the CIES, one has to invest no less than \$10 million in permissible investment assets, such as equities, debt securities and certificates of deposits. Since October 2010, real estate has been excluded from the list of permissible investment assets. A total of 3 804 CIES applications were approved in 2012.



Chapter 4

Complementing our Existing Population and Workforce with New Sources



4.4 Our higher education system has also proven to be effective in attracting Mainland and overseas talent. Hong Kong's universities are among the best in the world. The Immigration Arrangements for Non-local Graduates (IANG) leverages this advantage to attract talent from the Mainland and around the world to come to study and remain here. Such non-local graduates can remain in Hong Kong for up to a year after finishing their degrees to look for a job. Thereafter, they can continue to remain in Hong Kong as long as they are in employment. In 2012, around 6 800 new applications were approved. About 80% of these new applicants were at postgraduate level, with the remaining 20% being undergraduates. Since the IANG was launched in May 2008, over 28 000 non-local graduates were approved in total. Of them, about 16 500 or 58% were in Hong Kong as at August 2013, either in employment or seeking jobs.

Box 4.2 Attracting non-local higher education students to Hong Kong

At present, post-secondary institutions can admit non-local students up to 20% of the approved number of places to their publicly-funded sub-degree, undergraduate and taught postgraduate programmes. Admission of non-local students to publicly-funded research postgraduate programmes is not subject to any quota restriction. Government-funded scholarship is available to outstanding non-local students. Non-local students of full-time, locally-accredited programmes at degree level or above can take up study or curriculum-related internship, part-time on-campus employment and summer jobs. Under the IANG, they can stay in Hong Kong after graduation for up to a year to find jobs.

Global Competition for Talent

4.5 Many economies around the world are proactively attracting global talent through targeted immigration programmes and incentive schemes. The rapidly developing Mainland cities are also drawing in much talent seeking the vast opportunities there. Hong Kong cannot afford to sit back and see how this global battle for talent plays out. If Hong Kong cannot attract enough talent to support companies' growth, businesses may be forced to go where talent is available. If this scenario comes true, it could create a downward spiral that would weaken Hong Kong's competitiveness and ability to attract talent.

4.6 Talent admission through the employment-based GEP and ASMP is demand-driven to meet skills shortage. The focus has gradually broadened to building up our human capital stock through the IANG and the points-based Quality Migrant Admission Scheme (QMAS) (see Table 4.1 for details of the QMAS). ***The SCPP considers that our talent admission schemes could be better co-ordinated with our broader economic development strategy by targeting specific groups of talented people who could facilitate Hong Kong's development in key industries.***

4.7 We are currently stepping up publicity to attract global talent through our overseas and Mainland economic and trade offices. But in face of fierce global competition for talent, ***the SCPP considers it timely to re-think whether we should adopt a more proactive “we seek you” approach to go out and market Hong Kong as a place of opportunities for global talent.***

Box 4.3 **What other countries do to attract talent...**

Australia operates a points-based system on the basis of applicants' attributes such as age, education, work experience and language. Applicants should have an occupation that appears on the Skilled Occupation List which is reviewed annually by Government.

The United Kingdom (UK) also runs a points-based scheme. The Shortage Occupations List details the professions that are in high demand in the UK. Employers for occupations on the List are not required to advertise the vacancies before resorting to the talent admissions scheme. If the vacancy is not on the List, the employer must complete a resident labour market test to prove that there is no suitable local worker who can do the job.

Singapore issues employment visas to overseas talent who can find a job in the country meeting criteria in pay, skills level, etc. Talented people possessing skills on the Strategic and Skills-in-Demand List will be given additional consideration for employment visa applications. Singapore has set up 11 Contact Singapore offices worldwide to reach out to target talent.

Contact Singapore partners with Singapore-based employers to organise career fairs and networking sessions in cities across the world to provide global talent with updates on career opportunities in Singapore. Students from top universities are invited to study trips and internship programmes in Singapore. Contact Singapore also has programmes targeted towards maintaining a connection with overseas Singaporeans.



Chapter 4

Complementing our Existing Population and Workforce with New Sources

4.8 We should also consider how to make Hong Kong a more attractive place to live and work. To increase the total stock of talent and professionals, we need to consider how to encourage the admitted talent to take Hong Kong as their permanent home, rather than a temporary stop that one would move out after a few years' time. Surveys have shown that housing prices, air quality and provision of international school places are the top three areas that need improvement according to Mainland and overseas talent living in Hong Kong.

Bringing Hong Kong People Home

4.9 We should not forget that Hong Kong talent is also much sought after in the global quest for talent. Hong Kong people are highly adaptable and versatile. Some have moved overseas to work or study. Many others have moved to the Mainland because of its rapid economic development. These movements can be short-term or permanent. According to a survey by Census and Statistics Department in 2010, some 175 100 Hong Kong residents had worked in the Mainland during the 12 months before the survey was conducted.

4.10 The current-term Government has already stepped up efforts in connecting with Hong Kong people living or studying overseas or on the Mainland. For example, on their official visits to the Mainland and overseas, Principal Officials will meet with the Hong Kong community there as a core part of their itineraries. ***The SCPP considers that more proactive policy efforts should be made, which may include –***

- (a) providing more facilitating immigration arrangements to their families²;
- (b) publicising the opportunities available in Hong Kong and the unique attractiveness of the city;
- (c) providing information about living in Hong Kong; and
- (d) adopting a more welcoming attitude by relaxing our regime on recognition of overseas professional qualifications.

² Some of the second or third generations of Hong Kong emigrants who were born and brought up abroad may not have the right of abode in Hong Kong and are treated no different from other migrants under existing immigration arrangements.





