

主旨: Submission of views (by Prof. Frederick HO Wing -huen)  
附件: Submission on population policy(Fred.W.H.HO).doc; Submission on population policy(FRED.W.H.HO).pdf

I am Prof. Frederick HO Wing-huen [何永煊]. I was formerly Commissioner for Census and Statistics (Hong Kong, 1992-2005) and am currently Honorary Professor of the Statistics and Actuarial Science of the University of Hong Kong and Adjunct Professor of the Statistics Department of the Chinese University of Hong Kong. Among various other engagements, I am an Executive Committee member of the Hong Kong Council of Professional Associations [香港專業議會] ( website: <http://www.copa.hk/> ) and a member of the Strategic Committee of the Hong Kong Ideas Centre [香港集思會] (a private sector think tank; website: <http://www.ideascentre.hk/>).

In response to government's invitation for views on the Population Policy, forums have been held separately by those two organizations. I was a speaker in these forums, among others. Based on the presentations at such forums, views expressed by attendees of those events and opinions and information I have gathered through discussions with various people on other occasions, I have drawn up the submission.

Nevertheless, observations and views made are entirely my own responsibility and may not represent views and positions of those two organizations mentioned above or others. In any case, the points made in the submission should be considered in the light of their own merits, rather than as bearing any weight of the two organizations or others that I am associated with.

I attach herewith my submission. I have provided both the doc and pdf versions, in case the contents in the doc version gets mis-aligned when it is read on your computer. to facilitate your work, I am posting a hardcopy of this email and attachment to you after the despatch of the email.

Fredick HO Wing-huen

## **SUBMISSION OF VIEWS ON POPULATION POLICY, FEBRUARY, 2014**

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### **1. THE AUTHOR AND THE BACKGROUND OF THE SUBMISSION**

I am Prof. Frederick HO Wing-huen [何永煊]. I was formerly Commissioner for Census and Statistics (Hong Kong, 1992-2005) and am currently Honorary Professor of the Statistics and Actuarial Science of the University of Hong Kong and Adjunct Professor of the Statistics Department of the Chinese University of Hong Kong. Among various other engagements, I am an Executive Committee member of the Hong Kong Council of Professional Associations [香港專業議會] ( website: [www.copa.hk](http://www.copa.hk) ) and a member of the Strategic Committee of the Hong Kong Ideas Centre [香港集思會] (a private sector think tank; website: [www.ideascentre.hk](http://www.ideascentre.hk)).

In response to government's invitation for views on the Population Policy, forums have been held separately by those two organizations. I was a speaker in these forums, among others. Based on the presentations at such forums, views expressed by attendees of those events and opinions and information I have gathered through discussions with various people on other occasions, I have drawn up the submission.

Nevertheless, observations and views made are entirely my own responsibility and may not represent views and positions of those two organizations mentioned above or others. In any case, the points made in the submission should be considered in the light of their own merits, rather than as bearing any weight of the two organizations or others that I am associated with.

## 2. SUMMARY OF KEY POINTS MADE IN THE MAIN SUBMISSION

Points made in the submission are grouped into two parts. Part 3.1 contains further demographic analysis highlighting certain important points in response to or somewhat beyond those in the Consultation Document. Part 3.2 contains points relating to the tackling of the population challenges. Below is a summary of the key points raised in the Main Submission. For ease of reference, at the end of each point I have put down the Section (or Sub-section) in the Main Submission where detailed discussion can be found.

(1) Hong Kong's fertility level is in fact NOT as low as commonly thought or implied in the Consultation Document. The reasons for the apparently low level are: (a) the prevalence of cross-boundary marriage (inclined towards Hong Kong men with Mainland women), which has become a natural trend; and (b) the increase in un-married Hong Kong women (partly as a consequence of that). Family-friendly measures to facilitate childbearing, suggested in the Consultation Document, are desirable but HENCE *not likely to be effective for boosting fertility*.

