

集思港益

Thoughts for Hong Kong

人口政策公眾參與活動

Public Engagement Exercise on Population Policy

Press Conference on Public Engagement Exercise on Population Policy

24 October 2013

Chief Executive's Election Manifesto

“The most valuable resource of any place ... is its people. How that people is made up, in terms of age groups, education level, employment, income distribution ... directly affects the economic and social conditions of that place.”

“The guiding concept of a population policy is to prioritise the interests of the local community ...”

“Properly implemented, ... the population policy would enhance Hong Kong's competitive edge, ensure balanced development of our society and promote a more harmonised communal environment within our community.”

Steering Committee on Population Policy

- The Steering Committee on Population Policy (SCPP) was reconstituted in December 2012 to **include for the first time non-official members from various fields**, in addition to official membership, with Chief Secretary for Administration as Chairman and six Directors of Bureau as member
- The SCPP will launch a four-month public engagement exercise from today

Why this public engagement exercise?

- Notwithstanding two reports issued in 2003 and 2012, the significance of demographic challenges not fully appreciated in society
- There is a need **to deepen public understanding of the challenges and build consensus on policy directions**
- The SCPP seeks to make the current exercise **as inclusive and participatory as possible**
- The SCPP **will not duplicate subjects being studied in other platforms**, including retirement protection, housing, public finances, as well as elderly health and welfare services, so as to make the exercise more manageable and sharpen its focus

Population Policy – Policy Objective

- Hong Kong needs a **sustainable** population policy that promotes **economic and social progress** -

“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.”

Our Demographic Challenges

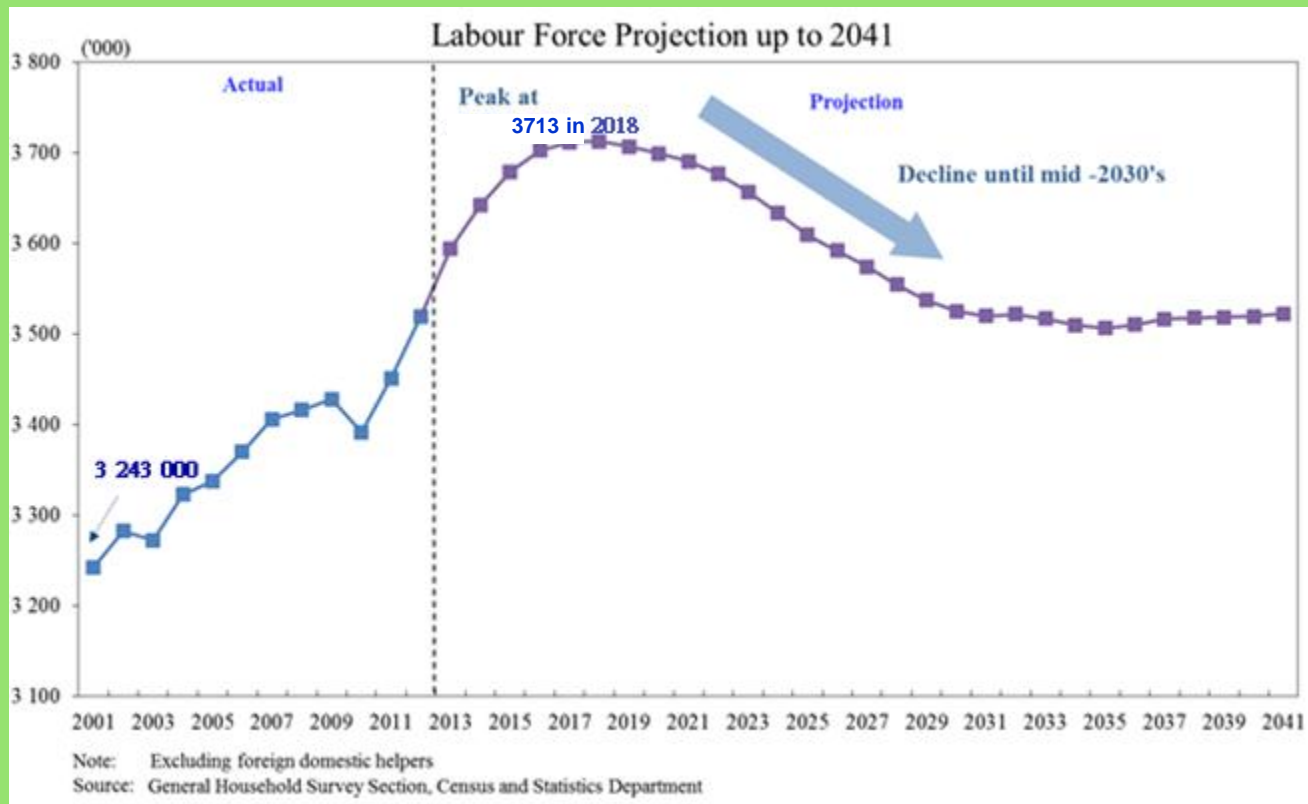
(1) Rapidly Ageing Population

- By 2041, nearly one in three Hong Kong people will be aged 65 or above
- Ageing population is the combined result of people having fewer babies and living longer

	1981	2012	2041
Rapidly ageing population Proportion of elderly people	7%	14%	32%
Declining fertility rate Number of live births per woman	1.9	1.3	1.2
Longer life expectancy Life expectancy at birth - male	72.3	80.7	84.4
- female	78.5	86.4	90.8

(2) Shrinking Labour Force

- The baby boomer generation will retire in the years ahead. From 2018 onward, our labour force will decline, as retirees leaving the job market outnumber young people starting work



(3) Increasing Dependency Ratio

- Ageing population will lower labour force participation rate (LFPR). Dependency ratio will increase, as fewer workers will support retirees and young dependants

	1981	2012	2041
Lower LFPR			
Proportion of people aged 15 or above in employment or looking for jobs	66.7%	58.8%	49.5%
Increasing dependency ratio			
Number of young and old dependants per 100 working age persons - young dependants	45.8	35.5	71.2
- old dependants	36.2	16.1	16.3
	9.6	19.4	54.9

(4) New Arrivals from Mainland Continue to Contribute to Population Growth

- Migration (mostly being new arrivals from the Mainland) continues to be the major source for population growth