Helping Hands from Outside

4.11 Compared with overseas and Mainland talent, foreign domestic helpers (FDHs) are far more visible in our community. Their number have increased rapidly in the past decade from 237 000 in 2002 to 312 000 in 2012. It is estimated that about one in every 10 domestic households hire FDHs. In 2012, FDHs made up 7% of our total labour force.

4.12 The entry of FDHs is a good example of how foreign workers can offer much-needed, low-skilled manpower that is not supplied or under-supplied by the local workforce. Just imagine without FDHs, our female labour force participation rate would be much lower and our well-educated women would be restrained from contributing to Hong Kong's labour force.

4.13 We note that certain sectors, such as the construction industry, retail and catering industries, and care service sector, are facing labour shortages. The shortages are transitional in some sectors but long-term and structural in others.

4.14 Declining birth rates will also lead to a drop in the supply of labour force in the years ahead. Youngsters today aspire for higher education, more quality employment and better working conditions. Few would like to take up low-skilled jobs.

Chapter 4

Complementing our Existing Population and Workforce with New Sources

4.15 The number of job vacancies can be an indicator reflecting the tight labour market situation we are facing. The number of private sector vacancies rose by 9.9% year-on-year to 77 900 in June 2013. More prominent increases were seen in construction sites (up 74.3%), information and communications (up 28.3%), transportation, storage, postal and courier services (up 20.3%) and retail (up 17.8%) in June 2013. The number of vacancies vis-à-vis unemployed over the same period also showed that manpower shortage was particularly apparent in human health services, residential care and social work services, and arts, entertainment, recreation and other services.

4.16 With the exception of FDHs, low-skilled workers are imported under the Supplementary Labour Scheme (SLS) on a case-by-case basis. Employers need to demonstrate genuine difficulties in filling jobs with local workers. There is also a requirement that there be no more than one imported worker for every two local staff. The SLS excludes 26 job categories including cashiers, drivers, junior cooks, sales assistants and waiters. As at end 2012, only 2 415 imported workers (or 0.1% of the total labour force) were in Hong Kong, mostly elderly care workers and farmers.

4.17 Other places such as Singapore and Macao adopt a more flexible importation regime to facilitate major infrastructural projects or development plans. For example, at end 2012, there were about 884 900 imported low-skilled workers³ (or 28% of the total labour force) in Singapore while the figure for Macao was about 87 300 (or 26% of the total labour force).

4.18 Imported workers can help provide our community with needed economic and social services. We need them to help in various construction projects including residential flats or to provide staff for our residential care homes for the elderly and residential care homes for persons with disabilities, etc. While local workers should enjoy priority in filling job vacancies, industries (particularly those with a serious manpower shortage) need flexibility to fill the gap of the local manpower shortage in order to survive and thrive.

³ The figure excludes FDHs.



Chart 4.1: Hong Kong's Construction Output



4.19 As mentioned above, labour demand in some industries (e.g. construction) is not long-term in nature and varies from time to time. **Chart 4.1** shows how the construction output of Hong Kong fluctuated over time. We can consider training a core number of local workers and meeting the additional labour demand flexibly at times of

scarcity by importing labour, rather than training a large pool of workers who may be at higher risk of unemployment when the market turns quiet. The importation of labour provides flexibility to businesses during upswings, but can also provide a buffer for the local workforce during downturns.

Chapter 4

Complementing our Existing Population and Workforce with New Sources

Your views sought



Talent admission

- Should Hong Kong adopt a more proactive “we seek you” strategy on talent admission? If so, what can Government, businesses, industries and other sectors do to reach out to and bring in the needed talent?
- Should we target our talent admission schemes (such as QMAS) towards specific groups that would facilitate Hong Kong’s development in key industries?
- Are there barriers that deter talented people from working in Hong Kong? If so, how can we reduce or eliminate these barriers?

Hong Kong emigrants and their offspring

- How should we reach out to Hong Kong people and their families studying/living abroad or in the Mainland and encourage them to return to Hong Kong to work and live?
- What are the barriers that deter Hong Kong emigrants and their offspring to return to Hong Kong to work? How can we reduce or eliminate these barriers?

Importation of low-skilled workers

- What measures are required to ensure that more effective importation of labour will not jeopardise the interests of local workers, having regard to the importation arrangements for FDHs? Should priority be given to industries facing persistent manpower shortages?
- Are there barriers that deter the entrance of labour? If so, how can we reduce or eliminate these barriers?

Links for further information

General Employment Policy (GEP)
Admission Scheme for Mainland Talents and Professionals (ASMTF)
Immigration Arrangements for Non-local Graduates (IANG)
www.immd.gov.hk/en/services/hk-visas/professional-employment/guidebook.html

Quality Migrant Admission Scheme (QMAS)
www.immd.gov.hk/en/services/hk-visas/quality-migrant-admission.html

Capital Investment Entrant Scheme (CIES)
www.immd.gov.hk/en/services/hk-visas/capital-investment-entrant.html

Employment of Foreign Domestic Helpers from Abroad
www.immd.gov.hk/en/services/hk-visas/employ-domestic-helpers-from-abroad.html

Supplementary Labour Scheme (SLS)
www.labour.gov.hk/eng/plan/iwSLS.htm

Statistics on GEP, ATMAS, CIES
www.immd.gov.hk/en/facts/visa-control.html

Skilled Migration to Australia
www.immi.gov.au/media/fact-sheets/24overview_skilled.html

Working in the UK
www.ukba.homeoffice.gov.uk/visas-immigration/working/

Working in Singapore
www.contactsingapore.sg/professionals/visas_and_passes/for_employment/

