



Optimising Our Population Building Our Future

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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Foreword



With little natural resources, Hong Kong relies on adequate and quality manpower to provide the major impetus for our continued social and economic development. Our people also hold the key to Hong Kong's success. That puts cultivating the younger generations high on our agenda. At the same time, it is imperative for Hong Kong as a cosmopolitan city to recruit as many global talent as possible to join our community.



The Chief Executive has set population policy as a priority policy area and reconstituted the Steering Committee on Population Policy (SCPP) as the current-term Government was formed. The SCPP put forward the population policy objective of “developing and nurturing a population that will continuously support and drive Hong Kong's socio-economic development as Asia's world city, and engendering 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”, and launched a public engagement exercise in October 2013 to gauge the views of various sectors of the community on the development and way forward for Hong Kong's population policy.

The SCPP believes that a sustainable population policy should not be geared to economic development only. It must give all citizens equal opportunities to develop and realise their full potential, and meet their aspirations for a livable environment and quality life. After detailed deliberation on the views collected from the public engagement exercise and consultation with the SCPP, the Government formulated a comprehensive and feasible population policy action agenda, which was announced by the Chief Executive in the 2015 Policy Address. This document aims to expound the population policy of the Government and set out the strategies and initiatives.

As the Chairperson of the SCPP, I have gained more insights and inspirations on population policy in the process of attending personally public discussions and presiding internal deliberations in the past two years. Here I would like to share our thinking with you all.

First of all, population policy straddles different policy areas - economic development, education and training, lands and planning, housing, labour matters, immigration policy, etc. All the 12 policy bureaux are involved in its planning and implementation, and high-level leadership is of utmost importance. The exercise is a long-term and on-going commitment. To be effective, the population policy cannot depend solely on periodic reviews conducted once every several years. It should be integrated into the day-to-day responsibilities of all bureaux, and there

should be a good interface among various policy areas. Therefore, we are linking up the population policy with other policies to achieve synergy. In other words, all policy bureaux should bear in mind the population policy objective in formulating their own policies.

Second, some people consider the public engagement exercise not sufficiently comprehensive as it dealt with certain topics only. Population policy, as mentioned above, covers a wide range of issues. Some major ones (e.g. housing supply, public finance, retirement protection and elderly services) are being tackled by individual bureaux and boards and committees. To include all of such issues in this population policy review would have led to duplication of efforts, diffusion of focus and lack of depth in the discussions. That was why we decided to focus on issues which were crucial to Hong Kong's future development but had not been thoroughly explored on other policy platforms, such as manpower shortage, skills mismatch and building up a talent pool for Hong Kong.

Third, many expressed different views on the future development directions and demographic structure of Hong Kong. This precisely reflects that we are a society of diversity. Some objected to development and even suggested a population cap or abolishing the One Way Permit (OWP) Scheme to control population growth. There were also queries whether the future growth model of Hong Kong should still rely on the growth of the workforce in terms of "quantity". I agree that we should not fix our eyes on development only. Neither should we stop making progress. As the Chief Executive has said, promoting sustainable economic development is the Government's foremost priority. Continued economic growth is necessary in order for us to resolve livelihood issues including housing, poverty, ageing society and environment. While we should identify for Hong Kong sustainable economic opportunities with growth potential, we should also replenish our labour force to tackle the more immediate problems of severe manpower shortage faced by some industries and the expected shrinking workforce in the years to come. From the perspective of managing the ageing trend and facilitating family reunion, we do not agree to drastic proposals of setting a population cap or abolishing the OWP Scheme. We will, however, examine whether there is sufficient land and room for development to meet the needs of Hong Kong beyond 2030 when we update the "HK2030: Planning Vision and Strategy" published in 2007.

Fourth, we acknowledge women's contribution to the family and respect older people's decision to retire early but we also encourage them to join the labour market. Our intention is to open up more options for them. By enhancing support in child care, employment and other services, we hope to remove the barriers for women and the elderly to enter or stay in employment. This will create favourable conditions for them to keep a balance between work and personal life, without

having to choose either of the two. Likewise, we do not intend to interfere with the childbearing decision of individual families. Having regard to overseas experience and the practical situation in Hong Kong, we believe that measures such as promoting family-friendly work arrangement to foster a supportive environment for forming and raising families rather than offering direct cash subsidies to encourage childbearing will better serve Hong Kong's overall interest. In addition to nurturing local talent, we must strive to attract and bring in entrepreneurs and professionals from around the world to set up businesses and work here to meet our grave demand for talent to support Hong Kong's development of high value-added industries. We should also further refine our arrangement for importation of construction workers to meet the needs of the construction sector.

Fifth, most of the proposed initiatives in this document will take time to yield effects. We will also need to fine-tune these initiatives as we move along, taking into account social and economic circumstances and needs. Our priority in the next phase is "full implementation, monitoring of progress, review of effectiveness, and timely adjustment". The SCPP, now comprising government officials, will monitor the implementation of the initiatives and, where appropriate, report their effectiveness and consult stakeholders with a view to refining the initiatives. I welcome all of you to continue to offer your valuable views.



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



Hong Kong's Demographic Challenges

Our Population Ages Rapidly

Longer life expectancy and a declining birth rate mean that our population is ageing, and ageing fast. Projections indicate that nearly one-third of Hong Kong's population will be 65 or above by 2041 (Diagram 1). The proportion of elderly people within total population continues to increase while that of younger people is declining. Hong Kong will experience an inverted population pyramid (Diagram 2).

Diagram 1: One in every three persons will be elderly in 2041

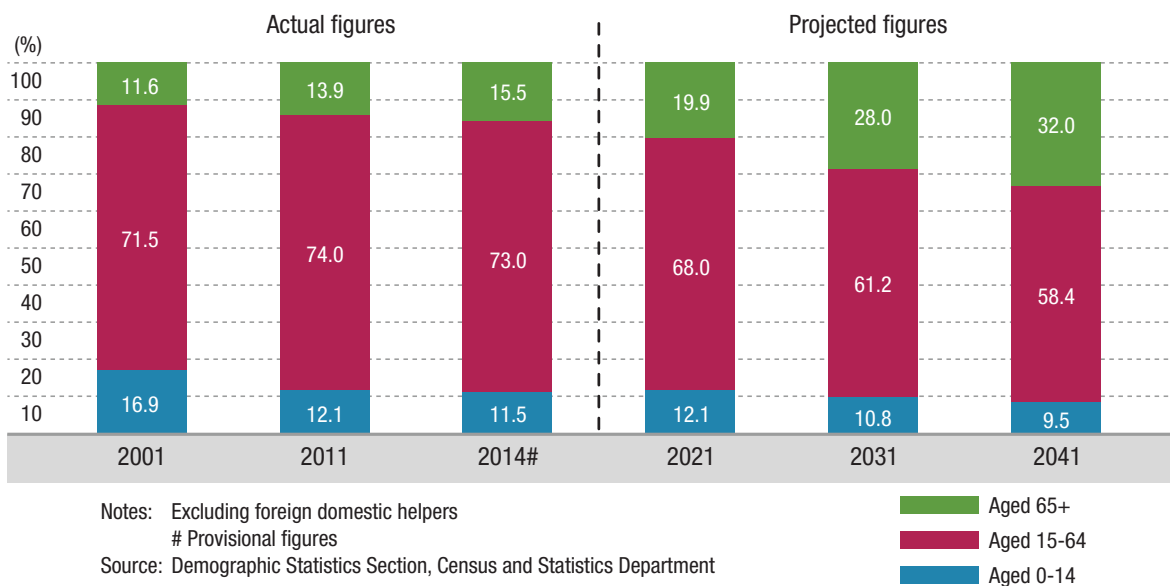
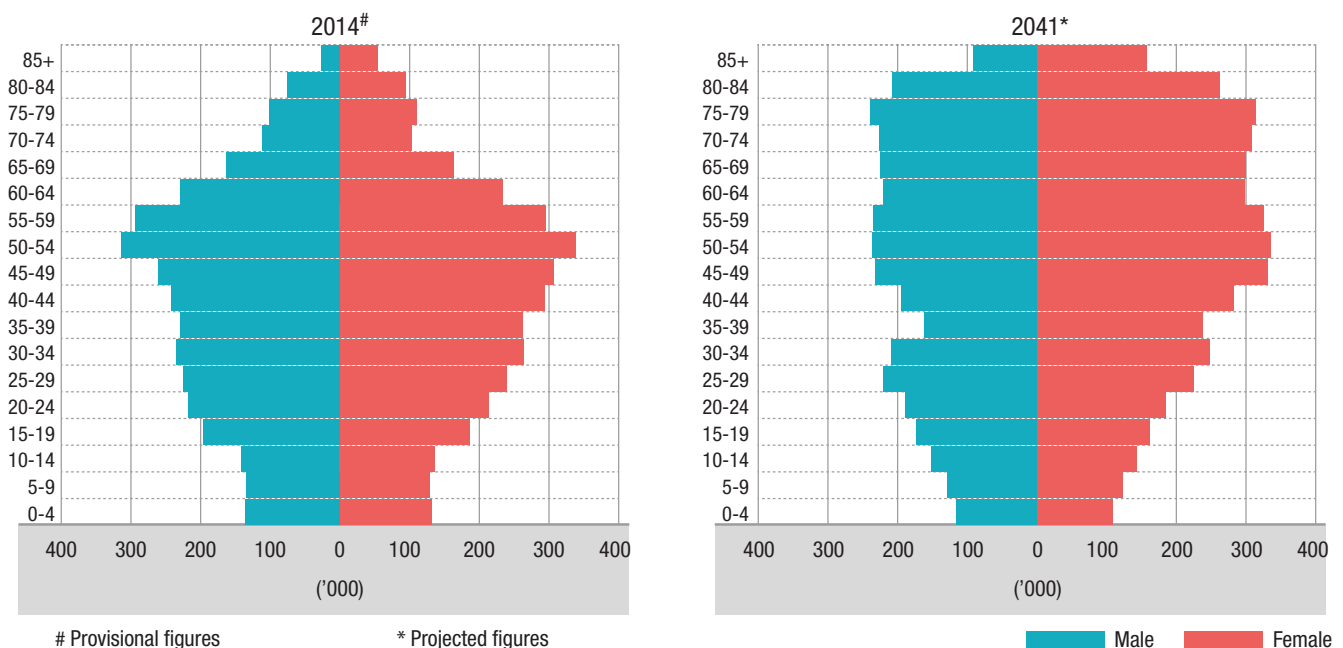
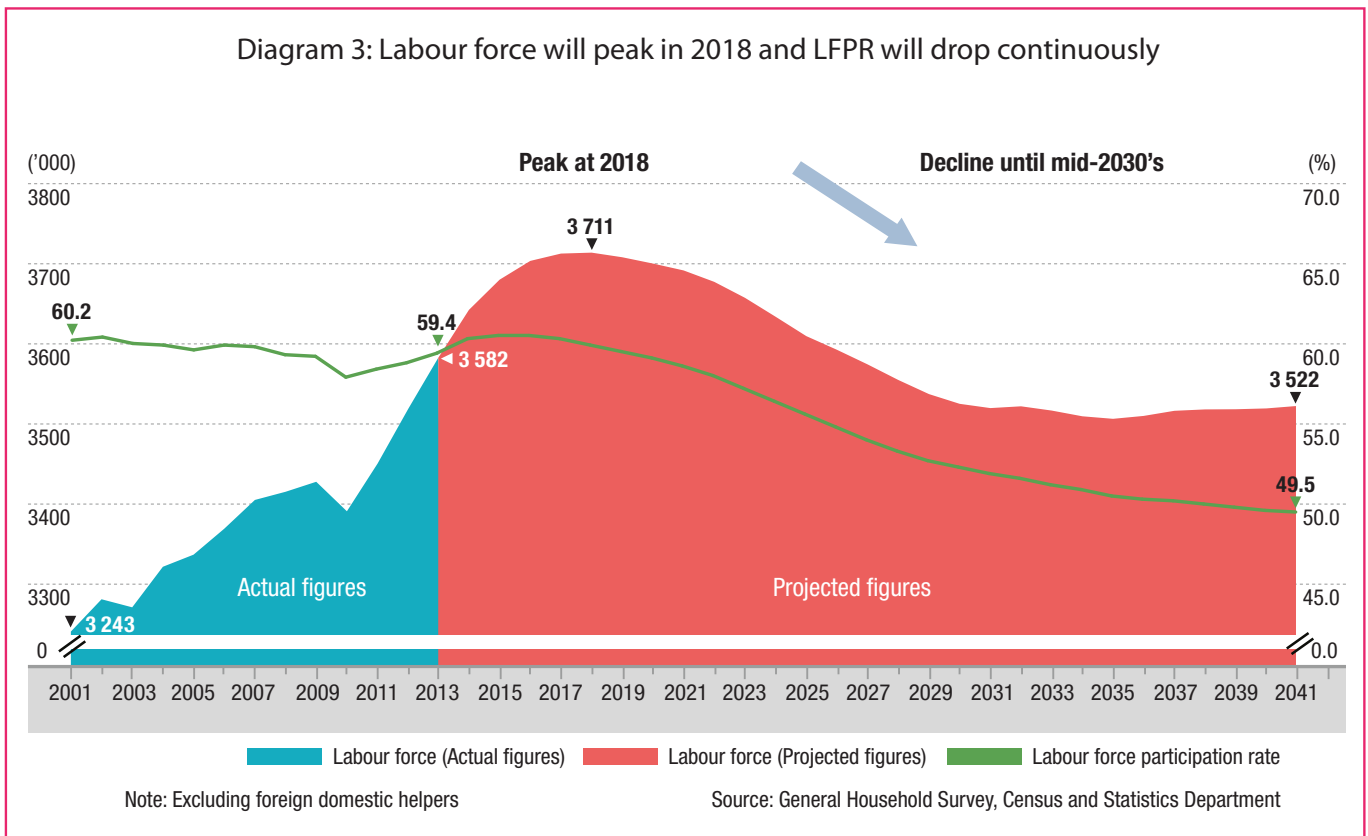


Diagram 2: The inverted population pyramid in 2041



Labour Force Participation Rate Declines Dependency Ratio Worsens

2. An ageing population will lower our labour force participation rate (LFPR) (i.e. the proportion of the labour force within the total population aged 15 or above). Our labour force is expected to peak at 3.71 million by around 2018 and then decline to 3.51 million by 2035 before returning to modest growth. The LFPR will drop from 59.4% in 2013 to 49.5% in 2041 (Diagram 3).



3. As our population ages, the dependency ratio will worsen quickly from 4.7 working age persons (aged 15 to 64) per elderly in 2014 to 1.8 in 2041 (Diagram 4).

One-Way Permit (OWP) Holders as the Main Source of Population Growth

4. Total population is expected to grow from the present 7.23 million to 8.47 million in 2041 – a moderate growth of 0.6% per annum on average. With a low fertility rate, new arrivals under the OWP Scheme will continue to be the major source of our population growth (Diagrams 5 and 6).