	1997	2002	2007	2012
Base Population	6 435 500	6 714 300	6 857 100	7 071 600
Add : natural growth (birth minus death)	31 800	12 800	28 600	50 100
OWP holders	47 700	56 800	44 700	52 100
Net movement of others*	-25 700	-39 800	-14 100	-19 200
	6 489 300	6 744 100	6 916 300	7 154 600

*Including Type I & II children returning to the Mainland immediately after birth

Challenges and Opportunities

Challenges

- Dwindling labour force will –
 - slow our economic growth and adversely affect our employment opportunities and living standards
 - compress our already narrow tax base
- Ageing population will –
 - increase public spending on healthcare and elderly services

Opportunities

- Future generations of the elderly are better educated, healthier and financially more independent

Policy Framework

- Existing Population
- New Sources of Population
- Ageing Population

Five Policy Strategies to Manage Challenges

Existing Population

- increase the **quantity** of the labour force
 - drawing more people into the labour market
- enhance the **quality** of the labour force
 - improving education and training
 - minimising skills mismatch

Five Policy Strategies to Manage Challenges

New Sources of Population

- adopt a more pro-active strategy and targeted approach for **talent admission**; consider a more effective **importation of labour** system without jeopardising the interests of local workers
- foster a supportive environment for young couples to **raise children**

Five Policy Strategies to Manage Challenges

Ageing Population

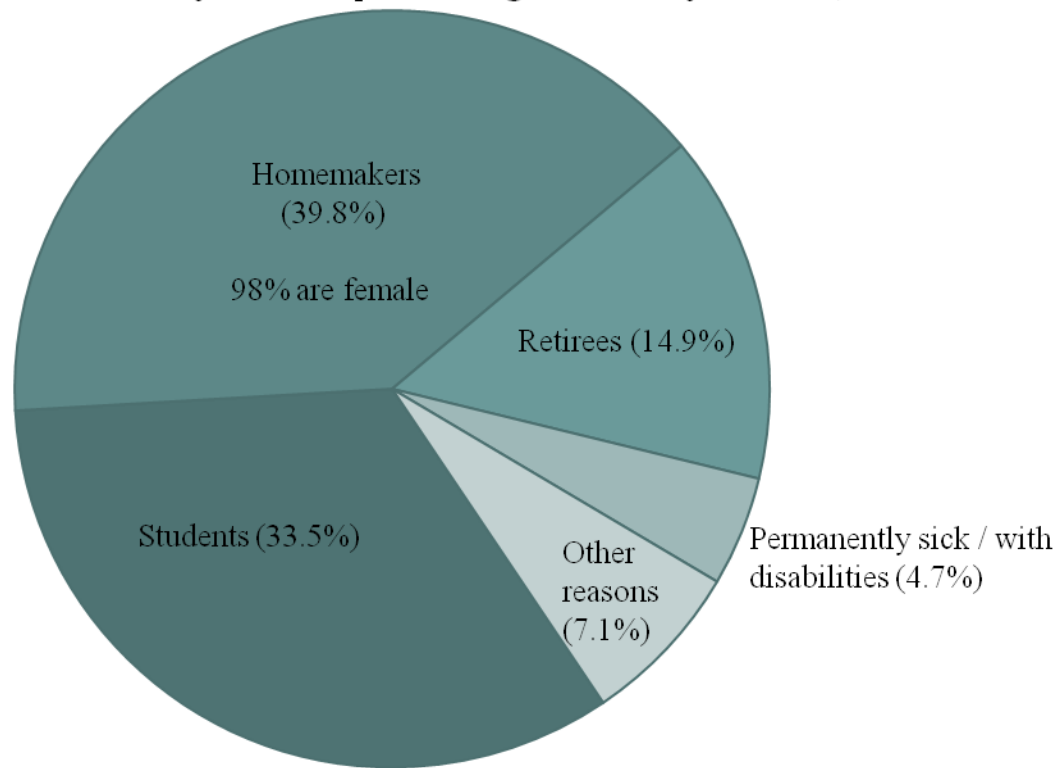
- help the **elderly stay active** in our community
 - building an age-friendly environment
 - promoting active ageing
 - developing silver hair market

Local Manpower: Quantity

Who Else can Work in the Existing Population?

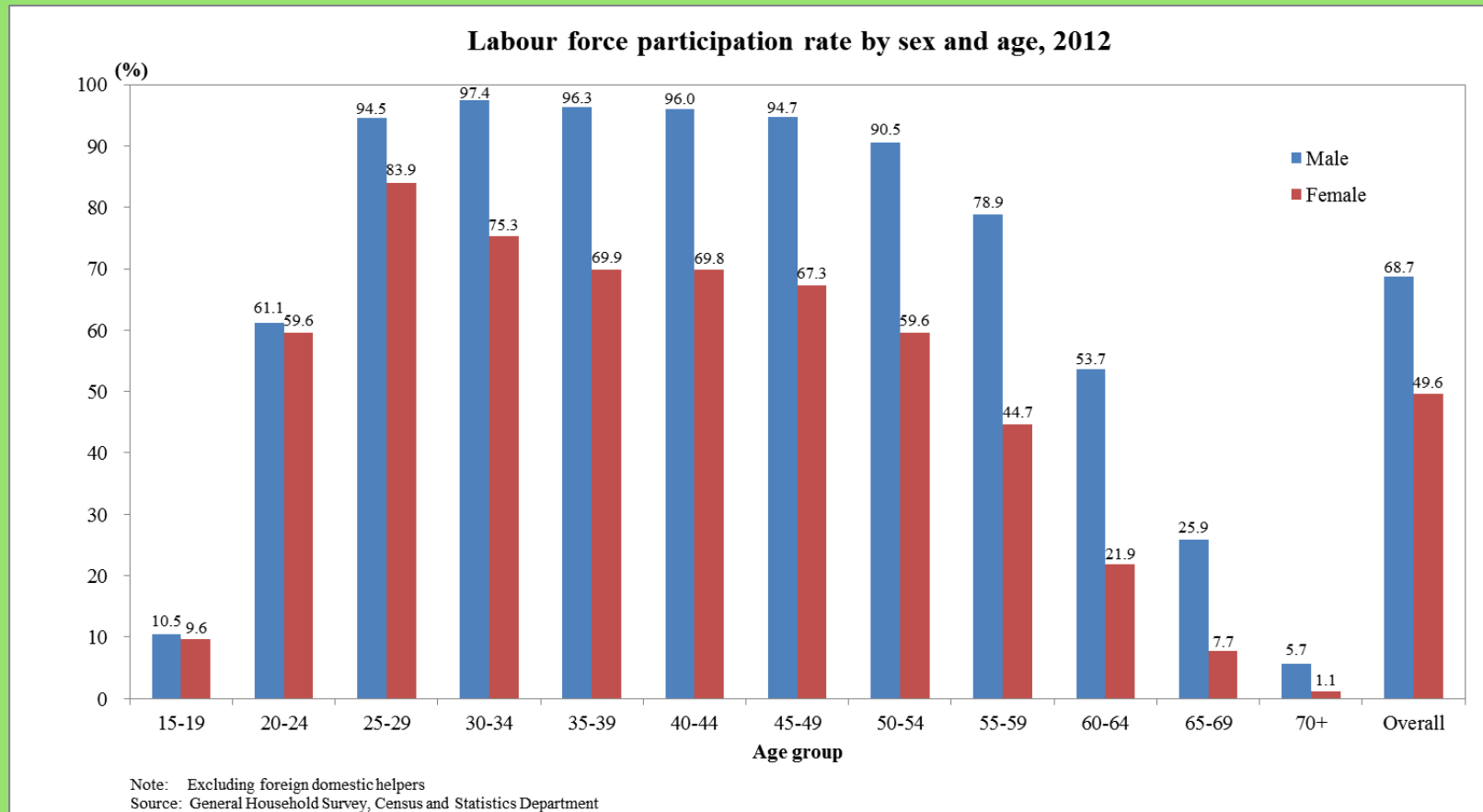
- 1.6 million economically inactive people aged 15 to 64
- Female homemakers and early retirees being key targets
- **Getting them to work** benefits both the economy and the workers themselves