Chapter 5 of Hong Kong Economic Reports – Issue of 16 August 2013
www.hkeconomy.gov.hk/en/pdf/er_13q2_ch5.pdf

Construction Industry Council
www.hkcic.org/eng/main.aspx

Chapter 5



Fostering a Supportive
Environment for our

People to
Form and
Raise Families

Chapter 5

Fostering a Supportive Environment for our People to Form and Raise Families



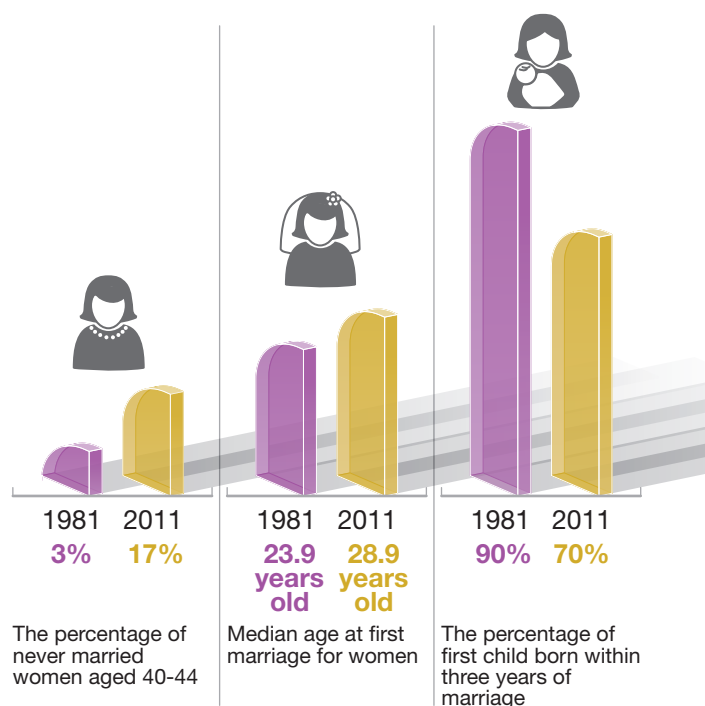
5.1 As the building blocks of society, families are crucial to our economic and social well-being. An evolving labour market, the increasing participation of women in the workforce, the growing prevalence of childless families and a rise in divorces are changing the face of local families. These trends have also contributed to Hong Kong's low fertility rate.

Box 5.1 Promoting family core values - the work of Family Council

The Family Council was set up in 2007 to provide a high-level platform for promoting a culture of loving families in the community. In 2013-14, the Council will continue to advocate families as a main driver for social harmony through the "Happy Family Campaign" and "Happy Family Info Hub". The Council will also relaunch the "Family-Friendly Employers Award Scheme" to encourage family-friendly workplace practices.

Why are Women Having Fewer Children?

5.2 As in other Asian economies such as Japan, Singapore and Taiwan, the low fertility rate in Hong Kong is marked by decreasing marriage rates and a tendency to postpone marriage and childbearing. The percentage of never married women aged 40-44 was 17% in 2011, up from 3% in 1981. Our median age at first marriage for women was 28.9 in 2011, compared with 23.9 three decades ago. In 2011, only 70% of first children were born within three years of marriage, down from 90% in 1981.



5.3 Delayed marriage shortens the childbearing period. In addition, women become less fertile the older they grow. A woman's fertility starts to decline in her 30s and this decline accelerates after her mid-30s. One consequence of this is that many more women remain childless or have fewer children contrary to their wishes. The Survey on Family Planning Knowledge, Attitude and Practice in Hong Kong 2012 commissioned by the Hong Kong Family Planning Association (KAP Survey 2012) showed that more than half of the women polled wanted to have two children but in reality could only produce 1.2. The problem is that when women defer having children until they are in their 30s, many simply run out of time and end up with only one child or childless.



5.4 A wide range of factors are contributing to later childbearing and lower numbers of children being born. These include the higher educational attainment of women, their growing aspirations to be economically active, the psycho-social stress in raising children, unequal share of childcaring responsibilities between genders and the growing acceptance of childless families. While these changes in values and beliefs are likely to have contributed to lower fertility and later childbirth, other factors are obviously at work in Hong Kong's context.

5.5 Young couples face a number of everyday practical issues when they contemplate having children. These include difficulties finding affordable housing as well as suitable and quality childcare and education services, in addition to the need to balance parenthood and career against Hong Kong's highly competitive and demanding work culture.

5.6 The KAP Survey 2012 revealed that "too much responsibility" and "heavy financial burden" are the two main concerns cited by those who did not want to have children, or more than one child. What seems certain is that considerations about the social and financial costs of having and raising children play a key role in the decisions of Hong Kong's couples of whether to have children. The same survey also found that the higher the education and income level, the higher the proportion of female respondents without children.

Box 5.2

How do other countries respond to low fertility rates?

Asian countries such as Japan, Korea and Singapore have adopted family support policies largely driven by fertility concerns. But the response has been less than satisfactory - fertility rates remain low at 1.39, 1.24 and 1.20 in 2011 respectively.

Among OECD countries, some Northern European countries such as Denmark and Sweden stand out from others, with fertility rates returning close to the replacement level of 2.1. Policies in these countries that help women combine career and family seem to have the unintended effect of raising fertility levels. But positive policy outcomes come at a high cost. In Denmark and Sweden, public spending on family benefits accounted for 3.9% and 3.75% of their GDPs in 2009, while their tax to GDP ratio was close to 50%.