Diagram 4: Elderly dependency ratio deteriorates rapidly



Diagram 5: Very moderate population growth in future

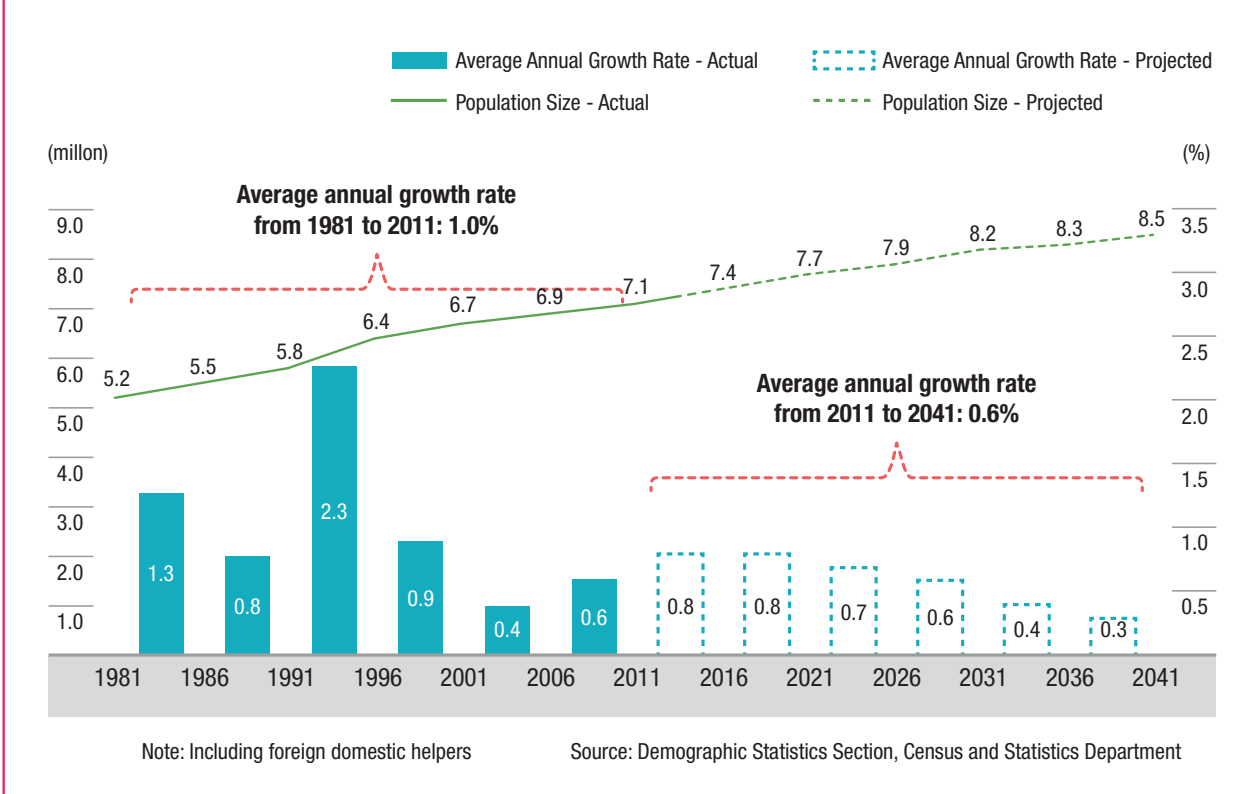


Diagram 6: OWP holders continue to be the major source of population growth

	Population estimates			Population projections		
	2003	2013	2014#	2024	2034	2041
Base population	6 744 100	7 154 600	7 187 500	7 777 800	8 236 300	8 446 500
Add: natural growth (birth minus death)	12 500	33 400	13 300	4 500	-15 700	-30 200
OWP holders	50 300	47 900	43 500	54 800	54 800	54 800
Other net movement (including migration, moving in or out for studying or working, etc.)	-76 100	-48 400	-9 600	-3 800	-3 900	-1 900
Total	6 730 800	7 187 500	7 234 800	7 833 200	8 271 400	8 469 000

Notes: # Provisional figures
There may be a slight discrepancy between the sum of individual items and the total due to rounding

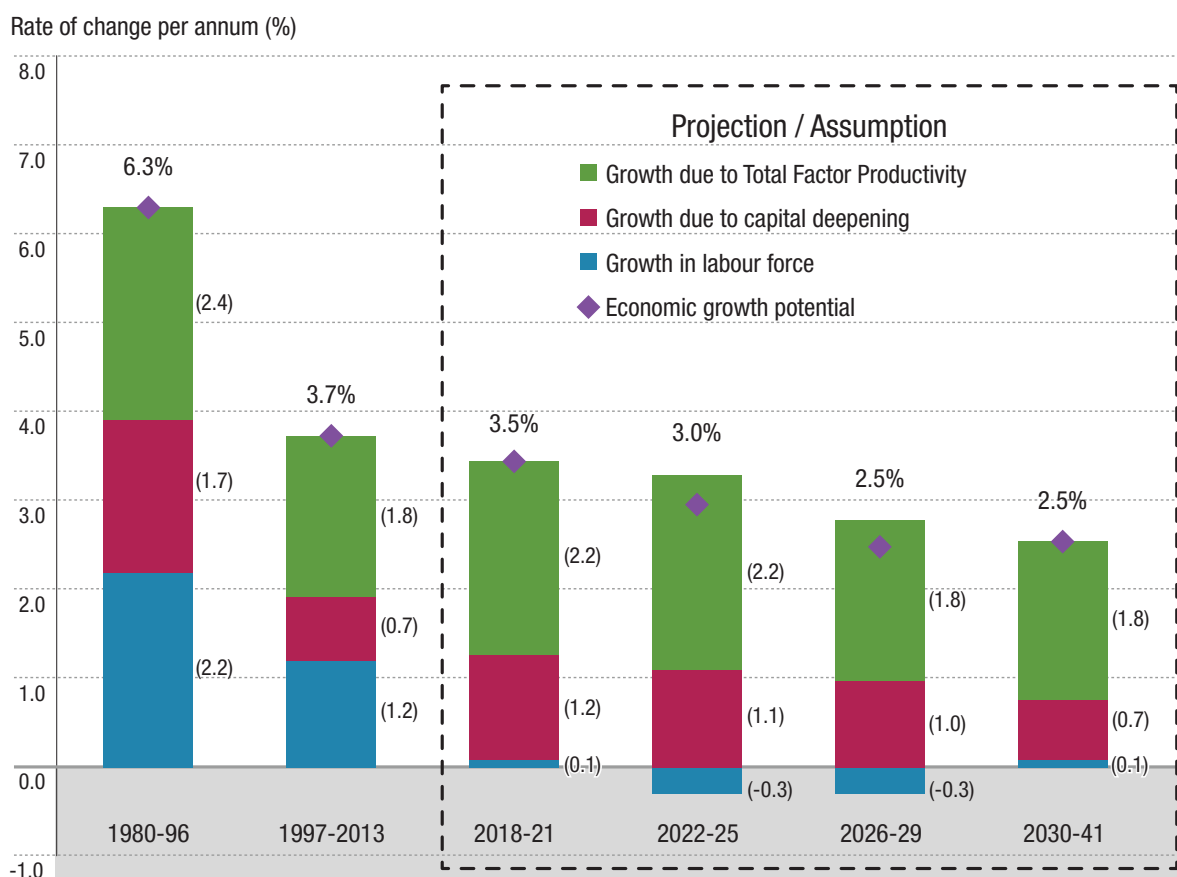
5. Please refer to Annex I for our past and projected demographic profile.

Slower Economic Growth Poses Challenges to Public Finances

6. In the past three decades, our economy has grown by an average of 4.6% per year. Of this, 1.4% was due to a growth in the labour force while the other 3.2% was from productivity gains. Insufficient labour will slow down economic growth. If the labour force starts to decline after 2018 as projected, the Working Group on Long-Term Fiscal Planning appointed by the Financial Secretary estimated that annual economic growth will decelerate from 3.5% in 2014 to 2021, to 3% in 2022 to 2025 and then drop further to 2.5% in 2026 to 2041 (Diagram 7). On the other hand, an ageing population will increase the expenditure of healthcare and elderly welfare and services. Slower economic growth coupled with increased expenditure will affect the sustainability of public finances.

7. In its report released last March, the Working Group on Long-Term Fiscal Planning revealed that with population ageing and constrained economic growth as our economy matures, a structural deficit could strike within a decade or so even if services for the education, social welfare and health sectors were to be maintained at existing levels, and expenditure would grow merely with price changes and demographic changes. The Government should take early action to tackle the structural deficit problem, including fostering economic growth, containing government expenditure growth and preserving, stabilising and broadening the revenue base as well as establishing a savings scheme for the future.

Diagram 7: Insufficient labour force will slow down economic growth



Note: () Contribution to the economic growth potential in percentage point
 Source: Report of The Working Group on Long-Term Fiscal Planning

8. To address the challenge of an ageing population, the Chief Executive proposed in his Election Manifesto that a population policy should be formulated to optimise our demographic structure and plan for our medium and long-term supply of and demand for human resources for the steady and sustainable socio-economic development of Hong Kong.

Steering Committee on Population Policy (SCPP)

9. Tackling our demographic challenges is a priority task for the current-term Government. To follow up on the Chief Executive's election pledge, the Government reconstituted the SCPP chaired by the Chief Secretary for Administration in December 2012 to include, for the first time, non-official members from various fields. The expanded membership allowed the Government to tap more professional and diverse views when deliberating population policy.

10. The SCPP is an important policy platform. During its two-year tenure from December 2012 to November 2014, the SCPP convened 11 meetings to discuss relevant population policy issues and also prepared for, and followed up on, the public engagement exercise.

Public Engagement Exercise

11. On 24 October 2013, the SCPP launched a four-month public consultation with release of a consultation document entitled "Thoughts for Hong Kong". The document set out the demographic changes and challenges faced by Hong Kong and sought public views on



strategies and measures to address them. The public engagement exercise ended on 23 February 2014. The document can be accessed at the dedicated population policy website (www.hkpopulation.gov.hk/public_engagement).

12. In the consultation document, the SCPP pointed out that a sustainable population policy should have the vision of enhancing our human capital to reinforce Hong Kong's position as Asia's world city. Acknowledging that Hong Kong's future lies hand-in-hand with economic development and social progress, the SCPP proposed 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."

13. To achieve this objective, the SCPP proposed five ways to deal with the challenges, namely: tackling the problem of insufficient labour force; enhancing the quality of our labour force; attracting more talent to settle in Hong Kong; enhancing the efficiency of the labour importation regime; exploring measures that facilitate forming and raising families; and promoting active ageing.

14. During the public engagement exercise, the SCPP and its Secretariat organised three district public forums and 11 focus groups, attended consultation sessions of 12 government advisory bodies and 24 consultation sessions/discussion forums arranged by various stakeholders, including business chambers, professional bodies, political parties, non-governmental organisations (NGOs), concern groups, the school sector and the higher education/post-secondary education sector, and met all 18 District Councils or their committees. In addition, the Chief Secretary

for Administration attended two special meetings of the Legislative Council House Committee to listen to the views of Members. Non-official SCPP members attended media interviews, discussion forums and focus groups. They also contributed articles to the press on issues relating to population policy.

Analysis of Public Views

15. During the public engagement exercise, 1 898 submissions were received by the SCPP through different channels. The Social Sciences Research Centre of The University of Hong Kong was commissioned by the Government to conduct an independent analysis of views received and compile a report.

16. Based on the analysis report, major views can be consolidated into 10 categories:

- i. There was a consensus that female LFPR should be increased. Suggestions put forward included enhancing child care services and after-school care services, adopting family-friendly employment practices more widely, providing more part-time jobs and improving retraining services.
- ii. There was general support for raising the retirement age, allowing employees to choose their retirement age, providing job opportunities for the elderly by the Government and encouraging employers to hire elderly people. Concerns were also raised about the possible impacts of extending the retirement age on the promotion prospects of younger workers.
- iii. There was substantial feedback about the OWP Scheme, concerning the approving authority, screening criteria, level of quota, and retention of household registration in the Mainland for OWP holders so they can return to the Mainland if they find it difficult to adapt to the life in Hong Kong. There were views that training should be enhanced to help new arrivals integrate into society. Some suggested that family reunion applications on the grounds of marriage should no longer be approved. Concerns were raised about the seven-year residence requirement for entitlement to certain public benefits and services.
- iv. Employers should be encouraged to hire persons with disabilities, while support for ethnic minorities in Chinese learning and employment should be enhanced.



- v. There is a need to improve the provision of vocational education and to ensure that post-secondary education matches the labour market and social needs. It is also necessary to provide more university places, and give additional support to the development of continuing education, the Qualifications Framework and sub-degree courses.
- vi. On admission of talent, the major issues raised included barriers such as inadequate international school places, and the need for the Government to be more proactive and to provide incentives to encourage non-local graduates to stay and work in Hong Kong. In admitting talent, the Government should give priority to industries and sectors with specific demands. The major concerns about Hong Kong emigrants and their children were the possible barriers they could face when returning to Hong Kong, and the need for the Government to reach out to them.
- vii. Some emphasised the need to protect local low-skilled workers and to impose stringent criteria for approving employment visas. Such views were mainly collected through signature campaigns. There was no consensus about the importation of labour, with both positive and negative views widely expressed. There were suggestions that the importation of labour should focus on industries less attractive to local job seekers and those experiencing manpower shortage, such as the construction industry and care services sector.
- viii. Many comments on family and childbearing were in favour of enhanced support for families, including tax benefits, child subsidies and subsidised housing, as well as measures to encourage childbearing, including financial support, longer maternity leave and provision of paternity leave. There were many comments about the barriers to getting married and starting a family, such as high housing costs, access to education and the financial burden of raising children.
- ix. Many suggestions supported active ageing, including wider participation of the elderly in volunteer work and building an elderly-friendly environment. There were relatively few comments about the silver hair market. The ones expressed were mainly on the potential of this market. Many considered it necessary to enhance support for the elderly, especially in the areas of financial assistance, residential care, medical care and provision of elderly housing.
- x. Concerns were raised about population density. Some suggested there should be a population cap and population growth should no longer

be set as an objective. Other views considered that the consultation focused too much on manpower and the economy and too little on the quality of life.

17. The report was released on 4 July 2014. The full text and all submissions can be found at www.hkpopulation.gov.hk/public_engagement.

Policy Formulation

18. On completion of the public engagement exercise, and after considering the analysis of views collected, the SCPP agreed that a five-pronged strategy should be adopted to deal with demographic challenges as follows:

- i. creating a conducive environment to draw more women and mature persons into the labour market to avoid our future socio-economic development being impeded by insufficient manpower;
- ii. sustaining economic development to provide more diversified job opportunities with promising prospects for our younger generation. We should also improve education and training to equip our young people with skills needed by our economy and help them achieve their career aspirations;
- iii. adopting a more proactive and targeted approach to attract more outside talent to work and settle in Hong Kong to build up our stock of human capital. We should also consider more effective importation of labour arrangements for industries suffering from persistent manpower shortage without jeopardising the interests of local workers;
- iv. fostering a supportive environment for our people to form and raise families; and
- v. building an age-friendly environment, promoting active ageing and tapping the valuable pool of elderly resources.

19. In April 2014, the Chief Secretary for Administration set up a high-level internal policy group on population policy. On the basis of the population policy objective and five-pronged strategy as recommended by SCPP, the policy group formulated and co-ordinated practical and concrete measures for inclusion in the 2015 Policy Address and the policies of relevant bureaux. During the process, the policy group drew reference from relevant overseas experience (Annex II), and fully considered the views gathered through the public engagement exercise as well as the discussions and studies on the proposed initiatives by the SCPP and the policy bureaux.