[Sec. 3.1.1, Sec. 3.1.2]

(2) "Demographic window" [人口機會窗] existed for two decades but the window of opportunity was not adequately taken heed of and utilized; and it is now closing

[Sec. 3.1.3]

(3) It is not the eventual level of ageing (by 2041, say) that matters most, but the highly accelerating speed of ageing soon after 2013/14 that needs greatest attention

[Sec. 3.1.3]

(4) Wives (of HK men) now residing in the Mainland (and their children) should be facilitated to come to live in HK sooner than they are at the moment.

[Sub-sec. 3.2.1.1]

(5) The procedures of the various schemes attracting "suitable" people (in terms of age, professions, talents, skills) to join the HK population should be reviewed to make them work more smoothly and effectively [Sub-sec. 3.2.1.1]

(6) "Type II" babies should be encouraged to come to live in HK sooner and, under certain criteria, their parents should be allowed to apply for Permanent Residency status with favourable consideration for such being granted. [Sub-sec. 3.2.1.2]

(7) The Consultation Document proposes more family-friendly policies and measures. I fully support such measures, which are great in their own right and will remove the tremendous hardship that many women (and their families) are facing right now. But as a means to encourage childbearing, I believe it will only have marginal effects, [Sub-sec. 3.2.1.3]

(8) Unleashing potentials in the existing population to provide labour resources, in terms of increasing labour force participation of current homemakers, delaying retirement and facilitating persons with disability and ethnic minorities, as proposed in the Consultation Document, is supported. However, the effects of the various proposed measures are likely to be quite limited in addressing the possible labour shortage issue. Postponing the retirement age of civil servants does not seem to be a necessary move and may also in fact have undesirable effects; hence very careful consideration of pros and cons need to be made. [Sec. 3.2.2]

(9) In consideration of tightness in the labour force, we may have to cater less than now to external demand for goods and services since the aged population will require a lot of labour-intensive services. But we cannot afford giving up the external market since money has still to be earned from outside to pay for our purchases from outside Hong Kong; hence, on this front we should aim for the production of high value-added (but which are not so labour-intensive) goods and services and be selective in targeting *external* market segments. [Sub-sec. 3.2.3.2]

(10) A most important issue to consider for implementation is the restructuring of the economy and the adoption of measures to enable more effective and efficient utilization of manpower. This entails: (a) identification and support for the development of industries and occupations that should be strongly assisted; (2) more flexible use of manpower and related facilities; and (3) reform in income structure, such as putting much less weight than now on academic level as against practical skills, plus the promotion of attitudinal change on certain occupations henceforth not given due emphasis and status. [Sec. 3.2.4]

(11) Manpower plans need to be made and reviewed from time to time and training facilities should be co-ordinated with and guided by them. Already very obvious at this point in time is the severe lack of medical and health personnel and elderly care personnel; and quite imminently, technicians of various kinds. Providing a good stock of high level manpower is of course desirable but such must be matched with societal

needs. The strong quest of university degrees is often unjustified; especially where it is at the expense of provision of manpower of other descriptions and posing considerable financial burden on families. We should identify areas worthy of support and provide non-repayable grants and bursaries to students thereby getting more people trained up and dedicating themselves to working in those areas. Assistance should also be provided to institutions running appropriate courses in this aspect.

[Sec. 3.2.5]

(12) It is necessary to recognize that finance is an important resource but not the solely important one. All too often people believe that as long as there is money, there is little problem in securing other resources (including manpower resources) by purchasing from outside Hong Kong. This is not true, in particular manpower resources, even with globalization. They may actually NOT be available, and even if available to some extent there are often rather unfavourable factors attached.

[Sec. 3.2.6]

### 3. MAIN SUBMISSION

#### 3.1 Further demographic analysis

I think some important points have not been mentioned, sufficiently explained or adequately highlighted in the Consultation Document. Yet these may actually have significant implications for proposals to tackle the “population challenges”

##### 3.1.1 Birth rate(出生率) and Fertility Rate(生育率) :

-- Are they really “exceedingly”/ unreasonably low?