Family support policies in overseas countries usually take the form of direct subsidies or allowances (such as tax deduction, cash allowance to help meet direct costs of pregnancy, assisted reproductive technology treatment etc.) and other benefits to reduce the opportunity cost of childbearing (such as paid parental leave, subsidised childcare and after-school care, family-friendly workplace practices including flexible working hours). A study by the think tank RAND Europe in 2011 suggested that policies that reduce the opportunity cost of having children seem to have a greater influence on fertility than direct financial incentives.

Chapter 5

Fostering a Supportive Environment for our People to Form and Raise Families

Box 5.3 Provision of Assisted Reproductive Technology (ART) in Hong Kong

Public sector

At present, the Hospital Authority provides infertility treatment services at nine public hospitals to legally married couples aged under 40, mainly Artificial Insemination by Husband (AIH) and In-vitro fertilization (IVF). IVF treatment is available in three ART centres, namely Kwong Wah Hospital, Prince of Wales Hospital (PWH) and Queen Mary Hospital (QMH). The current subsidised charges for each IVF cycle range from \$4,000 to \$12,000. Self-financing patients can receive services offered by the two Universities at PWH and QMH, with shorter waiting times but at higher charges.

Private sector

Of the existing 41 private licensed ART centres, 30 provide AIH treatment and 11 offer services such as sperm washing, IVF and embryo transfers. The estimated charges for one cycle of AIH range from \$8,000 to \$16,000 and packages for IVF procedures cost from \$65,000 to \$100,000.

Hong Kong Family Planning Association (FPAHK)

FPAHK provides clinical assessment, investigation and appropriate treatment for infertile couples. In early 2013, FPAHK started to offer AIH treatment to couples on a self-financing basis.

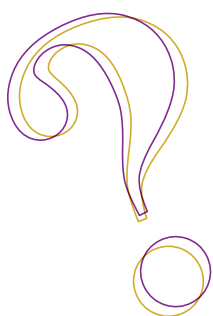
Should Government Do More to Raise Birth Rates? If Yes, What?

5.7 To some people, the question of childbirth is a family matter that should not involve government intervention. Some also consider that child caring is a family responsibility and the burden should not be shifted to taxpayers or employers. Others doubt the effectiveness of pro-birth policies or family support measures in raising fertility, in view of the mixed results achieved elsewhere. There are also questions on the relevance of overseas measures in Hong Kong's context. Public views are bound to be diverse as to whether we should spend substantial resources on measures to raise fertility in light of other competing policy and livelihood issues.

5.8 The SCPP agrees that the Government should not interfere with the childbearing decisions of individuals. Noting from the KAP Survey 2012 that significantly more respondents than before considered that financial incentives and family-friendly measures would increase their desire to have children, ***the SCPP considers that a more supportive environment for forming and raising families should be explored.*** But this should be balanced against the additional financial burden on taxpayers and employers, the Government's other more pressing spending priorities due to ageing population, and the need to maintain a low tax regime.



Your views sought



Would the following measures be effective to help people form and raise families? If yes, to what extent?

- direct subsidy or allowance to help meet pregnancy expenses
- improved access to ART treatment
- family benefits or services (e.g. paid parental leave, subsidised childcare and after-school care services)
- family-friendly workplace practices (e.g. flexible working hours and home office)
- raising public awareness on the implications of delayed marriage and childbearing on fertility

How should the cost of such measures be met and shared among general taxpayers, employers and employees?

What can we do to help young couples overcome the major hurdles of affordable housing, education and childcare?

Links for further information

The Fertility Trend in Hong Kong, 1981 to 2011, Census and Statistics Department
www.censtatd.gov.hk/fd.jsp?file=B71211FB2012XXXXB0100.pdf&product_id=FA100090&lang=1

Statistics on Marriage, Fertility and Family Conditions, Census and Statistics Department
www.censtatd.gov.hk/hkstat/sub/gender/marr_fert_and_family_con/index.jsp
www.censtatd.gov.hk/fd.jsp?file=B11303032013AN13B0100.pdf&product_id=B1130303&lang=1 (Chapter 2)

Hong Kong Women in Figures 2011 (published by Women's Commission)
www.women.gov.hk/download/library/report/HK_Women2011_e.pdf

The Family Planning Association of Hong Kong
www.famplan.org.hk

Family Planning Knowledge, Attitude and Practice (KAP) in Hong Kong Survey 2012 (PowerPoint available in Chinese only)
www.famplan.org.hk/fpahk/zh/press/press/20130521-press-chi.pptx