Economically inactive persons aged 15-64 by reasons, 2012



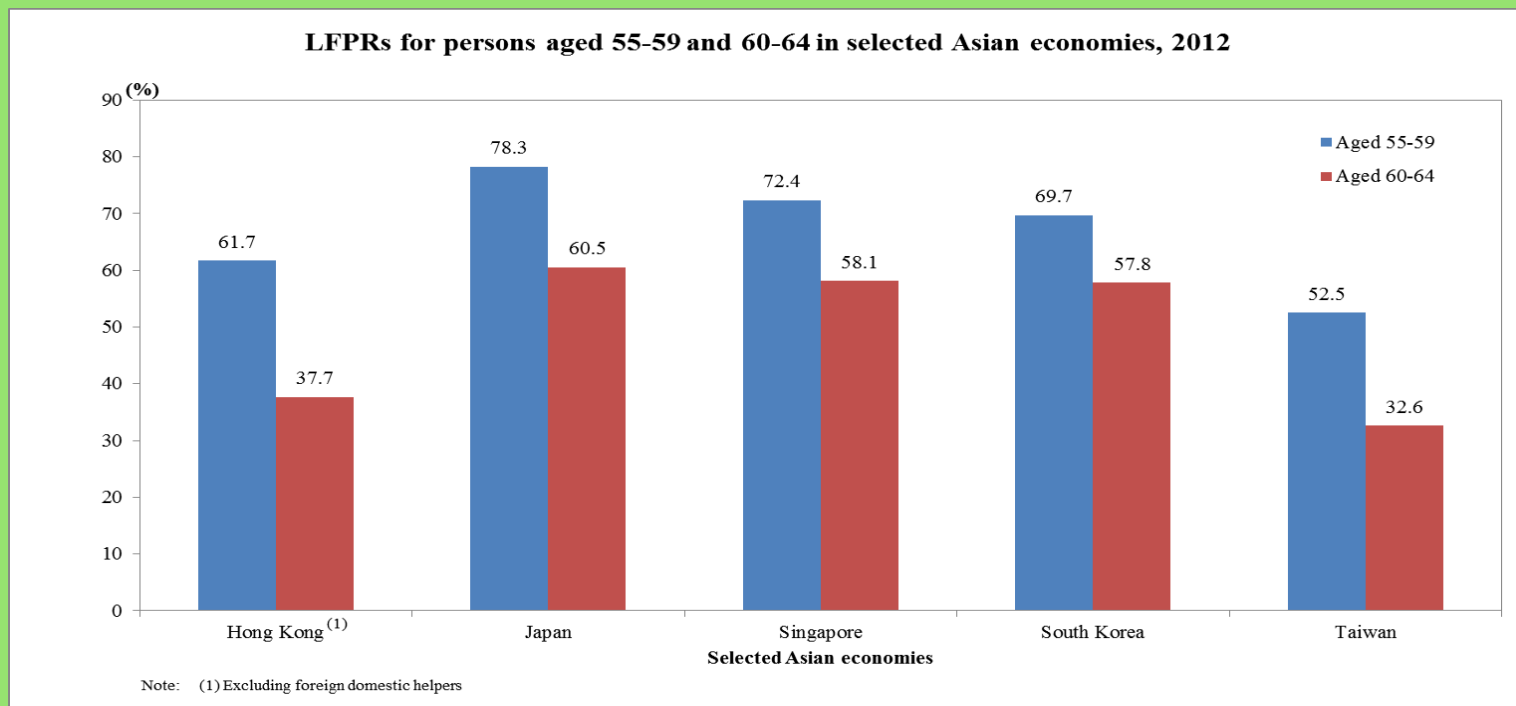
More Female Homemakers to Work

- Lower LFPR among women than men (49.6% vs 68.7%), LFPR gap widens noticeably from 30-39 age range
- 525 000 female homemakers aged 30-59



Mature Workers to Work Longer

- Relatively lower LFPR for those aged 55-59 and 60-64 in Hong Kong
- 240 200 retired persons aged 50-64
- Can improve workers' financial position, enable progressive retirement and facilitate skills transfer
- Should not hinder the career prospects of young people



Promote Integration of New Arrivals, Persons with Disabilities, and Ethnic Minorities

- To make Hong Kong a place where people of different origins, ethnicity and abilities can develop and realise their potential
- With proper training and support services, new arrivals, persons with disabilities and ethnic minorities can provide timely relief to our tight labour market. **Helping them join the labour force** is also conducive to social integration

