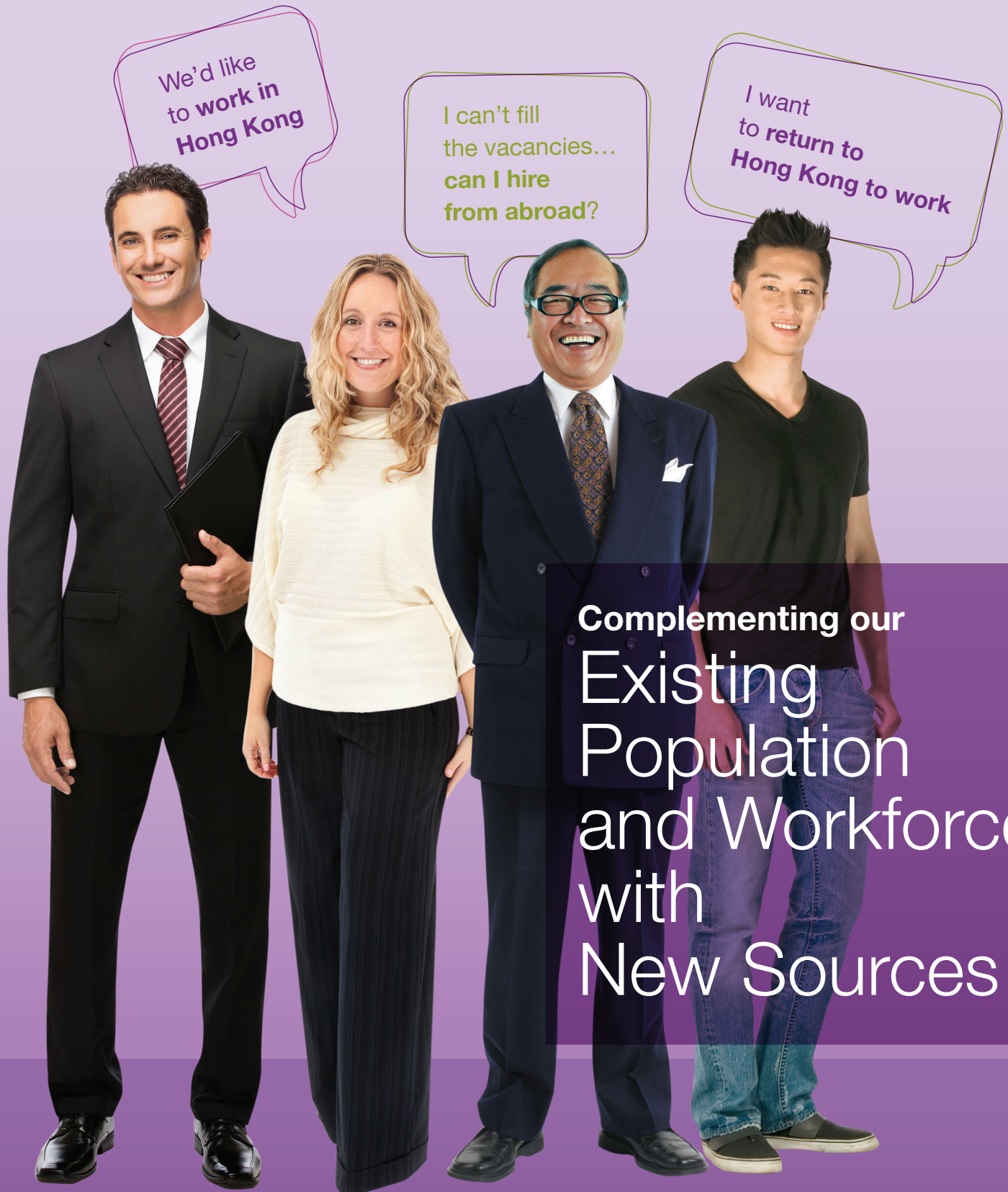


Chapter 4



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



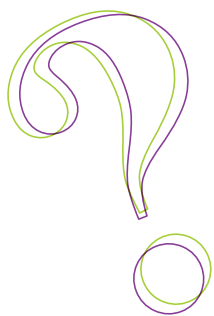
4.19 As mentioned above, labour demand in some industries (e.g. construction) is not long-term in nature and varies from time to time. **Chart 4.1** shows how the construction output of Hong Kong fluctuated over time. We can consider training a core number of local workers and meeting the additional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