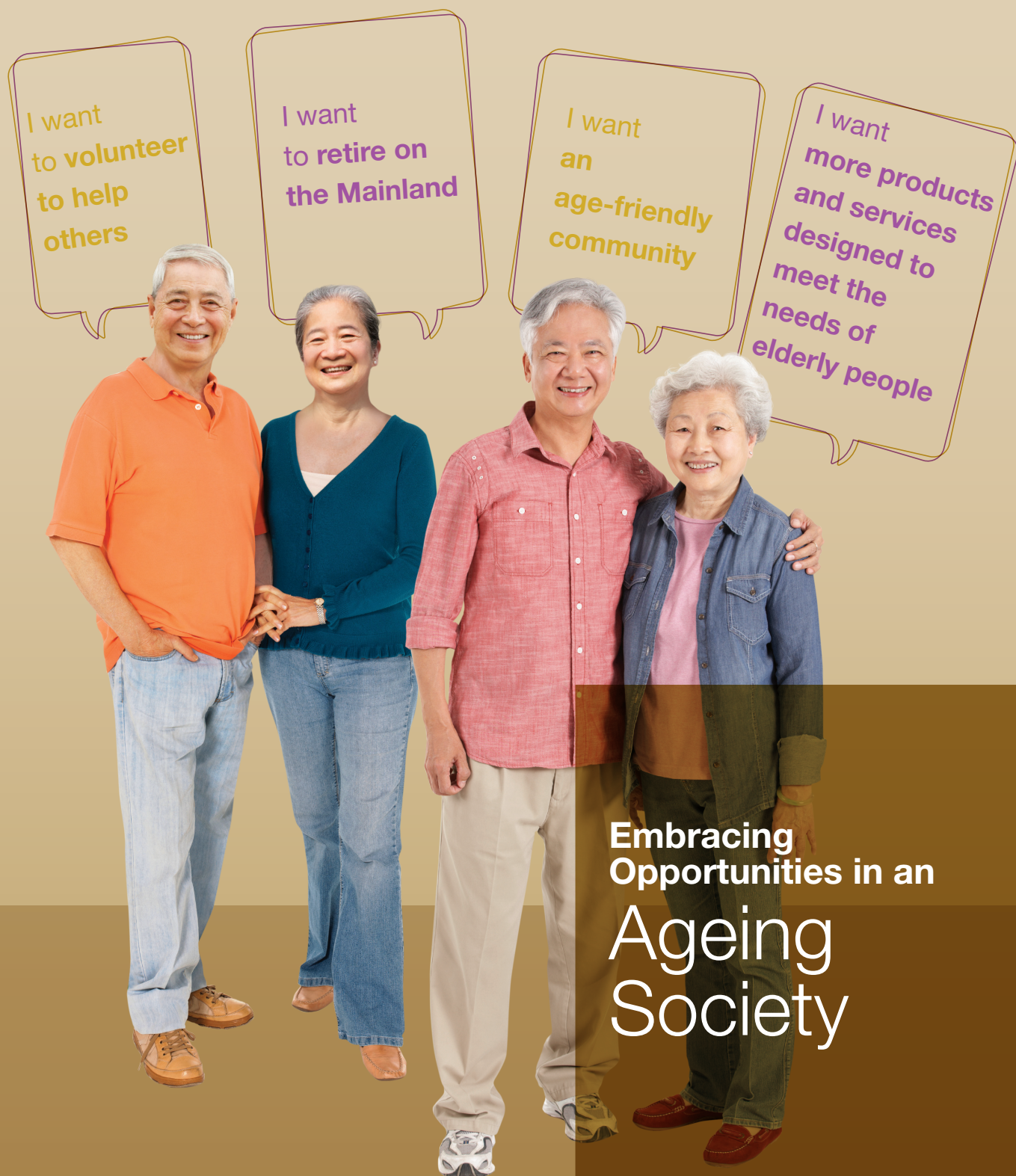
Family Council
www.familycouncil.gov.hk/

OECD (2011), Doing Better for Families
www.oecd.org/social/family/doingbetter

OECD (2012), OECD Family Database, OECD, Paris
www.oecd.org/social/family/database

"Low fertility in Europe - is there still reason to worry?", RAND Europe
www.rand.org/pubs/monographs/MG1080.html#abstract

Chapter 6



Embracing
Opportunities in an
Ageing
Society



6.1 By 2041, nearly one in every three people in Hong Kong will be aged 65 or above. Are we as prepared as we think for our ageing society of the future?

6.2 An ageing population creates greater demands on social security, healthcare and elderly services. ***The SCPP considers that while the community should waste no time to address these challenges, we should also get prepared for the opportunities that come with an ageing society.*** Future generations of elderly people will be healthier and more energetic. They will be better connected to society, better educated, more individualised in lifestyle and more independent in planning and taking care of their needs. These factors will open up new economic and social opportunities for this group as well as for the community as a whole.

Box 6.1 What is Active Ageing?

Active ageing is the process of optimising opportunities for health, participation and security in order to enhance quality of life as people age.

- World Health Organization

Chapter 6

Embracing Opportunities in an Ageing Society



Active Ageing and Age-friendly Environment

6.3 Maintaining an active and productive life is important for elderly people to stay fit both physically and psychologically. There are many facets of active ageing. Some elderly persons may still prefer to work, albeit not on a full-time basis. And retired elderly people provide a ready pool of volunteers to serve other needy groups in the community. Undertaking volunteer service provides them flexibility in time commitment and makes good use of their wealth of experience, knowledge and expertise.

6.4 An age-friendly environment encourages active ageing by enabling elderly people of various capacities to stay healthy, active and independent. Over the years, the Government has taken various initiatives to encourage active ageing, for example, the establishment of elder academies to promote lifelong learning among elderly people, the Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities which greatly enhances the mobility of elderly people, and the improvement to physical accessibility to buildings and public facilities. But building an age-friendly environment takes more than the above and requires the efforts of more than the Government. ***The SCPP would like to seek the views of the public, particularly from the elderly people, on what areas of improvement are needed and how different sectors of the community can contribute to building an age-friendly environment.***

Box 6.2

Government initiatives to promote active ageing

Elder Academy (EA) Scheme

Launched by the Elderly Commission and the Labour and Welfare Bureau in 2007, the EA Scheme has been offering a wide range of courses to encourage elderly people to pursue lifelong learning. At present, there are altogether 106 EAs in primary, secondary and tertiary institutions throughout the territory.

Neighbourhood Active-Ageing Project (NAAP)

Launched in 2008, NAAP promotes active ageing, develops community support networks and encourages elderly people to serve the community as volunteers. A total of 75 district projects were carried out across the territory between 2008 and 2011, engaging more than 200 000 elderly persons and their family members. The new phase NAAP was launched in early 2012 and a total of 69 district projects are being carried out until 2014.

Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities

The Scheme enables elderly people and eligible persons with disabilities to travel on the general Mass Transit Railway (MTR) lines, franchised buses and ferries at a concessionary fare of \$2 per trip. The estimated government expenditure of the Scheme is around \$600 million in 2013-14. The daily average passenger trips using MTR, buses and ferries by elderly people under the Scheme is around 580 000.