20. In the 2015 Policy Address, the Chief Executive has adopted the SCPP's population policy objective and five-pronged strategy. Population policy covers a wide range of areas including the sustainability of population growth, unleashing the potential of existing population, enhancing quality of home-grown talent, attracting outside talent, forming and raising families, and active ageing.

Sustainable Growth as Our Development Strategy

21. Population policy should be founded on sustainable growth. This is also the direction for Hong Kong's long-term development.

22. In the public engagement exercise, some respondents proposed a population cap to limit population growth as Hong Kong is compact and densely populated. In fact, Hong Kong's population grew by only 0.6% per annum on average over the past decade. Hong Kong is facing the challenges of an ageing population, a shrinking labour force and declining productivity. Limiting population growth cannot help resolve these issues. Rather we should improve the quality and quantity of our population by optimising the demographic structure, slowing down the pace of population ageing, as well as enhancing productivity and unleashing the potential labour force. Practically a population cap is difficult to operate. Countries around the world rarely cap its population growth and there is no internationally recognised indicator or definition for an optimal population size.

23. Given scarce land resources and high population density, we acknowledge some respondents' concern that continuous population growth may exert pressure on existing transport infrastructure, public facilities and services, housing, natural environment, etc. But nor do we think a self-imposed cap or slower population growth would solve the problem. We should be proactive with re-using existing land in a more productive manner through town planning. We should also adopt bold and innovative ideas in creating more developable land, to support our sustainable development strategy and keep Hong Kong's economic vibrancy while providing higher quality living for our people.



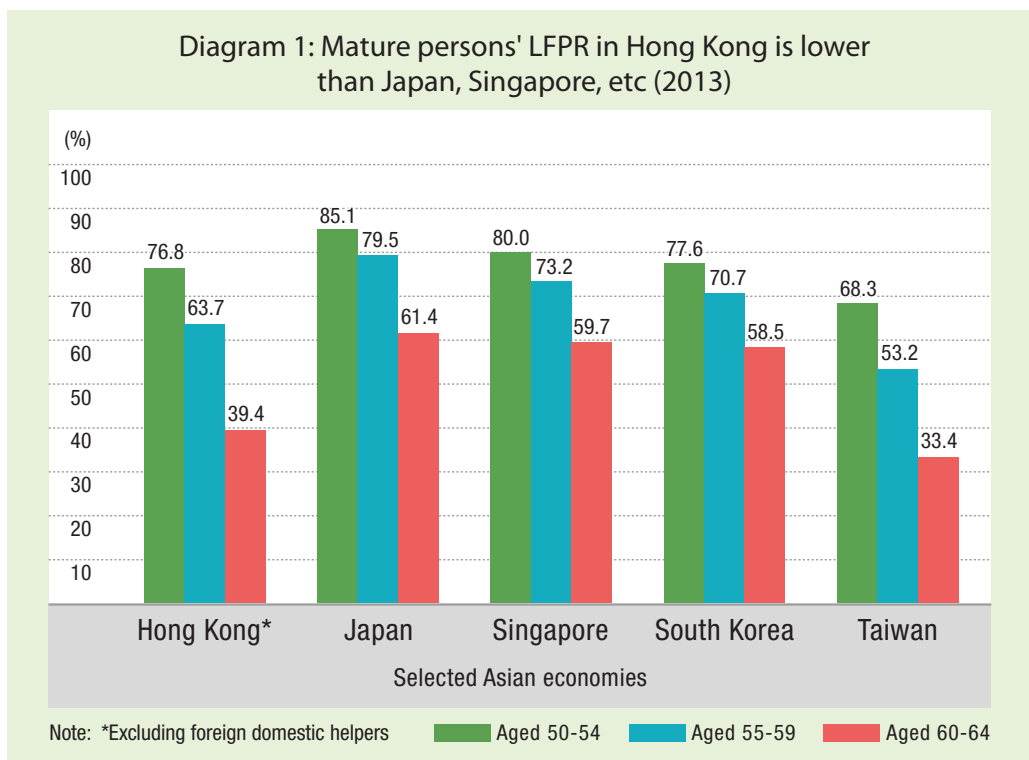
24. To build a better future for Hong Kong, the Development Bureau and the Planning Department will co-ordinate the updating of the "HK2030: Planning Vision and Strategy", first published in 2007. The exercise will examine the strategy and possible options for overall spatial planning and land and infrastructure development beyond 2030 from the perspectives of creating capacity for growth, improving our living environment, strengthening economic competitiveness and promoting sustainable development. The Development Bureau will conduct a number of studies this year. The updating is expected to be completed in phases in 2015/2016.

Unleashing the Potential of Local Labour Force

25. In 2013, we had a labour force of 3.58 million. Our LFPR of 59.4% was comparable to that of other advanced economies in Asia. Yet there remains 1.56 million economically inactive persons aged 15 to 64. The Government will encourage more of them to enter the workforce, by reducing the barriers to work, to mitigate the impacts of an ageing population and a shrinking labour force. A clear consensus emerged during the public engagement exercise that the Government should extend people's working life, encourage more women to join the labour force, and promote the employment of persons with disabilities and other disadvantaged groups.

Extending Working Life

26. There is no statutory retirement age in Hong Kong. While the LFPR of mature persons aged 50 to 64 rose from 56.3% in 2003 to 62.3% in 2013, it is still on the low side compared to other Asian countries. The LFPR decreased as people got older – from 76.8% for those aged 50 to 54 in 2013, to 63.7% for those aged 55 to 59 and further to just 39.4% for those aged 60 to 64 (Diagram 1). Nearly 40%



of economically inactive persons aged between 50 and 64 claimed they had retired. With better health, many of the current and future elderly generations may be willing to work longer. These experienced workers will help alleviate the problem of a shrinking labour force.

27. We will promote a longer working life in all trades and industries. Taking into account the consultation outcomes and relevant factors including the financial implications, the Government, as Hong Kong's largest employer, has decided to take the lead in extending the service of civil servants. Starting from the middle of this year, we will raise the retirement age for new recruits to the civilian grades to 65 and that for the disciplined services grades to 60. We will also formulate flexible measures for extending the service of serving civil servants so as to enable the Government, as an employer, to take early actions to address the challenges arising from an ageing population, and to provide flexibility for meeting the manpower needs of the civil service taking into account the different operational and succession needs of departments.

Extending the working life of civil servants reaching retirement age to meet operational needs

The flexible measures mentioned above include:

- To provide Heads of Grades/Departments with additional flexibility to further employ officers, on a need and selective basis, after they have reached retirement age to fill civil service posts.
- To introduce a new scheme for engaging retired civil servants on contract terms, on a targeted basis, to fill non-directorate positions to undertake ad hoc duties requiring specific civil service expertise or experience.

In addition, the Government will streamline the regulatory regime of post-service employment for non-directorate civil servants at junior ranks.

28. We believe the Government's measures will set a positive example for the private sector as well as public and subvented organisations (the latter employing some 170 000 people). We will encourage other employers, in particular public and subvented organisations, to implement appropriate measures according to their own circumstances to extend the working life of their employees. The Labour and Welfare Bureau will also review the existing social security arrangements to see if they have the effect of disincentivising older persons from continuing to work.



29. Currently, several industries have their own statutory age limits. The Government has conducted a thorough review of relevant legislation. Following amendments in 2013 to the Pilotage Ordinance (Cap. 84) allowing licensed pilots to continue to work as prescribed until 68, we have reviewed the age restrictions set out in the permit issuing criteria under the Security and Guarding Services Ordinance (Cap. 460). We will propose to the Security and Guarding Services Industry Authority to suitably relax the existing age limit of 65 for Category B Security Personnel Permits. There are currently about 140 000 security guards in the security sector, most of whom are holders of the Category B Security Personnel Permit and can perform guarding work for various types of properties.

30. The Education Ordinance (Cap. 279) provides that, unless otherwise permitted, the retirement age of aided school principals and teachers within the approved establishment is 60. Following the extension of retirement age for new civil service recruits, including government school teachers, the Education Bureau will discuss with relevant educational bodies whether and if so how to apply the revised policy to aided schools to meet the manpower needs of Hong Kong as a whole and the education sector.

Strengthening Training and Employment Support for Mature Persons

31. To encourage mature persons to work, the Employees Retraining Board (ERB) will focus on mature persons as one of its key training targets in the years to come. The ERB will conduct market research among mature or retired persons and employers to understand mature persons' views on continued employment as well as employers' opinions on hiring mature or retired persons. The ERB will identify suitable jobs for mature persons and organise training courses on a pilot basis. The Labour Department (LD) will strengthen employment support services for mature job-seekers and encourage employers, through publicity and other means, to build an age-friendly working environment. We will also explain to employers the arrangement for employees' compensation insurance policies (EC insurance or commonly known as "labour insurance policies") to allay their concern over difficulties in taking out such policies for mature workers, while promoting the Employees' Compensation Insurance Residual Scheme as a last resort to employers having difficulties in securing EC insurance.

Encouraging Employers to Hire Mature Persons

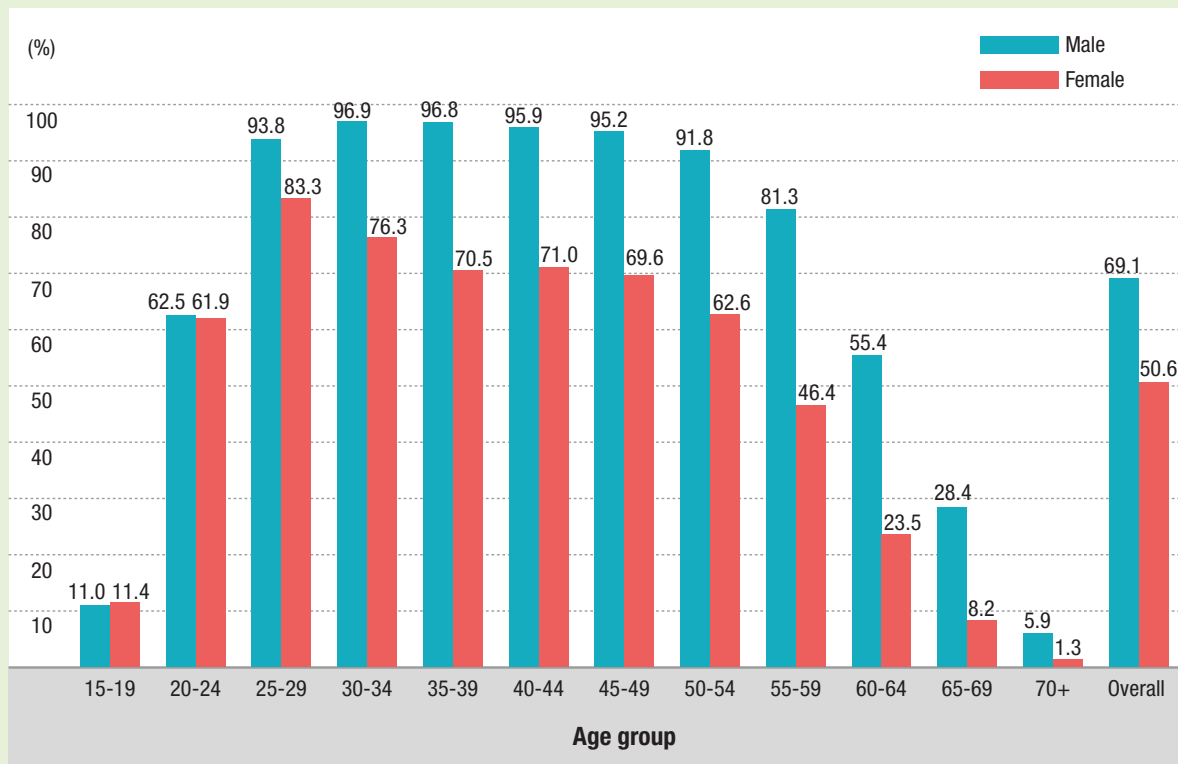
32. Providing a monthly on-the-job training allowance of up to \$3,000 for three to six months, the Employment Programme for the Middle-aged incentivises employers to hire persons aged 40 or above, including elderly workers. In the second half of 2015, LD will extend the programme to cover part-time jobs, so as to encourage employers to provide more part-time employment opportunities to promote elderly employment.

33. During the public engagement exercise, some suggested that consideration may be given to offering tax concessions or incentives to encourage employers to take on more mature workers. Some suggested that similar tax incentives may also help promote employment of persons with disabilities in the private sector. With our low tax rates, most corporations are not paying taxes. Hence, we consider after deliberation that the effectiveness of such proposals in encouraging corporations to employ more mature persons or persons with disabilities has yet to be ascertained. In any case, the Administration will continue to consider this and other tax-related proposals in the context of Budgets.

Helping Women Balance Family and Work Commitments

34. Although the LFPR for women has risen continuously in the recent past, the increase was only marginal – from 48.3% in 2003 to 50.6% in 2013 – and is still far lower than the 69.1% for men (Diagram 2). This is particularly true for married women. In 2013, the LFPR of the ever-married women of prime working age (aged 25 to 54) was 63.9%, which was substantially lower than the 92.5% of their never-married counterparts. Besides, the LFPR of women with child caring responsibilities was 57.8%, or 20.9 percentage points lower than those without child caring responsibilities. There is a strong body of opinions suggesting insufficient child care services was one of the major reasons why women did not want to have children and go to work.

Diagram 2: LFPR of females at the prime age of marriage in Hong Kong is far lower than that of males (2013)



Note: Excluding foreign domestic helpers
 Source: General Household Survey, Census and Statistics Department

Strengthening Child Care and After-School Care Services

35. The Government has decided to launch a series of measures to enhance child care services in order to help women balance their family and work commitments. Proposed measures include:

- i. from 2015-16 onwards, increasing by phases the places of Extended Hours Service at aided child care centres and kindergarten-cum-child care centres in districts with high demand, from the existing 1 200 places to 6 200 places. This can alleviate the pressure on working parents by allowing more needy pre-primary children (aged below six) to remain in the service units they attend to receive extended hours of service;
- ii. in 2017-18, setting up a new aided standalone child care centre in Sha Tin to provide about 100 aided full-day child care places for children aged below three. The Government will continue to provide more child care centres in other districts with high service demand;
- iii. inviting NGOs to establish work-based child care centres through the Special Scheme on Privately Owned Sites for Welfare Uses. Two NGOs have responded positively proposing that a total of about 100 self-financing places be provided. The Government will explore, on a pilot basis, the feasibility of providing in the proposed Government Complex in Tseung Kwan O about 100 places of NGO-operated child care places for staff members;
- iv. launching a pilot project to help grandparents become well-trained child carers in a home setting to support parents who are both working;
- v. providing resources for aided standalone child care centres and service units providing Occasional Child Care Service and Extended Hours Service to enhance supervisory and administrative support; and
- vi. commissioning a consultancy study in 2015-16 to advise on the long-term development of child care services.