Local Manpower: Quality

Quality of our Home-grown Talent

- Declining manpower quality, skills mismatch and the lack of job diversity for our young people are growing concerns
- There is the perception that the quality of our post-secondary graduates are declining. Two of the more common areas of concern are language and communication skills
- Employers of certain industries including vocational trades 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
- Higher education attainment has not paid off financially for some young people. For young people aged 20-29 in full-time employment, the monthly median income remained basically at \$10,000 in the past decade

Quality of our Home-grown Talent – Possible Policy Directions

- To diversify our economic base to **increase job diversity** and better estimate our manpower requirements with a **more elaborate manpower projection system**
- To enhance our education and training to **ensure young people have the right skills**
- To revive the value of **vocational education** as a **viable alternative to heavily academic routes**
- To promote **continuous learning**

New Sources of Manpower from Outside

Global Quest for Talent

	As at		
	31 Dec 2010	31 Dec 2011	31 Dec 2012
Imported Talent under General Employment Policy	64 591 (1.9%)	71 085 (2.1%)	73 801 (2.1%)
Imported Talent under Admission Scheme for Mainland Talents and Professionals	10 734 (0.3%)	11 769 (0.3%)	12 980 (0.4%)
Quality Migrant Admission Scheme	Total quotas allocated since 2006: 2 553		
Immigration Arrangements for Non-local Graduates	Total graduates approved since 2008: 28 271		

Note: () proportion of imported talent against total labour force (excluding foreign domestic helpers)

Importation of Labour

- Certain sectors (such as the construction industry, retail and catering industries, and care service sector) are facing labour shortage
- Reported private sector vacancies rose by about 10% year-on-year to 77 900 in June 2013 when our economy was almost in full employment
- Under the Supplementary Labour Scheme (SLS), employers need to demonstrate, on a case-by-case basis, genuine difficulties in filling jobs with local workers. SLS excludes 26 job categories including cashiers, drivers, junior cooks, sales assistants and waiters

Importation of Labour

- Other places like Macao and Singapore adopt a more flexible importation regime to facilitate infrastructural or development projects

	Number of workers imported under SLS in end 2012 (proportion against total labour force)
Hong Kong	2 415 (0.1%)
Macao	87 300 (26%)
Singapore	884 900 (28%)

- Young people today aspire for quality jobs. Few would like to take up low-skilled jobs

New Sources of Manpower from Outside – Possible Policy Directions

Global Quest for Talent

- To **align** our talent admission schemes **with our economic development strategy**
- To **target specific groups of talent** that can facilitate Hong Kong's development in key industries
- To **adopt a more proactive “we seek you” approach** to go out and market Hong Kong as a place of opportunities **for global talent**, and **bring home Hong Kong people** living or studying abroad or on the Mainland
- To reduce or eliminate barriers that deter talent from coming to Hong Kong by **making our city a more attractive place** for them **to live and work**

Importation of Labour

- To consider a more effective **importation of labour** system without jeopardising the interests of local workers

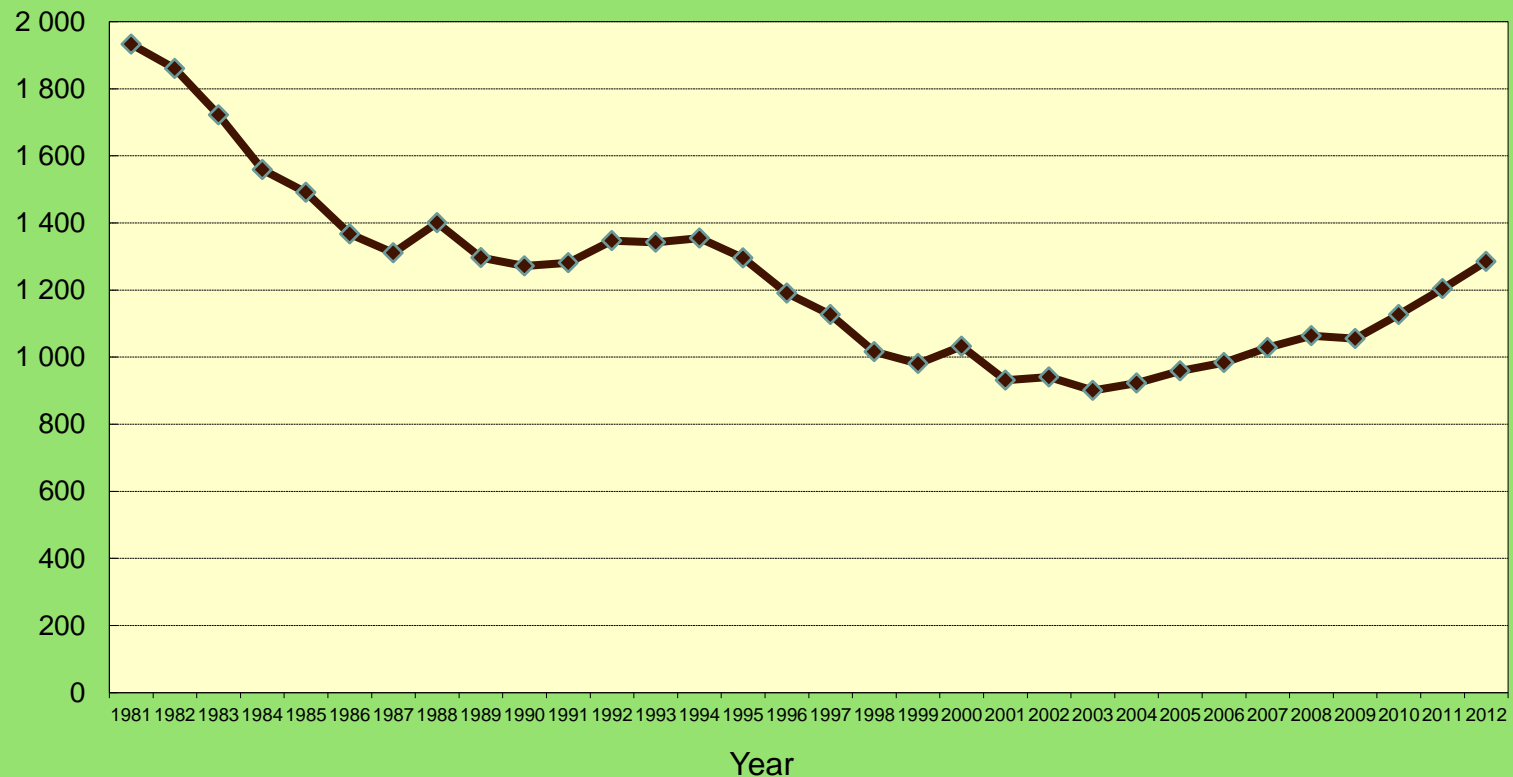
Forming and Raising Families

Forming and Raising Families

- Declining fertility rate since 1981, rebounded in recent years, still among the lowest in developed economies