3.1.1.1 There is unclear distinction by many users of the terms between “birth” and “fertility” or even misinterpretation of what they separately relate to. The former refers to the birth of babies in the territory and the latter refers to the fertility behaviour of female members of the Hong Kong Population

3.1.1.2 It is true that the no. of birth was on a trend of decline after the Post-war baby boom (around 1948-65). In the early 60’s, it was over 100,0000 a year. It stabilized after a period of decline despite the fertility level continued to decline, because the Post-war baby boom period was rather long and some of the early girl baby boomers had gradually become mothers themselves. Then an obvious decline in births was seen after the middle of the 1990’s. However, an unexpectedly increase trend was seen since 2002 due to the well-known reason that there was a very fast and huge increase in the no. of “Type II” babies [「雙非嬰」] (babies with parents both of whom are not HK Permanent Residents [HKPRs]). Hence the **Birth Rate was actually not low** for a decade! With the implementation of some governmental measures the trend was stopped in 2012.

3.1.1.3 Meanwhile, **not commonly noticed** is that the no. births of babies **whose parents are both HKPR’s** has actually been on the increase over the last several years (even noting in 2012 some “Dragon Year” effect was in action ). Many of these babies are likely to relate to delayed marriage and childbearing in the first decade of the new millennium.

3.1.2. The commonly quoted figure for the Fertility Rate of any year is the “**Total Fertility Rate**” (TFR) of that year. To interpret it correctly without going into technical details, this should be understood as “the average no. of babies that will be



born to a female aged 15 **in her lifetime** assuming she is going to adopt the *fertility pattern* of all HK females in that year”. The **TFR** has been on the decline all the way after the Post-war baby boom. This is, however, **not Hong Kong alone**. In most developed territories in the world, this has been so.

3.1.2.1 But we must note **a phenomenon in Hong Kong not much seen elsewhere**. For well over 20 years, **cross boundary marriages** between Hong Kong the Mainland of China have been very common. The great majority of cross-boundary marriages are between Hong Kong men and Mainland women. (That is, rather less marriages were between Hong Kong women and Mainland men.) In 2012 (and similar for earlier years), among the 53,000 or so Hong Kong men who got married (whether registered in Hong Kong or in the Mainland), about 40 % had Mainland women as their brides. Correspondingly, among the some 40,000 Hong Kong women who got married some 17% had Mainland men as their bridegrooms (– prior to the most recent years, this percentage was just a little over 10%).

3.1.2.2 **There are two facts that should hence be clearly noted:**

(1) Many babies of Hong Kong men have been born in the mainland. **As far as men are concerned, they could be considered as having fulfilled their “fertility” responsibility**. The babies will mostly come to Hong Kong through the “immigration” route some years later when they grow a bit older and join the Hong Kong population, rather than joining it on the first day of life.

(2) More and more Hong Kong women remain un-married (partly as a consequence of the prevalence of cross-boundary marriages). In the publication “Hong Kong Demographic Trends 1981-2011” published by the Census and Statistics Department there is an analysis of the fertility level **of married women** (Tables 3.7 and 3.14). It is shown that the fertility level decline after the Post-war baby boom has stabilized in the 1980s. In other words, **the main reason for the continuing decline in the Total Fertility Rate(TFR)** (until some bouncing back in the last several years) is the increase in un-married women, given that the TFR is calculated on the basis of all women.

3.1.2.3 **Point 2 above has significant implications for proposing policy measures**. That is to say, **encouraging married couples to have more children, while perhaps should still be done, would not be produce substantial effects**. [Note that The TFR in Europe is 1.600 (and Hong Kong 1.300) ]. Meanwhile, it may

also be noted that the cross-boundary marriage trend (with inclination towards HK men marrying Mainland women) is a **very natural one**, given that many more men than women go to China for work (stationing for lengthier periods there or commuting regularly), business meetings, etc. Also, cultural reasons probably contribute to the inclination mentioned above. In other words, if we are to design effective measures, we should be thinking in terms of means to reduce the no. of un-married women.