36. Schools play a very important role in taking care of children. Quite a number of people took the view that providing whole-day services in kindergartens will help women join the workforce. There are currently over 50 000 whole-day kindergarten places, with a take-up rate of nearly 95%. The Education Bureau's Committee on Free Kindergarten Education is actively considering how to encourage kindergartens to offer more whole-day services to support dual-earner families and provide additional subsidies for families in need.



37. For primary and secondary schools, each year we set aside around \$240 million to support needy students to participate in after-school activities, including learning support programmes, organised by schools and NGOs. Last year, the Policy Address proposed earmarking a designated funding of \$200 million under the Partnership Fund for the Disadvantaged to match up business contributions with a view to broadening the business sector's participation and cooperation with organisations in providing after-school programmes for primary and secondary students from grassroots families. The Social Welfare Department will soon invite schools and welfare NGOs to submit applications.

Strengthening Training and Employment Services

38. The ERB will enhance the training and employment services for women to help them rejoin the job market. In October 2014, the Women's Commission launched the Women Employment website which is a one-stop information portal providing information on employment services, child and elderly care support services, as well as training programmes for working women or women who are ready to work. The Women's Commission will keep updating the website.

Family-friendly Measures

39. Family-friendly working arrangements can help working couples balance family and work commitments. Specific proposals include part-time jobs, flexible working hours and allowing employees to take parental leave or extended maternity leave, etc to attend to family responsibilities. In considering the requests for longer statutory holidays, we must carefully balance employees' welfare and the impact on employers of various sizes, business operation and the entire labour market.

40. From late February this year onward, eligible working fathers can enjoy three days of paid paternity leave within a specified period around the time of birth of their newborn children. We will review the arrangement one year after implementation. We will continue to promote wider adoption of family-friendly employment practices in the business sector through the biennial Family-Friendly Employers Award Scheme. More than 1 800 companies/organisations had enrolled for the second Award Scheme last year, representing an increase of over 60% as compared to the first Scheme. This demonstrates that more and more companies/organisations are coming to realise that family-friendly measures can create a win-win situation for both employers and employees. The LD will also enhance publicity and education efforts to encourage employers to adopt family-friendly practices, including the provision of more part-time jobs which are more popular amongst women, to help employees reconcile work and family life.

41. We will set a good example on the part of the Government as an employer by implementing more family-friendly employment practices for other employers to follow. Measures already in place include the five-day week and five-day paid paternity leave for eligible government employees. The Government will consider offering more part-time positions on non-civil service contract terms. Subject to exigencies of the service and sufficient personal grounds, the Government will also continue with the existing arrangements of giving priority and sympathetic consideration to leave applications, including unpaid leave, on family care grounds.

Strengthening Employment Support for Disadvantaged Groups

42. Apart from mature persons and women, other groups such as persons with disabilities, new arrivals, ethnic minorities and other underprivileged people are also important members of the Hong Kong community. Promoting their employment can help realise their potential, replenish our labour force and build an inclusive society. We will implement the following initiatives:

- i. Accepting the Social Enterprise Advisory Committee's recommendation, we will launch a new scheme subsidising social enterprises and NGOs to offer about 2 000 to 3 000 on-site training places for persons with disabilities and other groups in need, including the elderly and ethnic minorities, to increase their employment prospect. We will also strengthen the support platform for social enterprises and step up publicity and public education;



- ii. The ERB will provide new courses and support services geared towards the needs of different social groups. Specific measures include:
 - a. providing 1 300 designated training places for new arrivals in 2015-16, including organising skills training courses (such as physiotherapy) to attract enrolment of new arrivals with higher academic qualifications and professional experience;
 - b. providing 800 designated training places for ethnic minorities in 2015-16 and conducting courses in support centres for ethnic minorities under the Home Affairs Department on a pilot basis to facilitate attendance of ethnic minorities;
 - c. organising courses on self-employment as well as food and beverage production, etc for persons with disabilities; and
 - d. providing more in-demand programmes under the Modular Certificates Accumulation System to enable trainees to obtain full-time course certificates upon completion of a number of specified half-day or evening courses. This will allow trainees who are unable to pursue full-time courses due to work or family commitments to make flexible arrangement for further studies and acquire recognised qualifications;
- iii. We will improve the employment opportunities of persons with disabilities through -

- a. enhancing the post-placement follow-up service by LD for job seekers with disabilities by extending the service period from three months to six months. This will strengthen support for employers and help employees with disabilities adapt to their work. Over 2 000 persons with disabilities are expected to benefit from this measure each year;



- b. continuing to promote the Talent-Wise Employment Charter and Inclusive Organisations Recognition Scheme to encourage more employers to provide internship and employment opportunities for persons with disabilities so as to enhance

- their access to employment and create an inclusive workplace. About 380 organisations have joined the Scheme; and
- c. exploring the implementation of a pilot project under the Lotteries Fund for trained ex-mentally ill persons to serve as peer supporters to provide support and encouragement for other persons in rehabilitation through sharing of their recovery experience;
 - iv. We will improve the employment opportunities of ethnic minorities through -
 - a. organising inclusive job fairs in 2015-16 to enhance employment opportunities for ethnic minorities; and
 - b. implementing a pilot project to engage ethnic minority trainees of the Youth Employment and Training Programme as Employment Services Ambassadors in LD's Job Centres and recruitment functions to help provide employment services for ethnic minority job seekers. LD will review the pilot project before considering future arrangements;
 - v. We will continue to implement appropriate measures to ensure that persons with disabilities and ethnic minorities will have equal access, like other applicants, to job opportunities in the Government; and
 - vi. We will earmark \$223 million to extend the Integrated Employment Assistance Programme for Self-reliance for two years and engage NGOs to provide employment assistance services for employable able-bodied recipients of the Comprehensive Social Security Assistance. This will enhance their employability, and help encourage them to secure employment and achieve self-reliance.

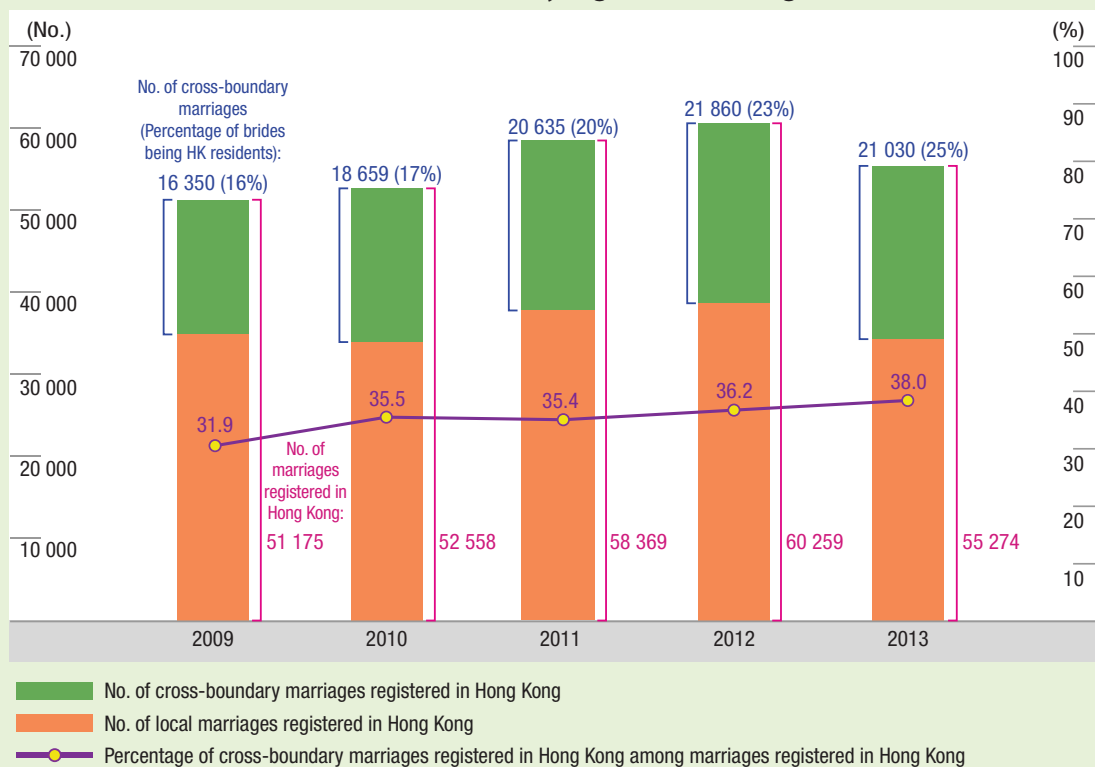
OWP Scheme

43. During the public engagement exercise, we have received a large number of adverse comments on the OWP Scheme. They were worried about competition from OWP holders for local resources and suggested that Hong Kong should have the authority to approve OWP applications, reduce the quota or even abolish the scheme. The Government totally disagrees with such views. These comments fail to appreciate the need for family reunion. They are also grossly unfair to new arrivals.

44. Many residents in Hong Kong are in fact descendants of migrants from the Mainland, to whom we owe a great deal for the prosperity and achievements we enjoy today.

45. The aim of the OWP Scheme is to allow families separated in the Mainland and Hong Kong to reunite in Hong Kong. Pursuant to the Basic Law, the application, approval and issue of OWP fall within the remit of the Mainland authorities in accordance with the laws and regulations of the Mainland. The SAR Government facilitates the process by verifying supporting documents for individual cases. In the 17 years since the reunification till June 2014, around 828 000 new arrivals have settled in Hong Kong, the majority (98%) of whom are spouses or children of Hong Kong residents. Cross-boundary marriages are common nowadays. In 2013, cross-boundary marriages made up almost 40% of locally registered marriages. About one-quarter of the locally registered cross-boundary marriages involved Hong Kong females and Mainland males (Diagram 3). There is a continued need for the OWP Scheme so that eligible Mainland residents can come to Hong Kong in an orderly manner for family reunion. The SAR Government will keep in view the implementation of the scheme and maintain effective communication with the Mainland authorities.

Diagram 3: In 2013 cross-boundary marriages made up almost 40% of locally registered marriages



Source: Demographic Statistics Section, Census and Statistics Department

46. As Hong Kong's fertility rate remains low, the daily intake of OWP holders will continue to be a major source of our population growth in the foreseeable future. They are our valuable human resources. In 2013, the median age of OWP holders was 33, notably lower than the median age of 43 of the entire local population.

Their education level has also improved over the years. In 2013, 88% of new arrivals aged 15 or above attained secondary education level or above. Around 46% of working age new arrivals (aged 20 to 64) were working when they were in the Mainland (Diagram 4). The majority of them have come to join the local workforce and worked hard to support themselves and their families. The 2013 poverty situation analysis showed that the LFPR of new arrival poor households exceeded 40%, higher than that of other poor households. The Government will continue to help new arrivals adapt to local life through support services and integration efforts. In July this year, we will extend the Expectation Management Programme now implemented in Shenzhen and Guangdong Province to help prospective settlers understand Hong Kong's way of life before deciding to live here through a range of activities including community education and support network.

Diagram 4: OWP holders' improving profile

	OWP holders coming to HK	Sex ratio [#]	Median age (Median age of overall population)	% of OWP holders aged 15 or above attaining secondary education or above	% of working age OWP holders [^] with working experience in the Mainland
1998	56 039	529	13 (35)	48.2	20.8
2003	53 507	335	30 (38)	83.1	24.1
2008	41 610	466	28 (40)	87.8	35.6
2013	45 031	511	33 (43)	87.9	45.8

Notes: # The number of males per 1 000 females

^ Refer to OWP holders aged 20-64

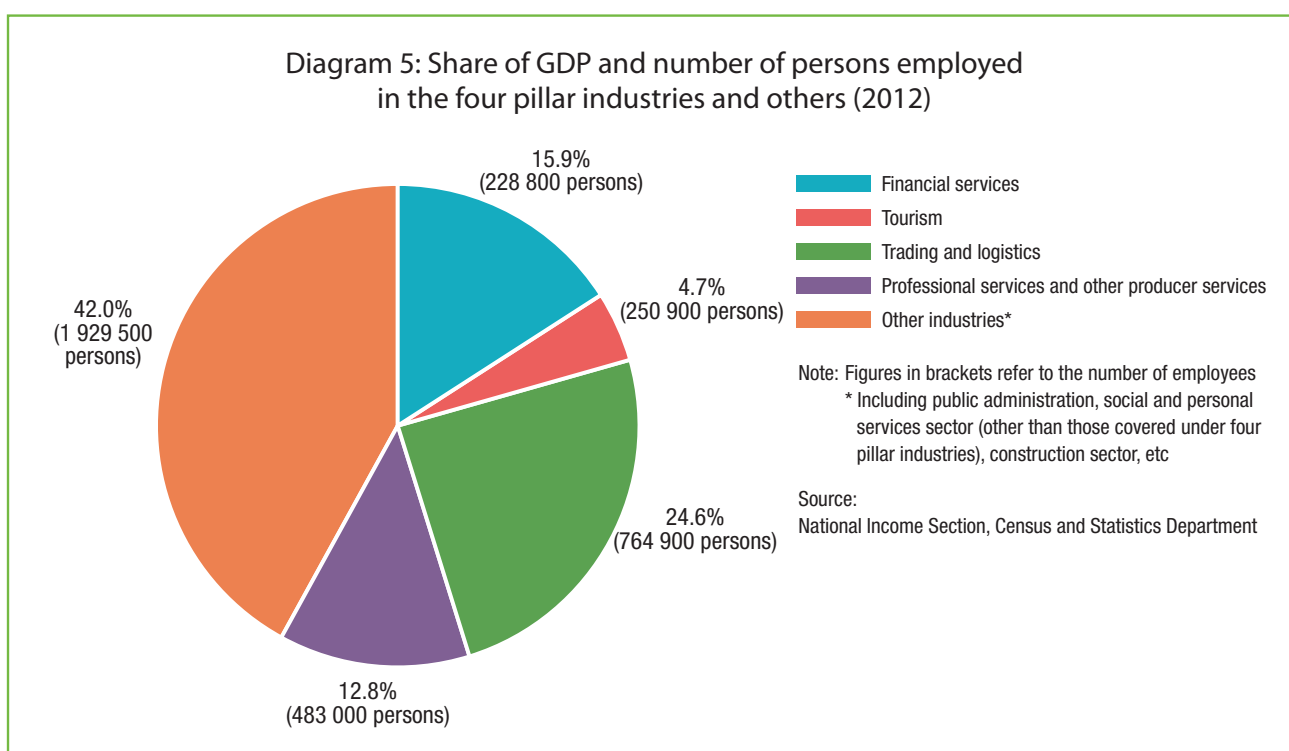
Enhancing the Quality of Our Home-grown Talent

47. Nurturing local talent is the primary objective of population policy. The basic strategy to achieve this is to improve access to quality education and training to help our young people acquire skills needed by the market so that they can progress in jobs and achieve their aspirations. While striving to build a better home for themselves and their families through hard work, our people are also driving Hong Kong's economy forward. Hence our economic development and human resources strategy are interlinked. The two should be closely aligned to maximise the growth potential for our economy and talent.



Consolidating Pillar Industries Exploring New Opportunities

48. Economic development is an integral part of population policy. Our economy must stay competitive and vibrant, for only then can we create good jobs and opportunities and open up more career pathways for our young people. With their established competitive advantage, the four pillar industries, i.e. trade and logistics; tourism; financial services; and business and professional services, have been Hong Kong's economic engine (Diagram 5). Following the opening up of the Mainland market and the shifting of the world's economic balance to Asia, there is still ample room to further develop these industries. We must capitalise on these opportunities.