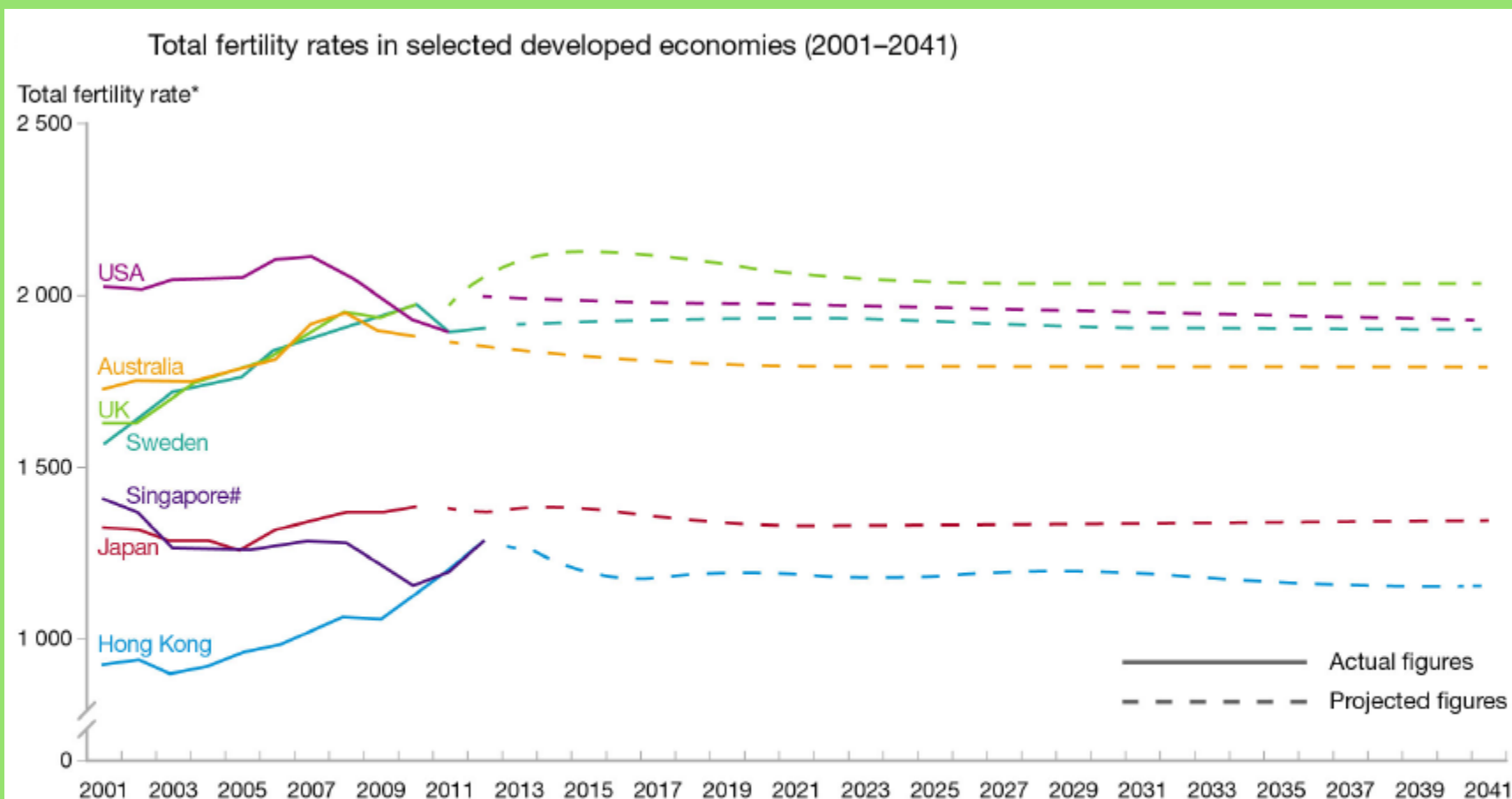
Total fertility rate

Total Fertility Rates of Hong Kong



* Total fertility rate refers to the average number of children that would be born alive to 1 000 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.

Forming and Raising Families (Cont'd)