### 3.1.3 Population Projections, population ageing and the Total Dependency Ratio

3.1.3.1 **Population projections** are not “forecasts”. They are compiled to show what would happen if the current or imminent socio-economic trend continues and public policies remain unchanged. When the information is published, (hopefully) people in the community will respond by noting possible problems that may arise and adjusting their behaviour while the relevant authorities will also adjust policies to cope. Eventually, the outcome may be different from the original projections — and this is precisely the function expected of projections.

People often tend to focus on the projected situation at the end of the projection period (in the present case, thirty years later [2041]). People are of course alarmed by the grave problems that would exist by then. **But the problem lies with not realizing that the problems are so imminent.**

3.1.3.2 The percentage of elderly persons (i.e. persons aged 65 or over) was 3% in early 1960's, increasing by 1 *percentage point* per 5 years – very steadily until 2010. By 2013/14, it has gone above 14 %. (Note- rising from 7% to 14 %, the “ageing” process was already happening ; and at 14 %, society was already “aged”.) Thereafter, for 15 years, there will be an increase of 3.5 percentage point or so per 5 years (until the space slows down a bit). **That is, there is significant acceleration in the pace of ageing starting 2013/14.** This fact of acceleration was already known more than 10 years ago but it seems that insufficient attention has been paid to it.

The Total Dependency Ratio (TDR) has been considered in the Consultation Document [TDR is the ratio between the total no. of elderly persons (persons aged 65 or over) and children (persons aged under 15) to persons aged between 15 and 64]. This will be increasing very fast from 2013/14 onwards. Not well known to many is that the TDR had actually been on the decline for over 20 years until a turnaround in 2011. There has been the so-called “**Demographic Window**”[人口機會窗] – a



**window of opportunity for Hong Kong to get prepared;** but it seems that this has not been much taken heed of or well utilized; and the window is now closing. The decline in the TDR might actually have led people to neglect that problems were looming. (In fact, it may be considered that Hong Kong's rather smooth sailing through several periods of economic turmoil from 1997 to 2010 was much contributed by the favourable TDR level)

### **3.2. Tackling the population challenges**

3.2.1 Immediate to the issue of population ageing and the increase of the Total Dependency Ratio is **to pursue possibilities to reduce the speed of ageing and the fast increase in the TDR.** This would require getting new members for the population.

3.2.1.1 Currently, the major sources are:

- a) wives (of Hong Kong men) who are resident in the Mainland. They can apply to settle in Hong Kong under the 150-a-day quota system. Currently, under this system, some 98% are spouses and children [half-half between these two groups]. The waiting time for spouses is some 4 years while the children need to wait much shorter time. Yet the children normally will wait till the mother can come with them together. The quotas were not fully utilized in quite a number of years. Scope for some expansion of the quota actually exists, if we really want it.
- b) various schemes attracting “suitable” people (in terms of age, professions, talents, skills) to join the HK population.

**Speedy action should be taken to establish plans and implement actions to more effectively** tap these sources. There are unfair prejudices against the Mainland wives, which we should try to remove (see also Sec. 3.2.2 below). Research has shown that the earlier the child and the mother comes to Hong Kong, the better chance for the child to do well as he/she grows up. Regarding the Schemes, I have heard many people grumbling that the procedures are far too tight. Though we have certainly to ensure there are no loopholes we must also not be over cautious.

3.2.1.2 There have been accumulated some 200,000 **“Type II” babies** (the oldest ones are now over the age of 10). Most of them are now living in the Mainland with their parents. Despite divergent opinions about them, the fact is that they do have

HKPR status and after not too many years they will be adults and become productive members of the HK population. The sooner they come to HK, receive HK education training and adapt to the HK living style, the better. Again, despite divergent opinions, the parents should be allowed to apply for permanent residency (and given favourable chance to succeed in the application) in order that they can be in a position, if desired, to take good of the children so as to bring them up properly. To alleviate fears of abuse, certain criteria could be set.