Improvement Programme of Elderly Centres (IPEC) cum Jockey Club Elderly Facilities Modernisation Scheme (JCEFMS)

Starting from 2012, 237 elderly centres would be modernised with improved physical setting and facilities in phases with combined funding of \$900 million from the Lotteries Fund and \$110 million from the Hong Kong Jockey Club Charities Trust. IPEC cum JCEFMS will enable some 200 000 users of the elderly centres to engage more fully in community life.

Universal Accessibility Programme

The new policy on “Universal Accessibility” announced in August 2012 aims at further enhancing the accessibility of existing public walkways to help our elderly and other people in need to move around with greater ease. Different from previous retrofitting programmes which accorded priority to ramps, we will install both lifts and ramps at existing public walkways unless site constraints dictate one form over the other. After consulting the District Councils in the first quarter of 2013, the Government is conducting preliminary technical feasibility studies for priority projects identified in each district.



Chapter 6

Embracing Opportunities in an Ageing Society

Silver Hair Market

6.5 Future generations of elderly people will be fitter, better educated and better informed than any previous generations. Businesses and entrepreneurs whose key customers are currently the middle-aged population should get prepared as their consumers grow older. They should make early plans to ensure that their products, services and marketing strategies can cater for the needs of the future markets. The so-called “silver hair market” will present plenty of business opportunities, for example, in financial services (such as health or medical insurance), tourism, care services, medical services, fitness and grooming, health food products, and housing. We need to examine what it takes for business and the economy to take advantage of these opportunities.

Retiring on the Mainland

6.6 At present, the Comprehensive Social Security Assistance (CSSA) for elderly aged 60 or above is portable to Guangdong and Fujian provinces under the Portable CSSA Scheme¹. The Government introduced the “Guangdong Scheme” in October 2013 to allow eligible elderly people who choose to reside in Guangdong to receive the Old Age Allowance without the need to come back to Hong Kong. Both schemes provide solely cash payments and seek to facilitate and better support elderly people who choose to retire on the Mainland.

6.7 Indeed, some of our elderly people are attracted to retire in Guangdong because of its proximity to Hong Kong and the more spacious living environment. This opens up an opportunity for greater co-operation between Hong Kong and Guangdong to help our elderly opt for retirement in the province.

6.8 *The SCPP considers that facilitating our elderly people to retire on the Mainland and particularly in Guangdong is a complex issue but, nonetheless, worthy of exploration.* Several factors are at play. For example, the availability of affordable and quality healthcare is a very important consideration for those elderly people who wish to retire on the Mainland. Some elderly people may need various levels of long-term care services while residing in Guangdong. Friends and family ties are also of great concern to the elderly people. We should study the merits, feasibility, and financial implications of any support measures. Any new measure would be useless if it is not what users want. Hence, we need to tap the views of elderly people on how best to meet their needs and aspirations.

1 To be eligible for the Portable CSSA (PCSSA) Scheme, an elderly person must be a Hong Kong permanent resident and have lived in Hong Kong for at least seven years; be aged 60 or above; and have received CSSA continuously for at least one year immediately before the date of the application for PCSSA. Breaks in payment totalling not more than 10 days during the one-year period are allowed.



Your views sought



Active Ageing and Age-friendly Environment

- What are the key areas we need to improve to build an age-friendly city that can help elderly people to stay active in the community?
- How can we encourage and facilitate elderly people to undertake volunteer service?

Silver Hair Market

- What sort of products and services tailored for elderly people would you like to see in the market? How can the Government facilitate the development of the silver hair market?

Retiring on the Mainland

- What support measures are needed to facilitate elderly people to retire on the Mainland, particularly in Guangdong?

Links for further information

World Health Organization – Ageing
www.who.int/topics/ageing/en/

Elderly Commission
www.elderlycommission.gov.hk/

Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities
www.lwb.gov.hk/fare_concession/index_e.html

Elder Academy
www.elderacademy.org.hk/

Design Manual - Barrier Free Access 2008
www.bd.gov.hk/english/documents/code/e_bfa2008.htm

Portable Comprehensive Social Security Assistance (PCSSA) Scheme
www.swd.gov.hk/en/index/site_pubsvc/page_socsecu/sub_portableco/