49. At the same time, we need to tap new growth opportunities to enrich our economic structure. We should not only strive to develop new industries, but also inject innovative elements into existing industries where our strength lies and move up the value chain, creating more jobs with high pay and good prospects for the younger generation. The Economic Development Commission, chaired by the Chief Executive, and its four working groups are exploring policies and support measures to further develop four clusters of sectors (transportation; convention and exhibition industries and tourism; manufacturing industries, innovative technology, and cultural and creative industries; and professional services) and have started to submit specific proposals to the Government.

Nurturing the Younger Generation

50. Nurturing talent starts with education. The Government is committed to enhancing the quality of education and providing diversified learning, training and development opportunities for young people of different abilities and aspirations. Enhancing vocational training and widening young people's access to post-secondary education are among the priorities of our population policy. Having considered that these policy proposals are crucial to youth development, the Government advanced to announce in the 2014 Policy Address a range of education and training measures for young people. We are now implementing these measures.

Enhancing Vocational Education

51. Some measures to enhance vocational education have already been launched. These include the introduction of Pilot Training and Support Scheme by the Vocational Training Council (VTC) to integrate structured apprenticeship training programmes with clear career progression pathways to attract and retain talented people for relevant industries, benefitting 2 000 trainees. Besides, funding has been allocated to the VTC to provide industrial attachment opportunities for students of all higher diploma programmes and some Diploma in Vocational Education programmes. Over 9 000 students will benefit from the measure each year. Additional resources have been provided for public sector secondary schools to strengthen life planning education, and a \$1 billion endowment fund has been set up to provide long-term support for the on-going development of the Qualifications Framework. In mid-2014, the Education Bureau set up the Task Force on Promotion of Vocational Education in a bid to promote vocational education as an attractive articulation pathway and help tackle the entrenched bias amongst some towards the traditional academic pursuits. The Task Force will submit a report in the middle of this year. The Government will carefully consider the recommendations to further promote vocational education put forth in the report.



Providing More Subsidised Post-secondary Education Places

52. The Policy Address last year announced that an additional 2 120 subsidised places would be provided to young people to pursue degree education. Measures include increasing progressively by 1 000 senior year undergraduate places so that more meritorious sub-degree graduates can articulate to subsidised degree programmes; implementing a new scheme to subsidise 1 000 students per year to pursue self-financing undergraduate programmes in selected disciplines to meet Hong Kong's manpower needs; providing financial assistance for 100 outstanding students per year to

pursue studies in renowned universities outside Hong Kong; and setting up a scholarship fund to subsidise each year about 20 local students who excel in sports, arts and community service to pursue studies in local universities and post-secondary institutions. In addition, we will introduce a Mainland University Study Subsidy Scheme so that students in need pursuing studies under the Scheme for Admission of Hong Kong Students to Mainland Higher Education Institutions may receive grant during their studies.

Two-pronged Approach to Enhance Healthcare Manpower

53. As our growing and ageing population has led to a rising demand for healthcare services, the Food and Health Bureau (FHB) launched a public consultation on a Voluntary Health Insurance Scheme (VHIS) last December. The Government seeks to encourage more people to switch to private healthcare services through the VHIS. This will help relieve pressure on the public system and contribute to the sustainable development of Hong Kong's healthcare system. We are also very concerned about manpower development in the healthcare sector. The Steering Committee on Strategic Review on Healthcare Manpower Planning and Professional Development, led by the Secretary for Food and Health, is conducting a comprehensive review of the manpower demand in various healthcare professions. It will recommend ways to cope with future demand for healthcare manpower, strengthen professional training and facilitate professional development, with a view to ensuring sufficient healthcare manpower to meet the additional demand for services brought by the ageing population.

54. To alleviate the shortage of healthcare manpower, FHB is actively examining the possibility of increasing the number of publicly-funded degree places in medicine, dentistry and other medical specialties in the next funding cycle for universities. The Government will continue to discuss with the Medical Council of Hong Kong ways to refine the licensing examination arrangements for medical practitioners. In addition to increasing the number of examination sittings, we will also consider more flexible internship arrangements to encourage qualified overseas doctors to practise in Hong Kong. Meanwhile, the Hospital Authority will continue to increase healthcare manpower supply in public hospitals by recruiting overseas doctors by way of limited registration and organising nurse training programmes.

Attracting Talent from Outside

55. Importing talent and professionals from outside is considered the most direct and effective means to meet the huge demand for talent in the local market. It also helps build up our human capital stock. The larger the pool of talent, the easier it is to attract investment, thereby promoting the development of new industries and creating diverse employment opportunities. Well-educated, highly skilled and young talent and entrepreneurs are much sought after globally. Hong Kong should not and cannot afford

to sit back and see how this global battle for talent plays out. If Hong Kong cannot attract enough talent to support the growth of enterprises, businesses may relocate elsewhere. It would also be difficult for us to attract overseas investors to do business in Hong Kong. If this situation persists, it could create a downward spiral that would weaken Hong Kong's competitiveness and ability to attract talent.

Talent Admission Schemes

56. There are currently three major schemes targeted towards different talent, namely the General Employment Policy (GEP), Admission Scheme for Mainland Talents and Professionals (ASMTP), and Quality Migrant Admission Scheme (QMAS). At present, the majority of outside talent come to work in Hong Kong under the GEP and ASMTP which are tied to local employment offers. As at end 2013, more than 88 000 talent and professionals, representing around 2.5% of the local workforce, were working in Hong Kong under these two schemes¹. The QMAS is a points-based entrant scheme under which the applicants are not required to first secure a local employment offer. Since its launch in 2006 and up to end 2013, 2 724 quotas have been allotted under the QMAS. Details of the three talent admission schemes are in the diagram below.

Key Features of Three Talent Admission Schemes

General Employment Policy	Admission Scheme for Mainland Talents and Professionals	Quality Migrant Admission Scheme
Target		
<ul style="list-style-type: none"> overseas talent and professionals 	<ul style="list-style-type: none"> Mainland talent and professionals 	<ul style="list-style-type: none"> highly-skilled or talented persons from overseas and the Mainland; annual quota: 1 000
Eligibility criteria		
<ul style="list-style-type: none"> possession of skills, knowledge or experience not readily available locally; remuneration on par with market rate; confirmed employment offer; job vacancies cannot be filled locally 	<ul style="list-style-type: none"> same as General Employment Policy 	<ul style="list-style-type: none"> attainment of the minimum passing mark scored according to academic/professional qualifications, work experience, language proficiency, age and family background, or attainment of renowned achievements; job offer not required
No. of approved applications/quotas allotted* in 2013		
<ul style="list-style-type: none"> 28 380 	<ul style="list-style-type: none"> 8 017 	<ul style="list-style-type: none"> 332*

¹ Approved applications under the GEP and ASMTP can be classified into two categories of duration, i.e. less than 12 months (short-term) and 12 months or more (long-term). The percentage of short-term and long-term employment visas granted under the GEP was 43% and 57% while that for the ASMTP was 58% and 42% in 2013.

57. The Capital Investment Entrant Scheme (CIES), launched in October 2003, aims to attract investment entrants to settle in Hong Kong. Applicants are required to invest no less than HK\$10 million in permissible investment assets. As at end 2013, the number of CIES applications approved was 20 649, bringing in total investments of \$167.3 billion.

Refining Existing Talent Admission Arrangements

58. To ensure Hong Kong remains competitive globally in attracting and retaining talent, we have decided after review to refine the existing talent admission arrangements in the following five areas:

i. Facilitating the Return of the Second Generation of Hong Kong Emigrants

We estimate that since 1980, some 800 000 Hong Kong residents had emigrated, with almost 90% to the United States, Australia, New Zealand, Canada and the United Kingdom. Some of their second generation are already in employment. Many of them are well-educated professionals, forming a large pool of highly-skilled talent. If we can attract these people to return to Hong Kong, they can make good contributions to our future given their knowledge of and ties with the city.

From the second quarter of 2015, we plan to implement a pilot scheme to attract the second generation of Chinese Hong Kong Permanent Residents who have migrated overseas to return to Hong Kong by facilitating their entry and stay. Applicants must meet certain criteria, including age and academic qualifications². Successful applicants may be granted an initial stay of one year for job seeking. Provided the applicant has a job offer commonly taken up by degree holders and the remuneration package is comparable to market rates, he may extend his stay in Hong Kong. He may also bring in his spouse and unmarried dependent children aged under 18.

ii. Relaxing the Stay Arrangements to Attract Talent to Settle in Hong Kong

Under the GEP and ASMTP, successful applicants must first secure an employment offer before coming to Hong Kong. These two schemes have effectively helped businesses fill vacancies with skills not readily available locally. However, from the perspective of retaining talent and building up our human capital stock, we do not wish these overseas talented people to stay here temporarily and leave after a few years.

² Applicants will have to meet, apart from the normal immigration requirements, the following criteria -

- a. aged between 18 and 40 and born overseas;
- b. having at least one parent who is the holder of a valid Hong Kong Permanent Identity Card at the time of application and was a Chinese national who had settled overseas at the time of the applicant's birth;
- c. having a first degree or above or good technical qualifications, proven professional abilities and/or relevant experience and achievements supported by documentary evidence;
- d. being proficient in written and spoken Chinese or English; and
- e. with sufficient financial support and is able to meet the living expenses for the applicant's and his/her dependents' maintenance and accommodation in Hong Kong without recourse to public funds.

Between 2010 to 2013, around 12 800 entrants under these two schemes acquired Hong Kong Permanent Resident status.

From the second quarter of 2015, we plan to encourage more outside talent to stay in Hong Kong by relaxing their stay arrangements under the GEP and ASMTP. Details are as follows:

Applicable to the GEP and ASMTP	Existing Duration of Stay (1+2+2+3 Arrangement) ³	New Arrangement to be implemented in Q2, 2015 (2+3+3 Arrangement) ⁴
First Application	1 year	2 years
Extension of Stay Application		
First time	2 years	3 years
Second time	2 years	3 years
Third time	3 years	

In addition, entrants under the two schemes meeting certain criteria⁵ may, on the first extension, apply for a six-year extension on time limitation only without other conditions of stay. Successful applicants will not have to seek prior



approval from the Immigration Department (ImmD) for change of employment and only need to notify ImmD of the change in writing. We estimate that about 10% and 1% of annual GEP and ASMTP entrants will benefit from this arrangement.

iii. Refining the QMAS

We also need to review and refine the arrangements under the QMAS to ensure it can attract young talent with an outstanding education background or international working experience to come to Hong Kong.

From the second quarter of 2015, we plan to relax the stay arrangements under the QMAS. The refinement to the General Points Test (GPT)⁶ will be in

3 Or in line with the duration of the employment contract, whichever is shorter.

4 Ditto.

5 Applicants have to fulfill the following criteria:

- a. having worked in Hong Kong under the GEP or ASMTP for two years; and
- b. having an annual assessable income for salaries tax of not less than HK\$2 million in the previous year of assessment.

6 There are two points-based tests under the QMAS. The GPT assesses applicants on the basis of five factors including age, academic/professional qualifications and work experience, while the APT is mainly for talent who have received an award of achievement such as Olympic medals and national or international awards.

line with the proposal under item (ii) above, that is, successful applicants will be granted an initial stay of two years (instead of one year under the existing arrangement) and the extension of stay pattern will be relaxed from 2+2+3 to 3+3 years. Eligible quality migrants may, upon the first extension, apply for a six-year extension. As for the Achievement-based Points Test (APT), successful applicants will be granted a stay of 8 years. We will also adjust the GPT to attract young talent who are graduates of an internationally recognised, renowned higher education institution or with international work experience.

iv. Attracting More Overseas Investors to Establish Businesses in Hong Kong

The CIES was implemented in 2003 when Hong Kong's economy was in recession with the aim to attract more capital into Hong Kong. However, in view of the current abundant liquidity in our investment market, investment entrants should no longer be our major targets. We should consider how to attract, through the GEP, more entrepreneurs who have the potential and capabilities of facilitating the development of innovation and technology in Hong Kong to start and develop their business here. This will create promising job opportunities for our young generation and foster a culture of innovation and entrepreneurship.

From the second quarter of 2015, we plan to specify the consideration factors under the GEP investment stream, such as the business plan, financial resources, investment sum, business turnover, number of local jobs created, introduction of new technology or skills, etc. to facilitate the entry of entrepreneurs who can bring economic benefits to Hong Kong. In addition, given that start-up entrepreneurs may not have adequate capital or performance records which may affect their applications, we may favourably consider applications supported by government-backed programmes (e.g. StartmeupHK Venture Programme administered by InvestHK and incubation programmes administered by the Hong Kong Science and Technology Parks Corporation).

At the same time, having considered the implementation of the CIES and Hong Kong's needs, we will suspend the CIES from 15 January this year until further notice. Applications approved or under consideration will not be affected by the arrangement. The ImmD will continue to process these cases according to the existing scheme rules.

v. Studying the Feasibility of Drawing Up a Talent List

Each talent admission scheme should be clearly positioned – while the GEP and ASMTF serve to meet the short-term market demand for skills, we need to strengthen the function of the QMAS in admitting talent who can facilitate the medium and long-term economic development of Hong Kong.

We will study, having regard to overseas experiences, the feasibility of drawing up a talent list to attract quality people in a more effective and focused manner to support Hong Kong's development into a high value-added and diversified economy.

Enhancing Promotion Overseas and in the Mainland

59. To tie in with these enhancement measures, the overseas Economic and Trade Offices and Mainland Offices of the SAR Government in 16 cities around the world will step up their efforts to promote the admission schemes. In fact, the current-term Government attaches great importance to connecting with Hong Kong people living overseas or in the Mainland, and has been maintaining contact with them through officials' overseas duty visits. Overseas and Mainland Offices will organise receptions or seminars to introduce various admission schemes to our target talent and encourage them to come to work in Hong Kong. They will reach out to students of local universities and consider collaborating with interested chambers of commerce in Hong Kong to participate in the universities' job fairs. They will also work with local media to publicise successful examples of people coming to Hong Kong for career development. InvestHK will step up the promotion of various admission schemes to investors and entrepreneurs through its overseas staff.