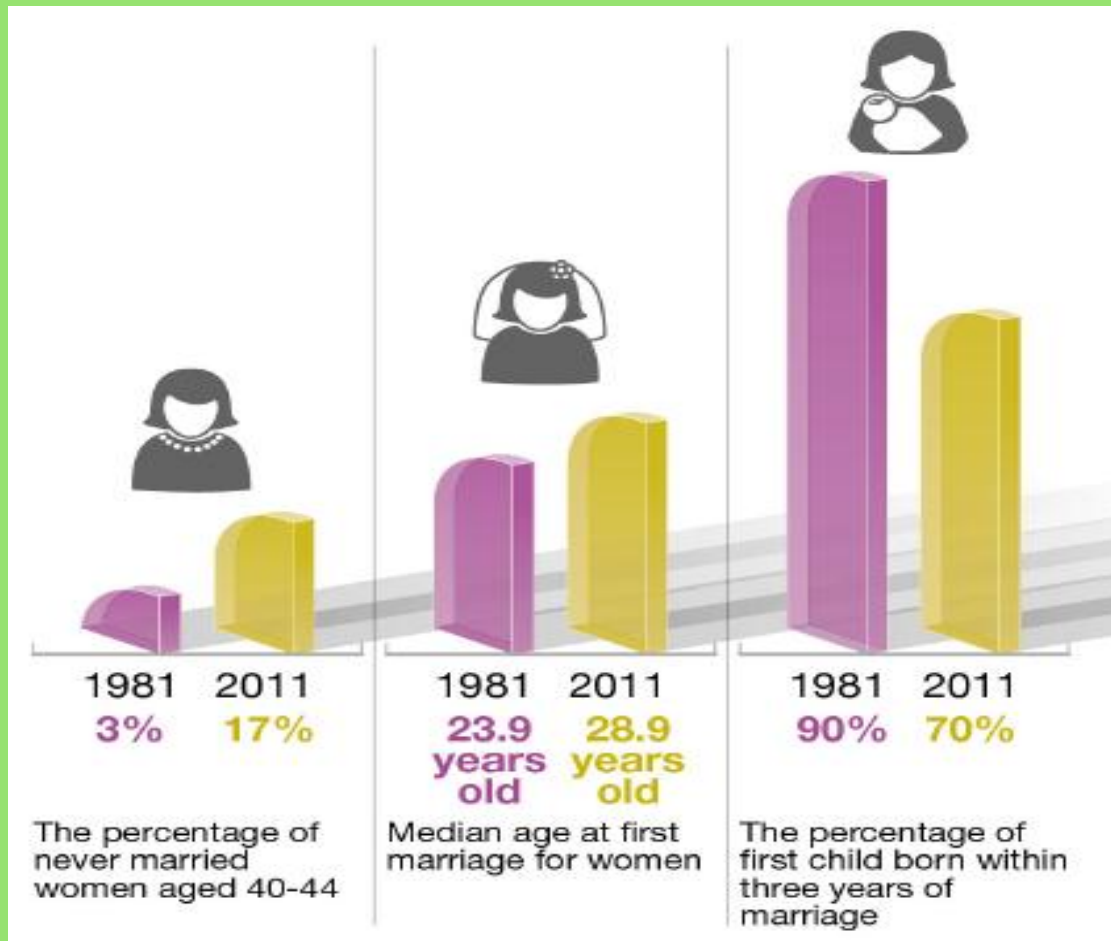


* Total fertility rate refers to the average number of children that would be born alive to 1000 women during their lifetime if they were to pass through their childbearing ages 15-49 experiencing the age specific fertility rates prevailing in a given year.

Projected figures for Singapore are not available.

Forming and Raising Families

- Women today are having fewer babies because of –
 - decreasing marriage rates
 - delayed marriage and childbearing



Forming and Raising Families

- A 2012 survey by The Family Planning Association of Hong Kong shows -
 - more than half of the women surveyed wanted two children but actually had 1.2
 - “too much responsibility” and “heavy financial burden” most frequently cited by those who did not want to have children, or more than one child
- Mixed results of pro-birth policies elsewhere. Fertility rates of Asian economies such as Singapore and Taiwan still low after policy interventions. High fertility rates in some Nordic economies only attainable with huge public spending on family benefits

Forming and Raising Families – Possible Policy Directions

- To **foster a supportive environment** in which individuals' aspiration to form and raise families can be fulfilled as far as possible, though we should not interfere with individuals' childbearing decisions

(Examples of family support policies in other places : tax deduction for child, direct subsidies or allowance for child care, paid parental leave, family-friendly workplace practices, subsidised assisted reproductive technology service, etc.)

Opportunities in an Ageing Society

Embracing Opportunities in an Ageing Society

- Profile of the elderly improving in terms of, for example, education attainment

	2001	2006	2011
Proportion of elderly aged 65 or above attaining secondary education or above	18.4%	25.0%	31.0%

- Some of the elderly –
 - want to stay active and contribute to the community after retirement
 - are customers with high purchasing power in the consumer market

Embracing Opportunities in an Ageing Society – Possible Policy Directions

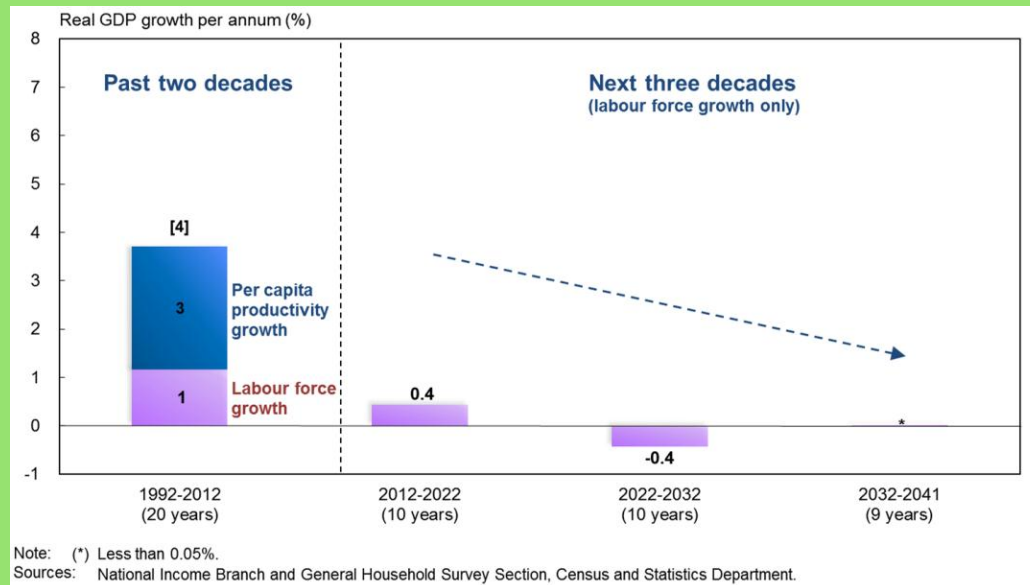
- To **build an age-friendly environment** that fosters **active ageing** and enables elderly people to continue contributing to the community.
- To **develop the silver hair market** in Hong Kong. An ageing society presents plenty of business opportunities in areas including financial services, tourism, care services, medical services, fitness and grooming, health food products and housing.
- To explore ways to **facilitate our elderly people to retire on the Mainland, particularly in Guangdong.**

Three Issues of Public Concern

- We are inviting responses to a list of open-ended questions in our consultation document based on the above policy directions.
- SCPP has stated its position clear on three issues :
 - a population cap is undesirable
 - One-Way Permit Scheme be preserved
 - Type II children not a solution to our demographic challenge