Guangdong Scheme
www.swd.gov.hk/gds/index_e.html

Annex I

Hong Kong's Population Profile (2001-2041)*

| Actual | | | | | | | | | | | | | Projections | | | | | |
|---|------------|------------|-------------|------------|------------|------------|------------|------------|------------|-------------|------------|------------|-------------|-------------|-------------|-------------|------------|------------|
| Year | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2016 | 2021 | 2026 | 2031 | 2036 | 2041 |
| 1. Total population ('000) | 6 487.2 | 6 504.7 | 6 516.9 | 6 566.6 | 6 592.4 | 6 629.4 | 6 676.9 | 6 705.3 | 6 707.2 | 6 745.3 | 6 779.1 | 6 846.7 | 7 030.5 | 7 280.4 | 7 520.0 | 7 714.3 | 7 867.1 | 7 981.6 |
| Annual growth (%) | 0.4 | 0.3 | 0.2 | 0.8 | 0.4 | 0.6 | 0.7 | 0.4 | 0.0 | 0.6 | 0.5 | 1.0 | | | | | | |
| Average annual growth rate over the past 5 years (%) | | | | | | | | | | | | | 0.7 | 0.7 | 0.6 | 0.5 | 0.4 | 0.3 |
| 2. Age structure (as % of total population) | | | | | | | | | | | | | | | | | | |
| Aged 0-14 (%) | 17 | 17 | 16 | 15 | 15 | 14 | 14 | 13 | 13 | 13 | 12 | 12 | 12 | 12 | 12 | 11 | 10 | 10 |
| Aged 15-64 (%) | 71 | 72 | 72 | 72 | 73 | 73 | 73 | 73 | 74 | 74 | 74 | 74 | 72 | 68 | 64 | 61 | 59 | 58 |
| Aged 65 or above (%) | 12 | 12 | 12 | 12 | 13 | 13 | 13 | 13 | 13 | 14 | 14 | 14 | 17 | 20 | 24 | 28 | 31 | 32 |
| 3. Median age | 37.2 | 37.9 | 38.5 | 39.1 | 39.6 | 40.1 | 40.5 | 41.0 | 41.5 | 42.0 | 42.4 | 42.8 | 44.4 | 46.5 | 47.8 | 49.3 | 50.7 | 51.8 |
| 4. Demographic dependency ratio# | 399 | 398 | 392 | 385 | 377 | 370 | 367 | 361 | 356 | 354 | 352 | 355 | 393 | 471 | 555 | 633 | 684 | 712 |
| Elderly# | 163 | 167 | 170 | 173 | 174 | 176 | 179 | 179 | 182 | 184 | 188 | 194 | 231 | 293 | 375 | 457 | 514 | 549 |
| Child# | 237 | 231 | 222 | 212 | 202 | 194 | 188 | 182 | 175 | 169 | 164 | 161 | 162 | 178 | 179 | 176 | 170 | 163 |
| 5. Total fertility rate^ | 931 | 941 | 901 | 922 | 959 | 984 | 1 028 | 1 064 | 1 055 | 1 127 | 1 204 | 1 285 | 1 177 | 1 191 | 1 191 | 1 190 | 1 164 | 1 151 |
| 6. Life expectancy at birth§ | | | | | | | | | | | | | | | | | | |
| Male | 78.4 | 78.5 | 78.5 | 79.0 | 78.8 | 79.4 | 79.4 | 79.4 | 79.8 | 80.1 | 80.3 | 80.7 | 81.4 | 82.2 | 82.9 | 83.5 | 84.0 | 84.4 |
| Female | 84.6 | 84.5 | 84.4 | 84.8 | 84.6 | 85.5 | 85.4 | 85.5 | 85.9 | 86.0 | 86.7 | 86.4 | 87.6 | 88.5 | 89.2 | 89.8 | 90.3 | 90.8 |
| 7. Labour force ('000) | 3 242.5 | 3 282.6 | 3 272.6 | 3 322.9 | 3 337.9 | 3 370.1 | 3 405.8 | 3 415.9 | 3 428.3 | 3 391.7 | 3 450.9 | 3 518.8 | 3 702.3 | 3 690.5 | 3 592.0 | 3 519.7 | 3 510.0 | 3 522.4 |
| Annual growth (%) | 1.1 | 1.2 | -0.3 | 1.5 | 0.5 | 1.0 | 1.1 | 0.3 | 0.4 | -1.1 | 1.7 | 2.0 | | | | | | |
| Average annual growth rate over the past 5 years (%) | | | | | | | | | | | | | 1.4 | -0.1 | -0.5 | -0.4 | 0.1 | 0.1 |
| 8. Labour force participation rate@ (%) | 60.2 | 60.4 | 60.0 | 59.9 | 59.6 | 59.9 | 59.8 | 59.3 | 59.2 | 57.9 | 58.4 | 58.8 | 60.5 | 58.6 | 54.8 | 51.9 | 50.3 | 49.5 |
| 9. Economic dependency ratio~ | 1 000 | 982 | 983 | 970 | 969 | 949 | 943 | 947 | 940 | 974 | 951 | 932 | 874 | 945 | 1 065 | 1 163 | 1 213 | 1 237 |

Notes: (*) Excluding foreign domestic helpers unless otherwise specified.

(#) Demographic dependency ratio is the sum of child and elderly dependency ratios.

Child dependency ratio refers to the number of persons aged under 15 per 1 000 persons aged between 15 and 64.

Elderly dependency ratio refers to the number of persons aged 65 or over per 1 000 persons aged between 15 and 64.

(^) Refers to the average number of births during the lifetime per 1 000 females.

(§) Refers to the number of years of life that a person born in a given year is expected to live if he/she was subject to the prevalent mortality conditions as reflected by the set of age-sex specific mortality rates for that year. Including foreign domestic helpers.

(@) Refers to the proportion of labour force in total land-based non-institutional population aged 15 or over.

(~) Economic dependency ratio refers to the number of economically inactive persons per 1 000 economically active persons.

Source: Census and Statistics Department.