Immigration Arrangements for Non-local Graduates

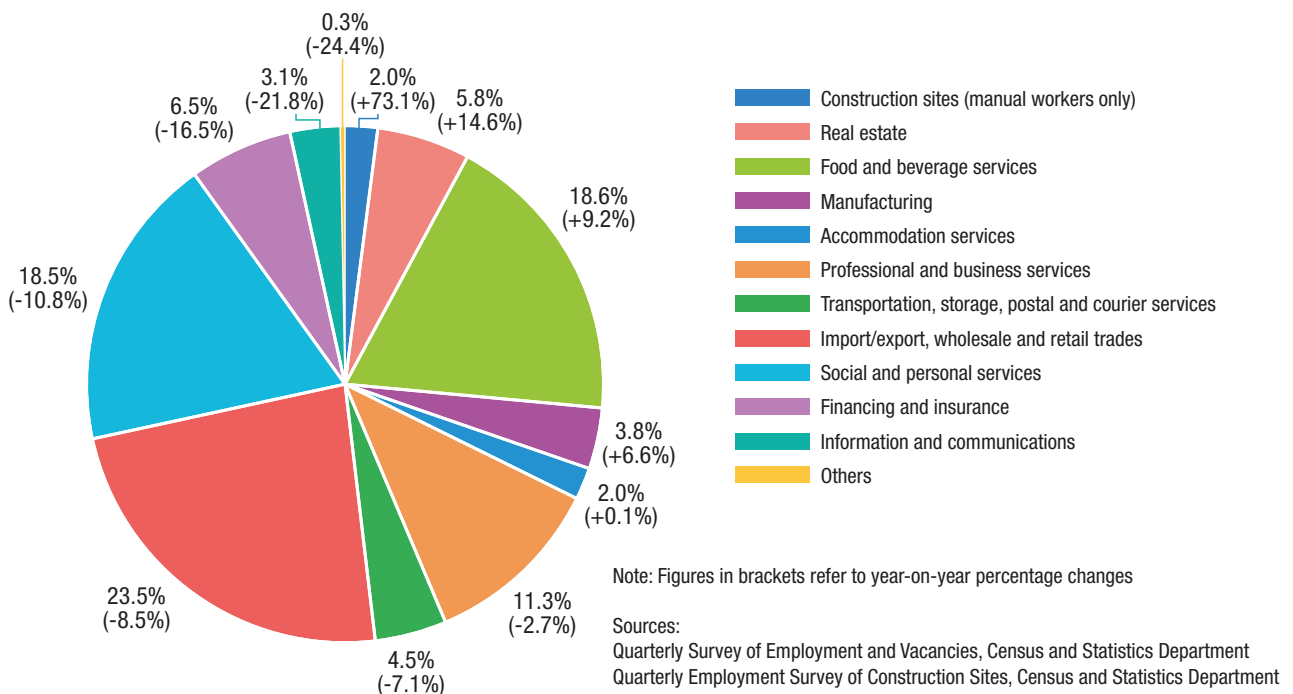
60. Our higher education institutions also play a significant role in attracting outside talent. Hong Kong has three universities in the world's top 50 and five in the top 200. The Immigration Arrangements for Non-local Graduates leverages this advantage to attract outside talent to study and work here. Such non-local graduates can stay in Hong Kong for up to a year after finishing their degree programmes to look for a job. Thereafter, they may stay in Hong Kong as long as they have a job commonly taken up by degree holders and the remuneration is comparable to market rates. By end 2013, over 30 000 non-local graduates had been given approval to stay in or return to Hong Kong for employment. We will review the implementation of this arrangement from time to time.

Importation of Labour

Manpower Shortage in Some Industries

61. Promoting the employment of local workers is also our priority. With a low unemployment rate and almost full employment in Hong Kong, several labour-intensive industries are facing persistent manpower shortage. In September 2014, the number of job vacancies in the private market reached 75 360. Those industries with more prominent year-on-year increase are construction sites (up 73.1%), real estates (+14.6%), and food and beverage services (up 9.2%) (Diagram 6).

Diagram 6: Distribution of 75 360 job vacancies in private market by industries in September 2014



Strengthening Training and Employment Services for Local Workers

62. While labour shortage for some trades is short-term, for others it is long-term and structural. In face of the shrinking labour force, the Government will continue to strive to make better use of our human capital through training. The Government allocated in 2010 and 2012 a total of \$320 million to the Construction Industry Council (CIC) to strengthen the training of local construction workers and attract more new entrants, especially young people, to join the construction industry through promotion and publicity. Noting that CIC has so far been focusing on training workers up to semi-skilled level, the 2015 Policy Address has proposed to earmark another \$100 million for CIC to launch new training measures to upgrade the skills of more workers to that of skilled workers.



63. Last year, the Government announced the allocation of \$130 million for the retail industry. The allocation covers – (a) about \$70 million to support young people participating in an "Earn-and-Learn Pilot Scheme for the Retail Industry", a new joint initiative by VTC and industry players. The scheme helps address the tight manpower situation of the industry, and encourage aspiring youngsters to join the retail workforce; (b) \$50 million to assist the industry in the next few years to enhance productivity through the adoption of technologies; and (c) \$10 million to launch an industry promotion campaign, rectifying misunderstandings and projecting a positive image of the sector with a view to attracting new blood. In addition, we will organise large-scale, district-based and thematic recruitment functions regularly in collaboration with employers from different sectors and through the two recruitment centres for the retail and catering industries. Job seekers can submit applications or attend interviews on the spot.

Exploring Enhancement of the Labour Importation Mechanism for the Construction Industry

64. In upholding the principle of according priority to local people in employment, we will import labour on an appropriate, limited and targeted basis to help relieve the manpower shortage in certain sectors. This will be conducive to the overall economic and social development of Hong Kong. The construction industry deserves our attention in particular. Measured against the current price level, the total construction output in Hong Kong increased from some \$120 billion in 2008-09 to about \$180 billion in 2013-14, representing an increase by about 50%. Though the industry has stepped up training and recruitment efforts in recent years, there was only an increase by about 16% for registered skilled workers over the same period. Furthermore, the average number of man-months of workers required for each construction unit has increased substantially by about 60% to 100% over the past decade. In the past five years, there were only around 1 000 skilled workers imported through the Supplementary Labour Scheme (SLS). On the other hand, over 320 000 imported construction workers were working in Singapore as at June 2014.

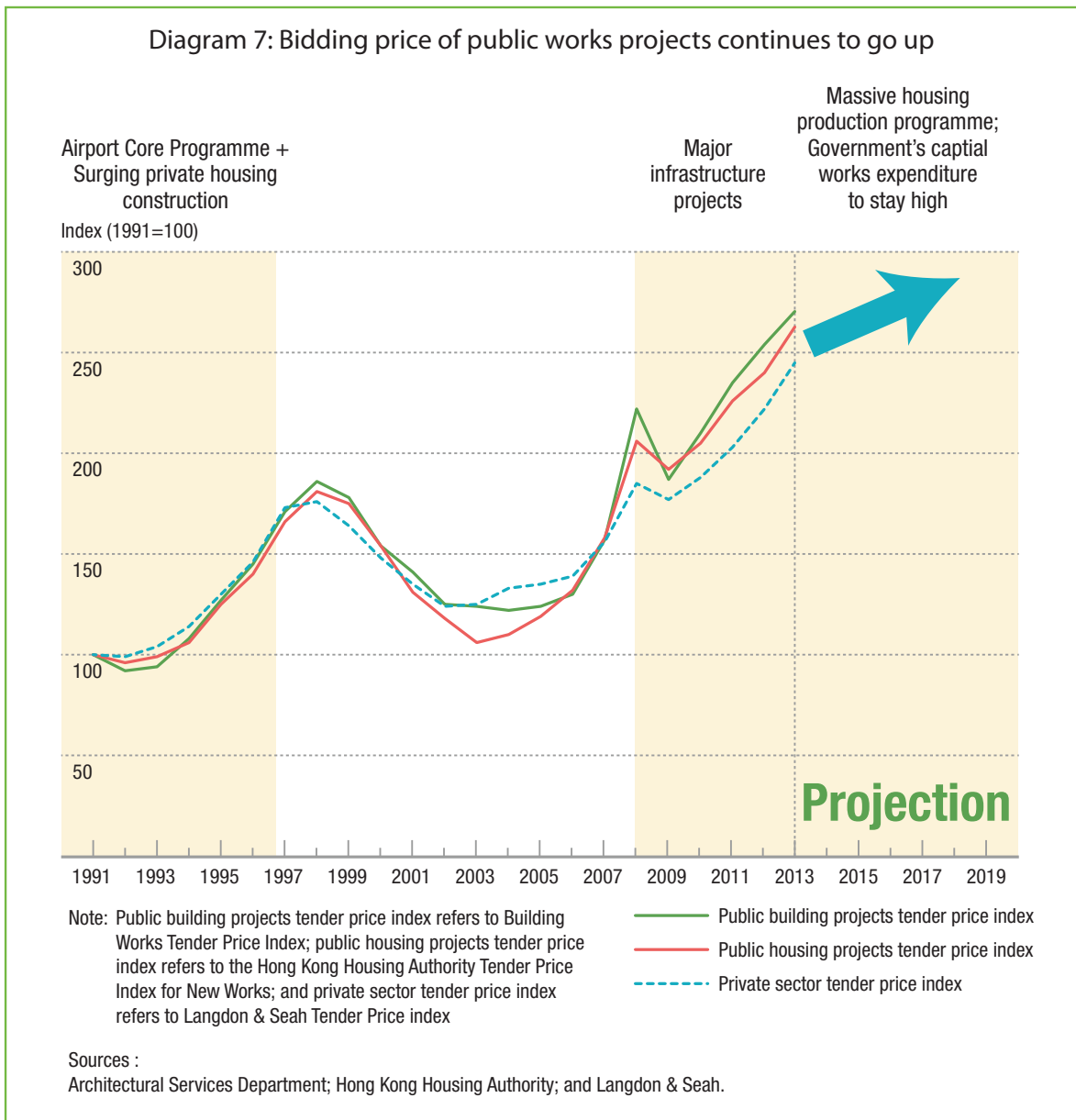
Supplementary Labour Scheme

SLS, implemented in 1996, allows employers to import workers to fill vacancies at technician level or below on the premise that the interests of local workers will not be compromised. Detailed procedures are as follows: if the required workers cannot be recruited locally after a four-week open recruitment, LD will submit the SLS application and relevant information to the Labour Advisory Board for advice before it is submitted to the Government for approval or otherwise. In the years between 2011 and 2013, the number of imported workers approved under SLS was 980, 1 942 and 1 847 respectively. Of them, 14, 284 and 566 were construction workers.



65. According to CIC's forecast, the construction industry would continue to face shortage of about 10 000 to 15 000 skilled workers in the coming years. This will undermine progress of public works, and increase construction cost (Diagram 7), which will in turn increase land and rental costs and delay the provision of land and housing supply. Overall, this will hinder Hong Kong's economic development in the long run. On the premise of safeguarding the priority of employment for local skilled workers and their income levels as well as promotion of training for the construction workforce in a continuous manner, the construction industry needs to import skilled workers in a timely and effective manner to meet the demand.

Diagram 7: Bidding price of public works projects continues to go up



66. The Government rolled out enhancement measures to the SLS specifically for the construction industry in relation to public sector works projects in April last year. Nonetheless, the relevant measures have yet to fully address the keen demand of the industry for skilled workers. We are given to understand that there are some unique operational characteristics that render the construction industry facing some uncertainties in applying for labour importation through the SLS not encountered by other industries. We need to launch further enhancement measures having regard to the unique characteristics of the construction industry. For example, since construction works are carried out in sequential order and they may be affected by factors such as supply of materials, progress of upstream work processes and so on, allowing imported skilled workers to work across various public sector works projects can enhance the flexibility in their deployment, maximise the productivity of skilled workers and control costs more effectively. The Government will liaise closely with stakeholders in the construction industry and the labour sector on the detailed arrangements of the relevant measures and review their effectiveness in a timely manner. If these measures still cannot effectively resolve the problem of acute shortage of skilled construction workers, we will explore with the construction industry and labour sector the introduction of other more effective and appropriate measures to meet the needs of the Hong Kong's economic and social development. Furthermore, the Government will set up a dedicated Construction Industry Recruitment Centre to provide job counselling service, conduct on-the-spot interviews and stage job fairs for local construction workers. It will also facilitate contractors in employing qualified local skilled workers as a priority.

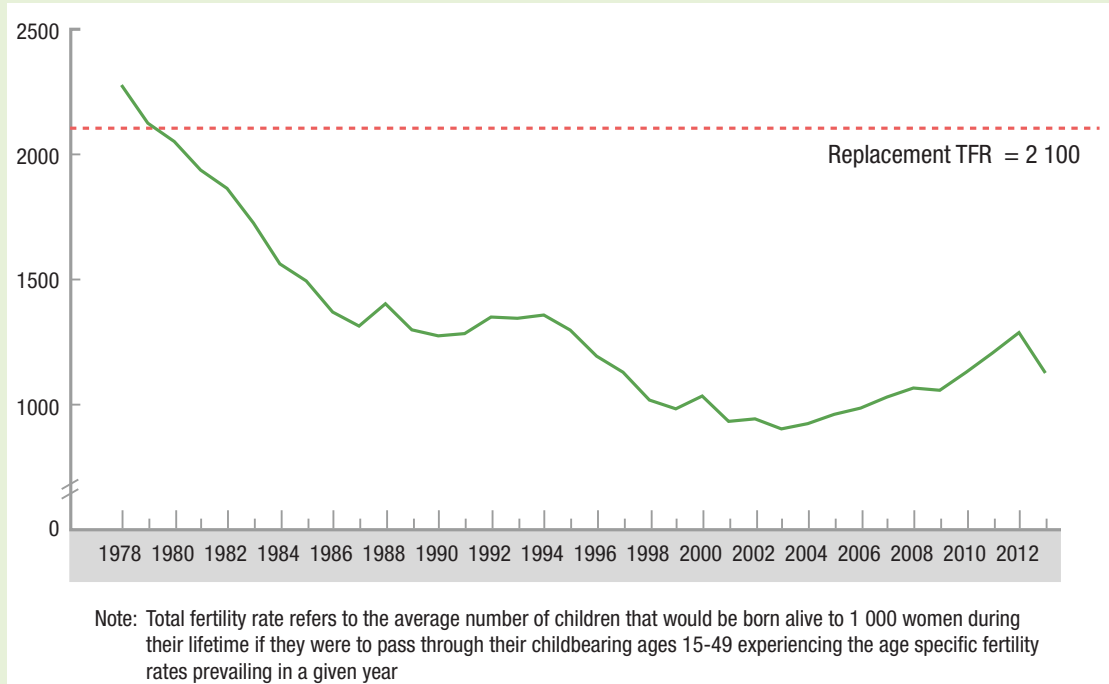
Fostering a Supportive Environment for Forming and Raising Families

Local Fertility Trend

67. The last time Hong Kong's total fertility rate (TFR) reached the replacement level of 2.1 (i.e. each female should give birth to 2.1 children to maintain the population level) was 1979. Hong Kong's TFR dropped from 2.1 childbirths per woman in 1979 to a record-low level of 0.9 in 2003 and since then has increased to between 1.1 and 1.3 in recent years. The TFR in the past three years was 1.2 (2011), 1.3 (2012) and 1.1 (2013) (Diagram 8).



Diagram 8: Hong Kong's falling TFR



Consolidating Local and Overseas Experience – Some Observations

68. Raising fertility is an issue of interest to different sectors. It has elicited many responses in the public engagement exercise. Taking into account public views received, as well as local and overseas experience, we have the following observations:

- i. our TFR has been lower than the replacement level of 2.1 for more than three decades. It has remained between 0.9 and 1.3 since mid-1990s. Unless there are major circumstantial changes or policy shifts, we are not hopeful the low fertility trend could be reversed.

A low fertility rate is not unique to Hong Kong. Other developed economies in Asia such as Japan, Singapore and South Korea are also suffering from low fertility (Diagram 9). The reasons behind the low fertility rate in Hong Kong are similar to those in these places. A decreasing marriage rate, as well as delayed marriage and childbearing are the key factors (Diagram 10).