3.2.1.3 Much has been said about encouraging Hong Kong women to bear more children, by **more family friendly policies and measures**. I fully support such measures, which are great in their own right and will remove the tremendous hardship that many women (and their families) are facing right now. **But as a means to encourage childbearing, it will only have marginal effects, giving the analysis on fertility as given above in Sub-sec. 3.1.2.1-3.1.2.3 above.** Unless the measures are very rich, which is unlikely, they will not boost childbearing. Moreover, the time lag between birth and adulthood is some 20 years and in the meantime it does aggravate the Total Dependency Ratio further (!) and offsets somewhat the efforts to boost the female labour force (!)

3.2.2 The Consultation Document has made suggestions for **“unleashing the potentials of the existing population”** by various means, including (a) drawing homemakers into the labour force, (b) getting people about to retire to extend their working life, and (c) facilitating New Arrivals, persons with disabilities and ethnic minorities to join the labour force and get suitable jobs. They are all certainly supported, but I am afraid the **effects will be quite marginal in addressing the potential labour shortage issue.**

For (a), let us be mindful that some **home makers** are spending lots of time **tending the young and the old** (noting that with ageing there will even be more elderly persons to look after). They would need to employ domestic helpers or they could only undertake very limited amount of part time work; and it might represent stress on family life.

For (b), people will certainly be extending their work life given the tightness in the labour force. In USA, for example, the Labour Force Participation Rate of people aged 65 or over has increased from 13% to 19% within the latest 10 years, mainly for personal finance reasons. Similar rise will likely happen in HK and **the economic forces will automatically take care of that.** It has to be noted though that

in HK, a lot of the elderly persons are actually helping to take care of their grandchildren who have both parents working. The seemingly lower labour force participation rate for persons aged 60 or over may be partly due to this.

Extending the retirement age of civil servants need to be considered very carefully since the “iron rice bowl” phenomenon is already much criticized (sometimes unfairly but not always), especially when the disparity of treatment between permanent civil servants and “NCSC staff ” (the “limited term” contracts staff) is already much debated. Afterall, many civil servant who retire between 55-60 these days do manage to find some employment if they try.

For (c), There are apparent prejudices against the **newly arrived Mainland wives**. They are actually not low in education standard. In fact, according to many employers, they are known to fit into jobs very well and have good working attitudes. **A problem is that the qualifications they hold may not be recognized here.** With some suitable training and administrative arrangements, significant effects can be achieved on this front. For persons with disabilities, apart from the fact that some general prejudice is still there, **a major problem is that of transportation between home and place of work for the physically disabled** (i.e. too costly, too time consuming even where the facilities are available)

3.2.3 We need to consider **further means of tackling the potential decline of the size of the labour force**. We should manage well **both requirements and the supply of manpower**. Also, we cannot afford to utilize labour ineffectively or inefficiently. That is, **the worst scenario would be one where jobs are left unfilled when they are idle labour around** (due to mis-match or skills or mis-match of expectations).

3.2.3.1 The manpower requirements may be seen as :

- (a) Manpower demand to meet fundamental societal needs ; and
- (b) Manpower demand for the production of goods and services over and above those needs

Given the fast increase in the elderly population, services for the elderly will be fast expanding and many of such services tend to be labour-intensive. Moreover, much increased medical care is needed on reaching the elderly age. According to Thematic Household Survey Report No. 45 (Census and Statistics Department, 2010), 58% of those aged 65 or over have chronic diseases. For medical

services, many positions are concurrently labour-intensive and skill-intensive.

A lot of the elderly persons are not adequately housed. Many are living in old-style accommodation where mobility is very difficult for the elderly. Urban renewal works are therefore required (and unfortunately such have been much overdue).