Annex II

Membership of the Steering Committee on Population Policy

Chairman

Chief Secretary for Administration

Non-official Members

Professor Alfred Chan Cheung-ming, BBS, JP

Dr Susan Fan Yun-sun, JP

Ms Christine Fang Meng-sang, BBS, JP

Professor Hau Kit-tai, MH, JP

Mr Matthias Li Sing-chung

Professor Francis Lui Ting-ming

Ms Caroline Mak Sui-king

Mr Francis Mok Gar-lon

Professor Shen Jianfa

Mr Stephen Yau How-boa, SBS, MH, JP

Professor Paul Yip Siu-fai

Ex-officio Members

Secretary for Home Affairs

Secretary for Labour and Welfare

Secretary for Financial Services and the Treasury

Secretary for Security

Secretary for Education

Secretary for Food and Health

Director of Immigration

Director of Administration

Head, Central Policy Unit

Commissioner for Census and Statistics

Government Economist

Families and Children

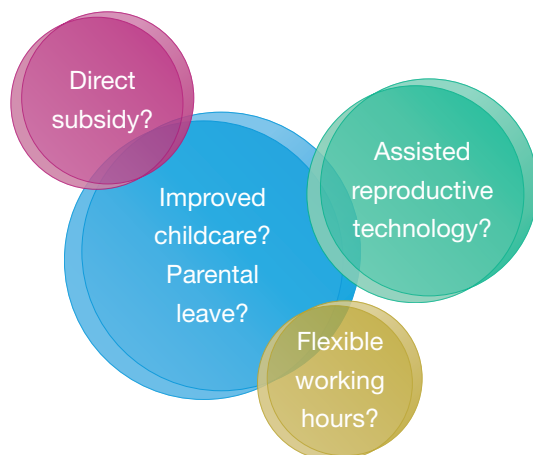


Strengthening Families

Family is the building block of society. Children are our future. We should foster a supportive environment in which individuals' aspiration to form and raise families can be fulfilled as far as possible.

What measures would be effective in helping people form and raise families? How should the cost of such measures be met among taxpayers, employers and employees?

How to help young couples overcome the major hurdles of affordable housing, education and childcare?



Opportunities in an Ageing Society



Active Ageing

Elderly people are our valuable asset. We should build an age-friendly environment that fosters active ageing and enables elderly people to continue contributing to the community.

Silver Hair Market

Elderly people of future generations will be consumers with high purchasing power. An ageing society presents plenty of business opportunities.

Retiring on the Mainland

Our close links with the Mainland open up opportunities for our elderly people to opt for retirement on the Mainland, particularly in Guangdong Province, to enjoy more spacious living environment.

What are the key areas that need improvement for building an age-friendly environment that helps elderly people stay active?

How can we encourage and facilitate elderly people to undertake volunteer service?

What sort of products and services tailored for elderly people would you like to see in the market? How to facilitate the development of silver hair market?

What support measures are needed to facilitate elderly people to retire on the Mainland?

集思港益

Thoughts for Hong Kong

人口政策公眾參與活動

Public Engagement Exercise on Population Policy



Please send us your views on
population policy
by 23 February 2014

Email: views@hkpopulation.gov.hk

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Website: www.hkpopulation.gov.hk

Facebook: www.facebook.com/groups/Thoughts4HK

Address: Secretariat of the Steering Committee on Population Policy,
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Tamar, Hong Kong



Secretariat of the Steering Committee on Population Policy
Chief Secretary for Administration's Office

Demographic Challenges

Hong Kong is ageing fast

By 2041, nearly one in every three of us will be aged 65 or above. Our labour force will decline starting from 2018. Dwindling labour force will slow our economic growth and therefore adversely affect our employment opportunities and living standards. It will also compress our tax base while public expenditure rises to meet the growing needs of an ageing population.

| | 1981 | 2012 | 2041 |
|--|--------------|--------------|--------------|
| Declining fertility rate Number of live births per woman | 1.9 | 1.3 | 1.2 |
| Longer life expectancy Life expectancy at birth (Male /Female) | 72.3 78.5 | 80.7 86.4 | 84.4 90.8 |
| Rapidly ageing population Proportion of elderly people | 7% | 14% | 32% |
| Increasing dependency ratio Number of young and old dependants per 100 working age persons | 45.8 | 35.5 | 71.2 |
| Shrinking labour force Proportion of people aged 15 or above in employment or looking for jobs | 66.7% | 58.8% | 49.5% |

Our Population is Full of Diversity

New arrivals from the Mainland, persons with disabilities and ethnic minorities are our families and neighbours sharing the same community. We must cultivate a socially inclusive environment in which people of all backgrounds and colours can realise their potential.

To tackle the challenges, we should formulate a sustainable population policy with the following objective –

“To develop and nurture a population that will continuously support and drive Hong Kong’s socio-economic development as Asia’s world city, and to engender a socially inclusive and cohesive society that allows individuals to realise their potential, with a view to attaining quality life for all residents and families.”

Local Manpower



Quantity

We need to increase the size of our workforce by -

- unleashing the potential of female homemakers and early retirees; and
- promoting social inclusiveness and removing barriers to work to facilitate people of all backgrounds to join the labour market.

Quality

We should enhance our manpower quality and reduce skills mismatch. We need to -

- diversify our economic base to increase job diversity;
- enhance our education and training to ensure that young people have the right skills;
- revive the value of vocational education as an alternative to traditional academic pursuits; and
- promote continuing learning.

What are the effective measures to encourage female homemakers and early retirees to join our labour force?

How to unleash the potential of new arrivals, persons with disabilities and ethnic minorities through education, training and employment?

How to align our post-secondary education closer with the needs of employers?

How to inspire interest in vocational education and promote continuing learning?

New Sources of Manpower



Global Competition for Talent

Cities around the world are all striving to attract talent to add value to their economies. Hong Kong cannot afford to lag behind in this global battle for talent. To stay competitive, Hong Kong should build up its stock of human capital by taking in talent from outside.

Bringing Hong Kong People Home

We should make more proactive efforts in attracting Hong Kong emigrants and their offspring to return to Hong Kong. We should also make Hong Kong an attractive place for talent from around the world to live and stay here.

Helping Hands from Outside

Some industries are facing manpower shortage. We need to consider how our labour importation system can be made more effective to meet the needs of our economy and changing population.

Should we adopt a more proactive “we seek you” strategy and more targeted approach on talent admission?

How to reach out to Hong Kong emigrants and their offspring and encourage them to return to Hong Kong?

How to make our system of labour importation more effective without jeopardising the interests of local workers?