A Population Cap is Undesirable

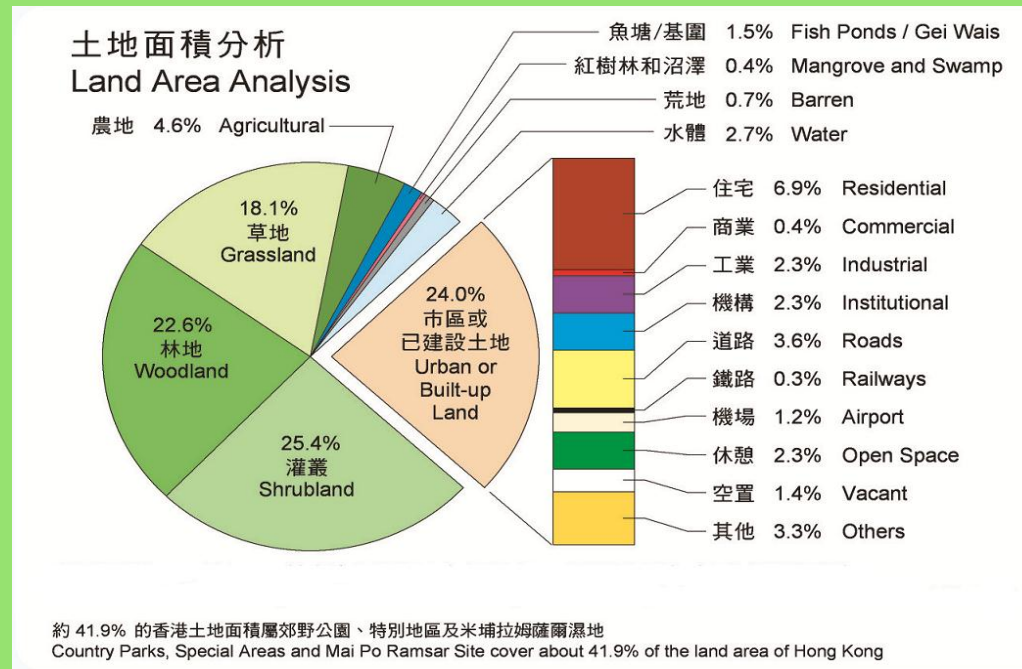
- Very moderate population growth at 0.6% per annum in the past decade
 - excluding foreign domestic helpers, on average only 34 200 net additional population each year in the past decade
 - expected to grow at about 0.6% per annum in next 30 years
- Population growth counters ageing trend and adds people to labour force
 - of 4% average annual real GDP growth in the past 20 years, 1% due to labour force growth and 3% due to productivity
 - if labour force growth turns negative, 4% annual growth rate not attainable unless productivity rises



A Population Cap is Undesirable (Cont'd)

Do we have enough land?

- Of the total 1 108 km² land area, only 24% are developed while 41.9% are country park, etc. under mandatory protection

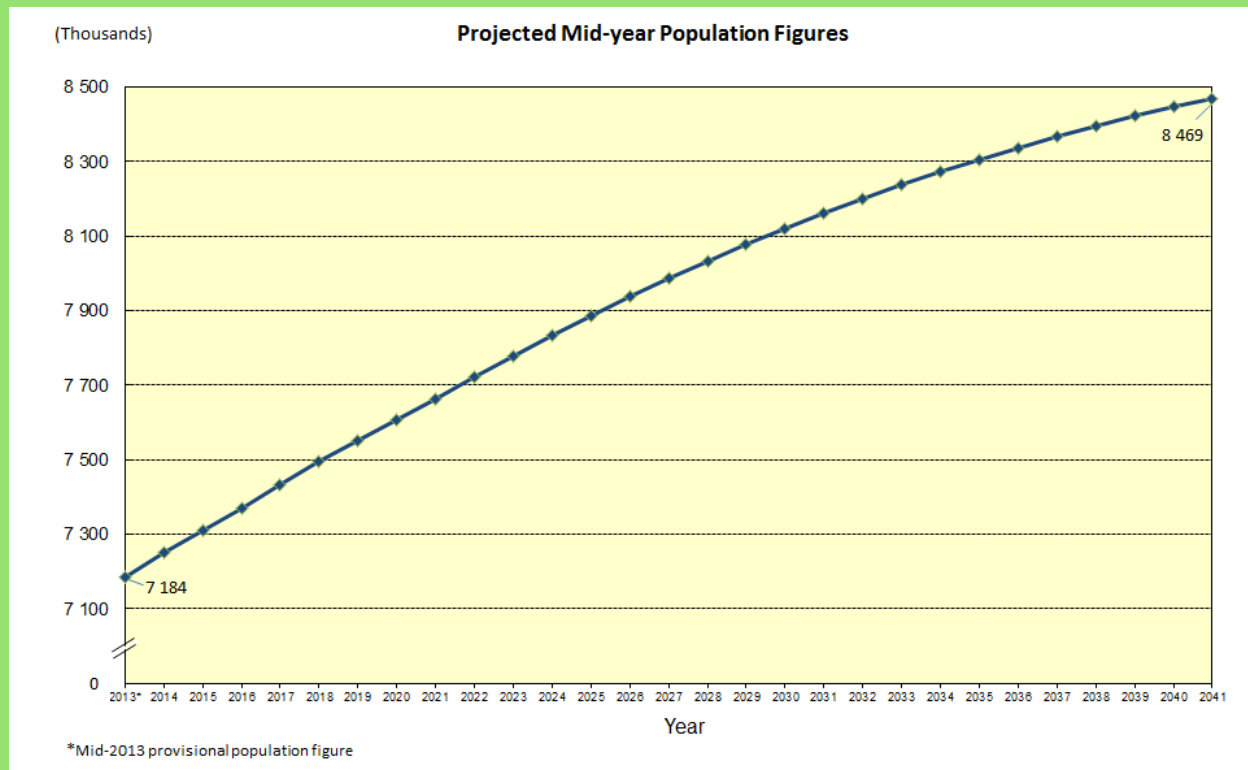


- Manage possible pressure on infrastructure, housing, public services and the environment, through robust population projections and continued planning and investment well ahead of time

A Population Cap is Undesirable (Cont'd)

Population projections for planning of public services

- Population projections compiled by the Census and Statistics Department every five years to facilitate planning of infrastructure, housing and public services
- Latest projections based on 2011 Population Census, population increased from 7.18 million in mid-2013 (provisional figure) to 8.47 million in mid-2041



One-Way Permit (OWP) Scheme be Preserved

- Article 22(4) of the Basic Law,
“For entry into the [HKSAR], people from other parts of China must apply for approval. Among them, the number of persons who enter the [HKSAR] for the purpose of settlement shall be determined by the competent authorities of the Central People’s Government after consulting the [HKSAR Government]”
- Family reunion as policy objective
→ 784 000 arrivals (July 1997 to June 2013)
 - 49% joined spouse
 - 49% joined parents
 - 2% others (including elderly parents joining children or unsupported children joining relatives)
- A point-based system with open and transparent criteria for objective assessment of applicants’ eligibility and priority
- Points for approval of OWP applications published by the Mainland authorities on the Internet