- ii. as borne out by international experience, direct cash allowances are unlikely to yield a noticeable effect on birthrates. Childbirth after all is a major family decision and financial matter is only one of the many considerations. Excessive government intervention may not be appropriate. Take Singapore as an example. A middle-income family with two children may receive a cash and benefit package of around HK\$1 million before the children reach the age of 13. Yet, Singapore's TFR has remained at a low level of 1.2 to 1.3 in recent years.

Diagram 9: Other developed economies in Asia are also facing the problem of low fertility rates

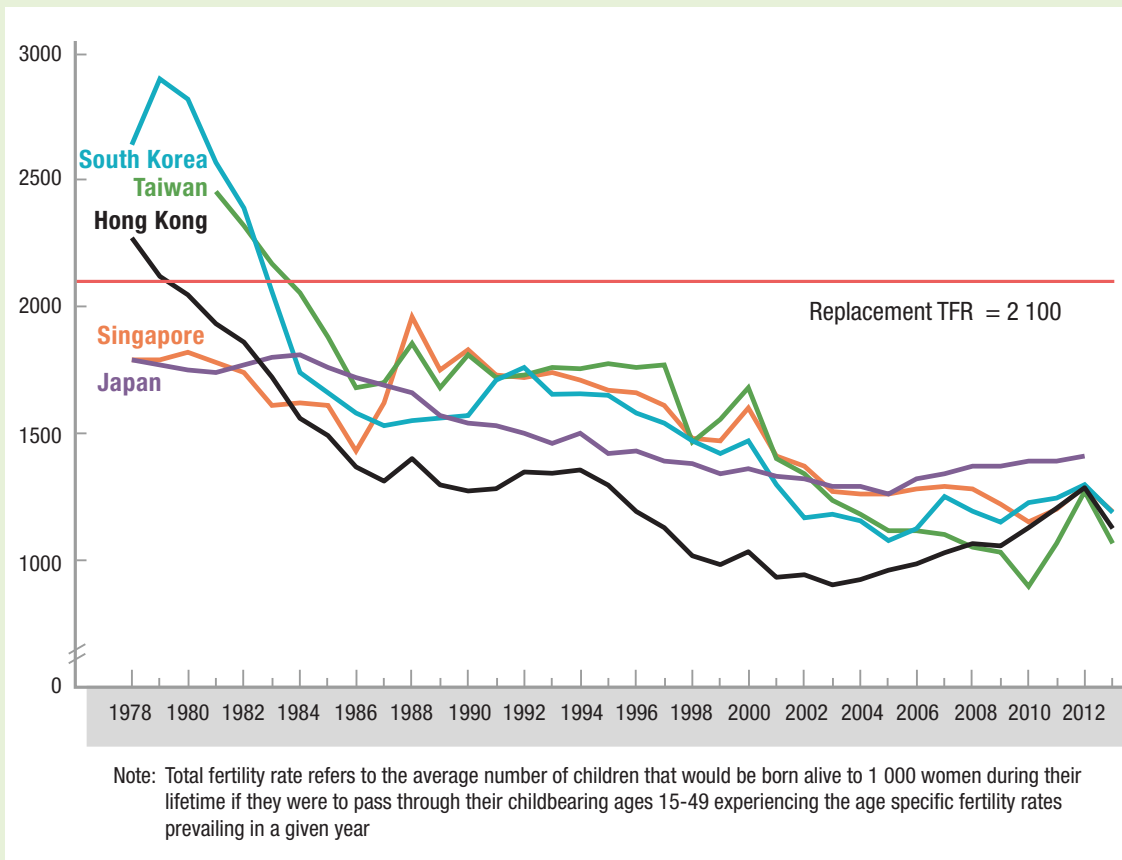
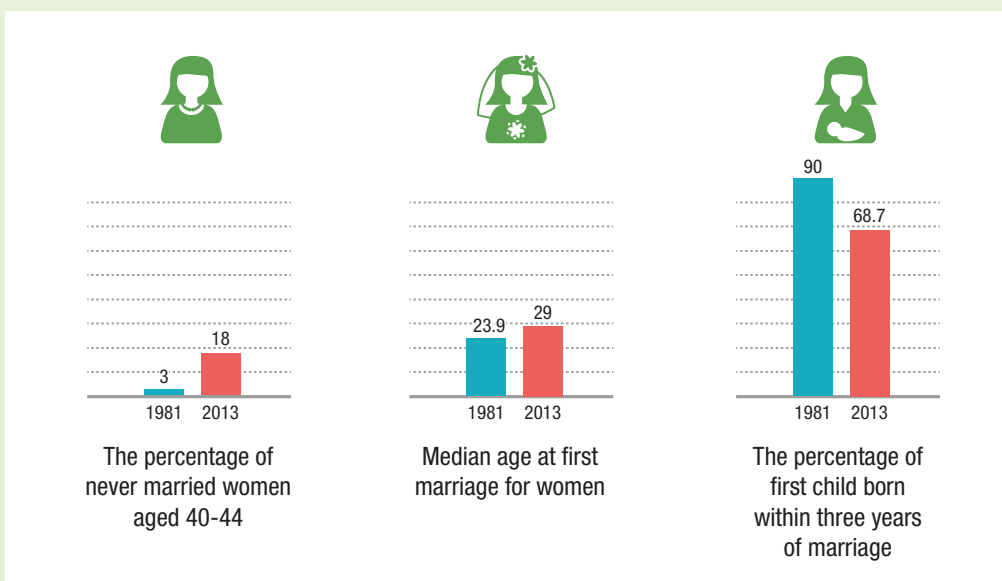
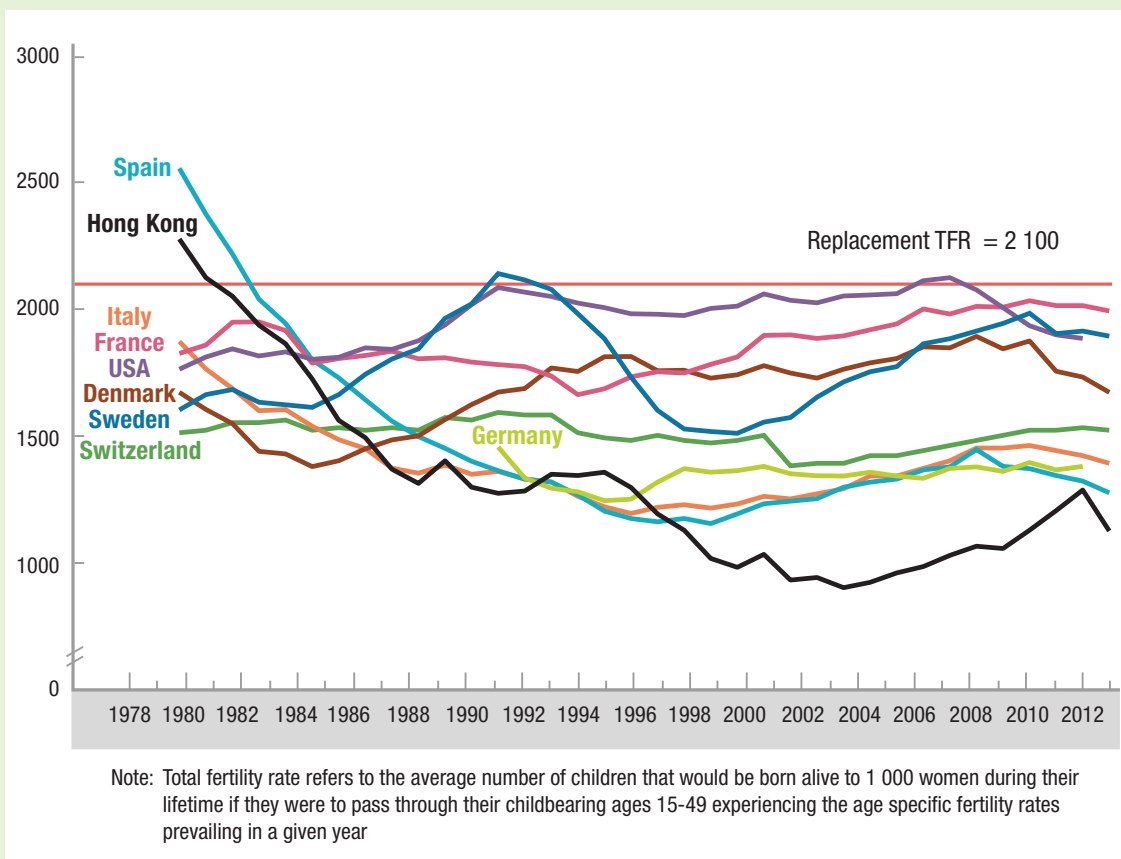


Diagram 10: Decreasing marriage rate and delayed marriage and childbearing are the main causes of low fertility



iii. though some developed economies in the West also face the problem of low fertility, some countries (such as Denmark and Sweden) can maintain their TFR close to the replacement level (Diagram 11) mainly due to the fact that these countries have put in place comprehensive family support policies, including direct subsidies or allowances, tax deductions, paid parental leave, subsidised child care and after-school care, etc. But these policies come at huge costs. In Denmark and Sweden, public spending on family benefits accounted for 4.0% and 3.6% of their Gross Domestic Products (GDP) in 2011, while their government revenue to GDP ratio exceeded 50%. In Hong Kong, 3% of GDP amounts to around \$60 billion, which is about 20% of the Government's existing recurrent expenditure. Such a substantial level of expenditure would create a heavy burden on our public finances. Considering the many pressing livelihood issues we need to deal with, the public may not agree to spend substantial resources on measures to raise fertility.

Diagram 11: The fertility trend of Hong Kong and some developed countries in the West



Providing Better Support for Young Couples Who Wish to Have Children

69. We acknowledge the importance of promoting family-friendly measures. Overseas experience reveals that family-friendly measures not only can encourage women to work, but also raise the fertility rate. We believe the various measures on supporting child care and after-school care mentioned under paragraphs 35 to 41 above will help working mothers with children to



take care of their families and help reduce the opportunity cost of having children, and fostering a supportive environment for forming and raising families.

70. While cash subsidies may not be an effective means to raise fertility, we understand those who wish to start a family would long for some form of financial support. We will review the need for adjusting the child allowance under salaries tax in the coming Budget. Implementing 15-year free education can also help lessen the financial burden on young couples. The Committee on Free Kindergarten Education is studying ways to implement 15-year free education and will submit its report to the Government in May this year.

71. The Hospital Authority will consider how best to strengthen the collaboration among hospitals in various clusters to improve the waiting time for assisted reproductive technology services. The Government has endeavored to provide more family-friendly facilities in the community. By publishing the Advisory Guidelines on Babycare Facilities and the Practice Note on the Provision of Babycare Rooms in Commercial Buildings, we will continue to encourage government departments and private developers respectively to provide baby care and breastfeeding facilities in their premises. The Committee on Promotion of Breastfeeding set up by the FHB will strengthen the promotion of breastfeeding through various means, including implementing Baby Friendly Hospital Initiative in healthcare facilities, enhancing breastfeeding support in workplaces and public venues, and stepping up publicity and public education on infant and young child feeding.

72. We agree that housing is a key factor in people's decision to form and raise a family. Tackling the housing problem is a foremost priority of the Government. In

the Long Term Housing Strategy published in December last year, the Transport and Housing Bureau has set a clear target for housing construction of 480 000 units over the next 10 years, which includes 290 000 public rental housing units and subsidised sale flats. The Government also strives to maintain the steady development of the private property market to meet the housing needs of the public, including young married couples. On public rental housing, we will encourage young married couples to live with or nearby their elderly parents through the Harmonious Families Priority Scheme, with a view to promoting mutual care among family members, including the elders' assistance in taking care of young children.

73. The Family Council is a cross-bureau platform aiming to engender a culture of loving families through studying and addressing family-related problems. Promoting family-friendly employment practices in the community is an on-going initiative of the Family Council. This year, it will conduct a study on "Parenting Practices in Hong Kong" to identify the impact of different parenting practices on family life and introduce a family education package to families with newborns to further promote family core values as well as the positive messages and values on family formation.

Embracing Opportunities in an Ageing Society

74. An ageing population will present both challenges and opportunities to our society. Growing old does not mean getting feeble. As a matter of fact, most elderly people are healthy, active and better educated. We will make the best efforts to promote active ageing to unleash and harness the social capital of our senior citizens and help the elderly maintain an active and productive life.

Active Ageing

75. The Government will continue to work closely with the Elderly Commission (EC) to promote active ageing. The Elder Academy (EA) Scheme encourages elderly people to pursue life-long learning. Since its launch in 2007, the EA Scheme has grown from strength to strength. In the 2014-15 academic year, there are 121 EAs in primary, secondary and higher education institutions. To strengthen co-operation amongst EAs to achieve synergy, EAs are moving in the direction of building district networks amongst themselves. Three such networks have been established so far. Launched in 2011, the New Territories West network of the EA is making preparation for its second three-year programme with funding from the EA Development Fund to set up an elderly volunteer services team amongst others. After receiving professional training from the Agency for Volunteer Service, the elderly volunteers will visit elderly singletons and elderly service centres. Looking ahead, we will continue to support EAs in terms of finance, curriculum development, training for trainers and district network, so that these academies can provide the elderly with diversified courses on an on-going basis for the promotion of life-long learning and cross-sectoral harmony.

76. Besides, we plan to combine the Neighbourhood Active Ageing Project with the Opportunities for the Elderly Project in 2016 for better use of resources to encourage elderly people to actively participate in community affairs. The new elderly generation actively participates in community affairs. Last year, the Hong Kong Police Force rolled out the Senior Police Call (SPC) Scheme to all police districts. So far, over 2 300 elderly have joined hands with Police under the SPC Scheme to promote crime prevention among the elderly population.



77. The "\$2 Public Transport Fare Concession Scheme" has been well received by the elderly. We are pressing ahead with extending the scheme to green minibuses in phases. We expect the first phase of the extension can be rolled out by end March 2015.

Age-friendly Environment

78. The Hong Kong Housing Society (HKHS) launched the "Age-in-Place" (AIP) Scheme in its rental estates for elderly residents to fulfill their aspiration to age in place. The Scheme provides a "one-stop" support network and improved living environment and facilities for the elderly residents. It also leverages on community resources to address their healthcare and social needs. In an effort to support the EC's Age Friendly City and the HKHS's AIP Schemes, the Hong Kong Applied Science and Research Institute and Hong Kong R&D Centre for Logistics and Supply Chain Management Enabling Technologies tested out a number of technologies on a pilot basis at Clague Garden to improve the quality of life of the elderly.

79. Under the Universal Accessibility Programme, we are actively taking forward over 200 projects to install barrier-free facilities to meet public demand as long as site conditions and resources permit. This will allow those in need, including the elderly, to move around the community with ease. Most of these projects are expected to be completed in phases over the coming four years. In addition, we have installed lifts and associated barrier-free facilities in 29 public housing estates. By 2017, we will further install 13 lifts in another eight estates.