In fact, it can be noticed that a lot of fundamental needs are gradually not being met easily – technicians of various kinds (especially some requiring both considerable skill and physical strength) are a case in point. It does not seem so acute yet, but many technicians are near to retirement (and quite physically worn out to continue on) and yet adequate replacements are not obviously forthcoming.

3.2.3.2 It has therefore to be anticipated that there will be **keener competition for manpower** to meet respectively the purposes listed above, viz. (a) manpower demand to meet fundamental societal needs ; and (b) manpower demand for production of goods and services over and above those needs. To cope with the situation, we **have to prioritize**.

We would probably have **to cater less *than now* to external demand for goods and services** (which result in external demand for manpower). Yet, HK is not a place of rich resources and we do have to earn money from outside in exchange for food, water, fuel and other goods and services. The key would be **the production of high value-added (but which are not so labour-intensive) goods and services**. In other words, we **need high productivity; and be more selective in serving market segments**. A case in point to illustrate this would be the tourism service. Allocating too much of our limited manpower to selling goods to tourists for generating huge profit to a limited no. of retail chain owners and real estate owners is not likely to be in the best societal interest.

3.2.4 We will need to **restructure the economy and adopt measures to enable more effective and efficient utilization of manpower**. This entails:

- (a) identification of the industries and occupations that should be strongly assisted for their development (such as the practical application of technology, commercialization of research outputs) and take action to support those;
- (b) more flexible use of manpower and related facilities (given the fluctuations in requirements from time to time—and education service at different levels is a case in point); and

(c) reform of the income structure, such as putting much less weight than now on academic level as against practical skills, plus promoting attitudinal change on certain occupations henceforth not given due emphasis and respect.

3.2.5 We need to devote **more efforts to manpower planning**. More information should be gathered and manpower plans need to be made and reviewed from time to time. Training facilities should be co-ordinated with and guided by the plans. Already very obvious at this point in time is the severe lack of medical and health personnel and elderly care personnel; and quite imminently, technicians of various kinds.

Providing a good stock of high-level manpower is of course desirable but such must be matched with societal needs. The excessive quest of university degrees is often unjustified; especially where it is at the expense of provision of manpower of other descriptions.

In many case, the quest of post-secondary education is posing considerable financial burden on families. Many young people are laden with debts from student loans when they graduate. Even many years afterwards they are still struggling with repayment of the debts. They also look keenly for means to get payback from their “investment” and this does not do good to a meaningful career. (The Federation of Youth Groups has done an in-depth study on the subject). In USA, student loans is now the no. 1 debt category (!) Meanwhile, I think we should identify areas worthy of support (from the societal angle) and provide non-repayable **grants and bursaries to students** thereby getting more people trained up and dedicating themselves to working in those areas needy of personnel. Concurrent with this, institutions running self –financed courses which are highly contributory in this area should be given much greater support by the government

3.2.6 It is necessary to recognize that **finance is an important resource but not the solely important one**. All too often people believe that as long as there is money, there is little problem in securing other resources (including manpower resources) by purchasing from outside. This is not true, in particular with manpower resources, even with ever-increasing globalization. They may actually NOT be available, and even if available to some extent there are often rather unfavourable factors attached.

That is, all too often people do not pay sufficient attention to the manpower aspects when infra-structural planning and economic-business planning/development are made. The equations focus far too much on the market and revenue side than the

input side. Often we are not ready with the supply side yet we have become very ambitious with the marketing and meeting of demands (with a view to generating revenue) and we run into trouble. Thus, take for example, it would not be right to take education or medical services as external-revenue generating endeavours when our own needs are *far* from being well met. Contrasting the case of some countries: those areas are well developed and spare capacity is there, there will be no problem at all in doing so.

Another important case in point is the importation of labour. That can be, and should be, considered when they are imported to supplement the lack of manpower for labour-intensive services for the local population. But if they are mainly to assist in the production of goods and services for the purpose of earning revenue from outside, very careful consideration should be made before this is done.

[END]