One-Way Permit (OWP) Scheme be Preserved (Cont'd)

- Continued need for the Scheme because cross-boundary marriages remain at high level

	Cross-boundary marriages registered in Hong Kong (a)	Total marriages registered in Hong Kong (b)	Proportion of cross-boundary marriages (a) / (b) x 100%	Issue of CAMR* (d)	Total estimated cross-boundary marriages (a) + (d)
2008	16 615	47 331	35.1	6 336	22 951
2009	16 350	51 175	31.9	5 989	22 339
2010	18 659	52 558	35.5	5 368	24 027
2011	20 635	58 369	35.4	5 544	26 179
2012	21 860	60 459	36.2	5 678	27 538

*CAMR: Certificate of Absence of Marriage Records

- With family reunion as policy objective, not appropriate or feasible to impose screening criteria based on educational attainment or skill

One-Way Permit (OWP) Scheme be Preserved (Cont'd)

- Need to keep daily quota at 150 because of admission of overage children since April 2011 to meet local people's aspirations

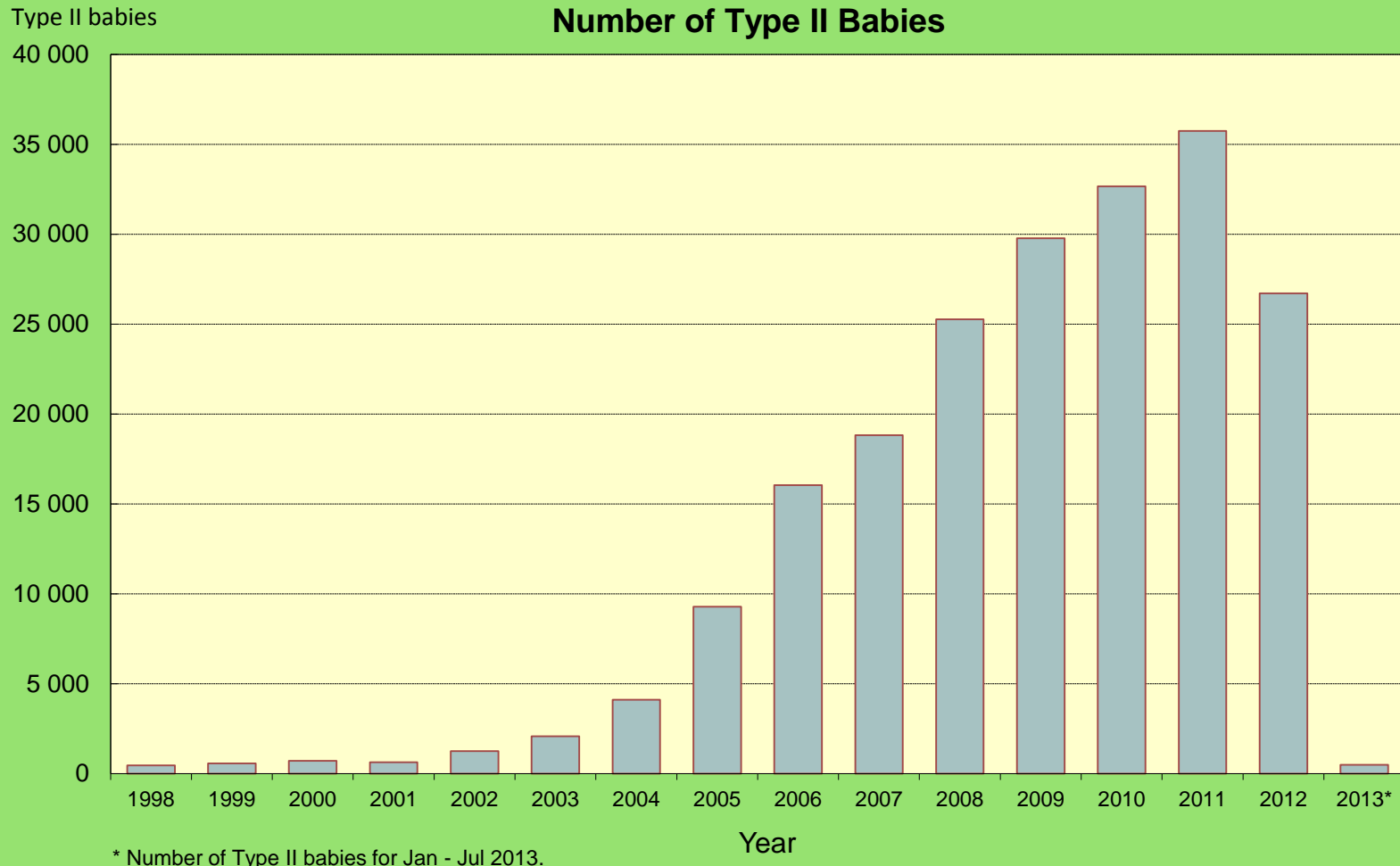
	Approved OWPs for the year	Approved OWPs per day on average
2008	41 610	114
2009	48 587	133
2010	42 624	117
2011	43 379	119
2012	54 646	149

- Improving educational level, potential source to replenish our labour force given suitable training

Profile of OWP Holders			
	Sex ratio (male / female)	Median Age	Proportion of OWP holders attaining secondary education or above
2002	30/70	29	66%
2007	34/66	28	88%
2012	36/64	36	86%

Type II Children not a Solution to Our Demographic Challenge

- While the “zero delivery quota” policy implemented in 2013 has reined in the problem of Type II babies, we have to deal with the service demands of some 200000 such children by enhanced planning and preparation as well as flexible measures.



Public Engagement Exercise

- Consultation document
- TV and radio API, mini-film, posters and leaflets
- Website, facebook
- Public forums, focus group meetings, consultation with the Legislative Council, District Councils, Government advisory and statutory bodies, chambers of commerce, professional bodies and district organisations etc.

Four-month Public Engagement Exercise

Please send us your views on or before
23 February 2014 via the following channels –

Email : views@hkipopulation.gov.hk

Telephone : 3142 2041

Fax : 2537 7068

Website : www.hkipopulation.gov.hk

Facebook: www.facebook.com/groups/thoughts4hk

Thank you

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