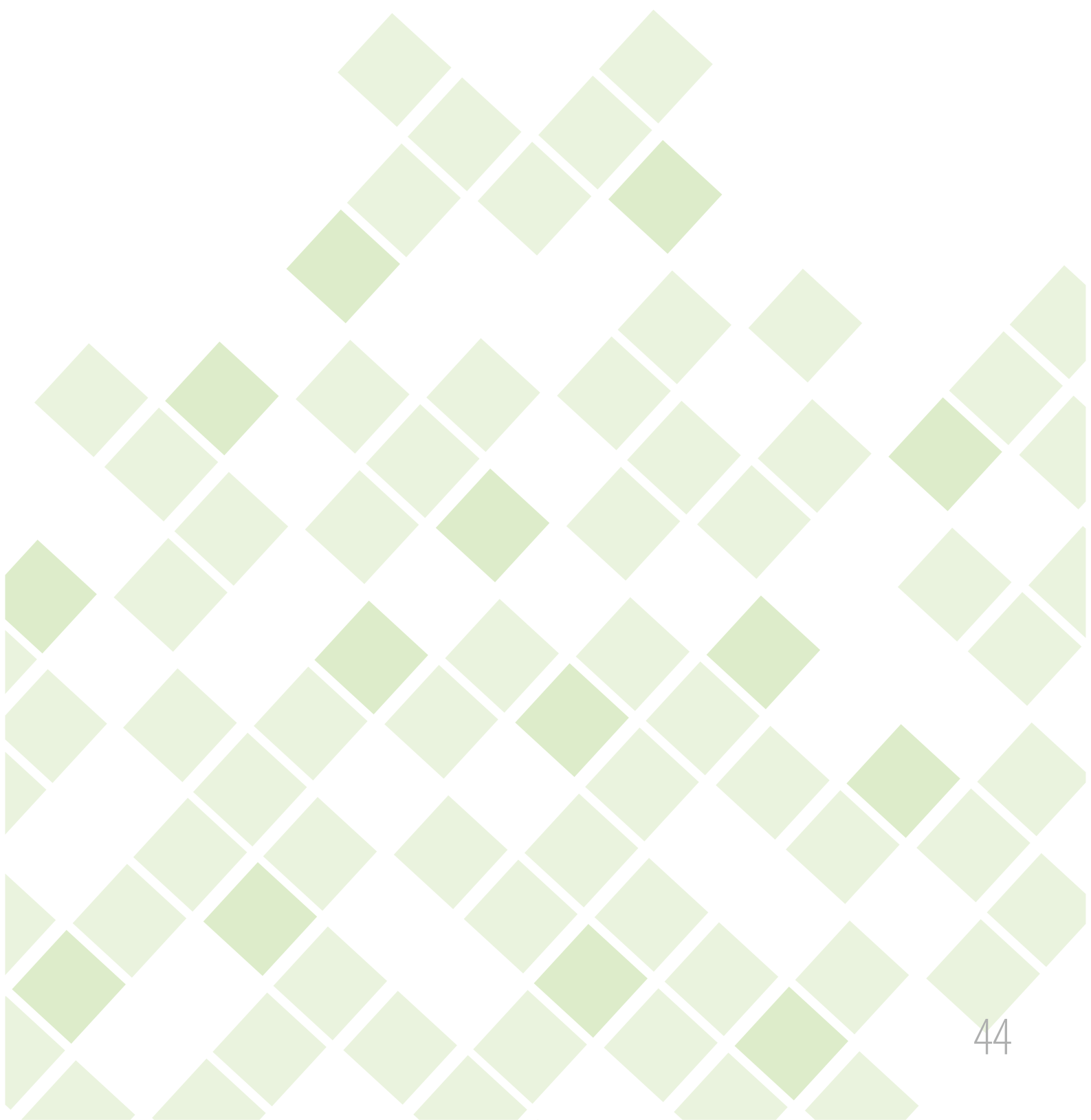
Silver Hair Market

80. The Senior Citizen Residences Scheme operated by the HKHS provides a one-stop service of housing, community recreation and medical care services to the elderly who have means to lead an independent life. The Reverse Mortgage Scheme of the Hong Kong Mortgage Corporation Limited enables the elderly to use their self-occupied residential properties as security to borrow from a bank. The elderly can continue to live in the properties for the rest of their life while receiving steady monthly payouts to improve their quality of life. These services provide choices for the elderly and at the same time promote the development of the silver hair market.

81. We will draw up details of the second phase of the Pilot Scheme on Community Care Service Voucher for the Elderly and explore the feasibility of residential care service voucher for the elderly. These schemes, which adopt the "money-follow-the-user" and "user-pay" approach, will help facilitate development of the elderly care service market.

Retiring on the Mainland

82. Some of the elderly people choose to retire on the Mainland because of the lower cost of living and the presence of relatives to take care of them. We will continue to implement the Guangdong Scheme, to help eligible elderly people who choose to reside in Guangdong to receive the Old Age Allowance. We will consolidate experience gained in implementing the Guangdong Scheme and consider the feasibility of extending the Scheme to cover Old Age Living Allowance.

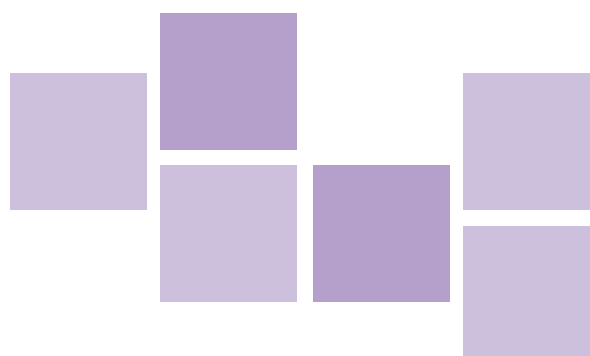


83. In the preceding chapter, we have set out the key considerations for our population policy and outlined some 50 specific initiatives as the population policy action agenda. These 50 measures have also been covered under Chapter 6 in the 2015 Policy Agenda. We believe these initiatives will help optimise our future demographic structure and raise the quantity and quality of our population.

84. After the announcement of the 2015 Policy Address, the Government will, as the next step, focus on implementing the initiatives and monitoring their effectiveness. The SCPP was restructured on 1 December 2014 - the Chief Secretary for Administration would continue to chair the committee with membership comprising relevant Directors of Bureaux and Heads of Departments. The SCPP would be responsible for monitoring the implementation of the initiatives and cross-departmental collaboration.

85. To gauge the views of experts, academics, service organisations and other stakeholders, the SCPP will organise seminars to report the effectiveness of the population policy initiatives and to seek views on how various initiatives can be enhanced in light of the latest developments. As always, the Chief Secretary for Administration is happy to attend special meetings of the House Committee of the Legislative Council to brief members on the work of the SCPP.

86. The terms of reference and membership list of the restructured SCPP are at Annex III.



Annexes



Annex I

Hong Kong's Population (2001-2041)*

Year	Actual figures														Projected figures					
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 (Provisional)	2016	2021	2026	2031	2036	2041
1. Total population('000)																				
Including foreign domestic helpers	6 714.3	6 744.1	6 730.8	6 783.5	6 813.2	6 857.1	6 916.3	6 957.8	6 972.8	7 024.2	7 071.6	7 154.6	7 187.5	7 234.8	7 370.5	7 662.0	7 937.1	8 160.9	8 337.2	8 469.0
Excluding foreign domestic helpers	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	6 869.7	6 906.5	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	0.3	0.5						
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	12	12	11	10	10
Aged 15-64 (%)	71	72	72	72	73	73	73	73	74	74	74	74	74	73	72	68	64	61	59	58
Aged 65 or above (%)	12	12	12	12	13	13	13	13	13	14	14	14	15	16	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	43.3	43.8	44.4	46.5	47.8	49.3	50.7	51.8
4. Demographic dependency ratio#																				
Elderly#	163	167	170	173	174	176	179	179	182	184	188	194	202	213	231	293	375	457	514	549
Child#	237	231	222	212	202	194	188	182	175	169	164	161	158	158	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	1 124	Not yet available	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	81.1	Not yet available	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	86.7	Not yet available	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	3 582.0	Not yet available	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	1.8	Not yet available						
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	59.4	Not yet available	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	905	Not yet available	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. The figures include 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

Overseas Practices Taken into Account in the Exercise

In the deliberation and formulation of specific population policy measures, we have drawn reference from relevant overseas practices which are summarised in the ensuing paragraphs.

Encouraging Mature Persons to Work

2. Overseas experience indicated that measures encouraging mature persons to work can be broadly classified into three main groups: strengthening incentives for continued employment; removing barriers to work; and improving employability.

Strengthening incentives for continued employment

3. Many countries have raised the qualifying age for public pensions. Apart from improving the sustainability of the pension schemes, the measure can also encourage mature workers to stay longer in employment. Australia, the United Kingdom and Germany will increase progressively their pension eligibility ages to 66 or 67 in future. Germany has also extended the retirement age for civil servants.

Removing barriers to work

4. Australia and Germany have resorted to legislative means to remove age discrimination in employment and ensure that mature persons enjoy equal opportunities to participate in the labour market. Japan has revised its legislation requiring employers who have set for their employees a mandatory retirement age of below 65 to either raise it to 65 or above or abolish that age limit. The law also prohibits setting age limits in job offers.

Improving employability

5. Some countries have provided subsidies to employers who hire mature workers. Australia offers a wage subsidy for employers to take on the unemployed, including mature job seekers. An enhanced subsidy will be given to employers who have engaged mature workers in the same positions for an extended period. The United Kingdom launched large-scale publicity campaigns to promote age diversity in workplace and provide information and support to employers.

6. Overseas countries including Australia, Germany and Japan have enhanced the employability of mature workers through job-related training, placement as well as employment support and counselling services. The United Kingdom provides subsidies and support services for mature persons interested in pursuing self-employment as an alternative means to keep them in employment. Australia, Netherlands, Canada and Ireland offer tax concessions to mature workers joining the job market.

Supporting Families and Women Employment

7. Overseas governments have adopted various measures supporting working women to shoulder their family responsibilities. These include family-friendly measures, subsidising child care services or enhancing the quality of child care services, etc.

Family-friendly Measures

8. Many countries have introduced measures (including paid or unpaid parental leave, as well as flexible working hours and workplace arrangements) to support working parents to reconcile work and family life. In Australia, each parent of newborns is entitled to 12 months of unpaid parental leave (including maternity and paternity leave). From 2011 onward, the Australian Government has put in place the publicly-funded "Paid Parental Leave Scheme" whereby working parents of newborns fulfilling criteria in years of employment, working hours, wages, etc. are entitled to 18-week paid parental leave. Allowances equivalent to federal minimum wages are payable during the leave period. Through its social insurance scheme the Swedish Government provides parents of newborns with a total of 480-day paid parental leave.

9. Australia also has legislation providing employees the right to request changes in working hours, pattern and workplace to take care of a child before school age.

10. The French Government has in place labour law providing a wide range of employment-protected statutory leave benefits, including maternity leave, paternity leave and parental leave. The law also offers access to flexible working arrangements for employees to care for young children.

11. In promoting work-life harmony, Singapore sets up a designated committee with membership from the Government, employers, employees, businesses and unions to review and formulate strategies and measures in supporting corporations to build capacity for promoting work-life balance. The Singaporean Government has also launched funding programmes to help employers defray the implementation costs of family-friendly measures. In addition, the Government provides financial incentives to employers already adopting family-friendly measures with a view to encouraging them to sustain a family-friendly working culture.

Child Care Services

12. Some countries seek to relieve parents' child raising burden by strengthening child care services and providing financial support to parents to meet the costs of child care services. The French Government has devoted substantial resources in the past decade to increase public child care facilities. During this period, the enrolment rate of

public child care services was raised to more than 40% for children aged less than 3. The Government would provide allowances and tax concessions for families who choose to meet their child care needs through their own means.

13. The Australian Government provides income-tested cash subsidy to parents in need of child care services having regard to their household income. There is also non-income tested subsidy to support parents at work or under study or training while their children are attending recognised child care services. For parents (who must be primary carers or guardians) choosing not to use formal child care services but to stay at home to care for their children, the Government would provide a means-tested income supplement to help meet child raising costs.

14. Singapore provides infant care or child care subsidies for parents whose children are aged below 7 attending centre-based child care services. The number of child care places in Singapore was increased by over 45% from 2008 to 2012. The Government also provides after-school care services for children aged below 12.

15. The Japanese Government provides rather comprehensive child care services. Apart from sufficient provision of day care programmes, there are flexible and extended-hour services for day care, night care and holiday care. In addition, there are community-based short-term and emergency child care services, as well as after-school care services for dual-earner families with children aged below 10.

Raising Fertility

16. Many countries have provided statutory maternity leave. Japan's 14-week paid maternity leave is paid by its social insurance scheme co-funded by employers, employees and Government. The 16-week maternity leave in Singapore is financed jointly by employers and Government. The Singaporean Government has set up the "Baby Bonus Scheme" to provide cash subsidies for parents of newborns. In addition, there is a co-saving scheme under which the Government will match up the savings of parents into the child's Child Development Account. Each newborn will also receive a fixed grant for health insurance. Working parents can claim parenthood tax rebate and child relief. The Government also provides Grandparent Caregiver Relief to working mothers whose young children are cared for by their grandparents. Young families can enjoy a levy concession to hire foreign domestic helpers.

17. Some countries have subsidised couples to adopt the assisted reproductive technology (ART). Some Asian countries, such as South Korea and Singapore, have

incorporated subsidised ART as part of their population policy. The Korean Government provides income-tested financial support for infertile couples to acquire the ART services. In Singapore, the Government co-funds ART treatment provided by public hospitals to eligible married couples.

Attracting Talent from Outside

18. Many countries around the world are proactively attracting global talent through targeted immigration programmes and incentive schemes.

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

20. The United Kingdom also runs a points-based scheme. The Shortage Occupations List sets out the professions that are in high demand in the country. Employers filling vacancies corresponding to a listed occupation are not required to advertise the vacancies before resorting to the talent admission 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.

21. New Zealand also operates a points-based system and maintains a Long Term Skills Shortage List. Bonus points will be given to applicants possessing skills on the List. The List is subject to annual review by the authority.

22. Singapore issues employment visas to overseas talent who can find a job in the country meeting criteria in pay, skills level, etc. The authority will give special consideration to whether the visa applicants possess skills on the Strategic and Skills-in-Demand List in approving employment visa applications.

23. Some countries will implement targeted measures to attract talent from outside. Singapore has set up 11 Contact Singapore offices 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.

Annex III

Terms of Reference and Membership List of the Steering Committee on Population Policy

Terms of Reference

In pursuance of the population policy objective of "developing and nurturing a population that will continuously support and drive Hong Kong's socio-economic development as Asia's world city, and engendering 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", the Steering Committee on Population Policy will –

- i. oversee the implementation of new or improved measures formulated following the four-month public engagement exercise ended in early 2014 and review progress from time to time to ensure that such agreed measures have been followed through;
- ii. keep in view the main social and economic challenges brought about by our ageing population, refine existing policies and measures as necessary, and coordinate cross-bureaux initiatives to ensure that our policy measures remain relevant and effective to address these challenges; and
- iii. engage stakeholders and experts from outside the Government from time to time in furthering the work in (i) and (ii) above.

Membership

Chairman Chief Secretary for Administration

Members Secretary for Home Affairs
Secretary for Labour and Welfare
Secretary for Financial Services and the Treasury
Secretary for Commerce and Economic Development
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
* Other Directors of Bureau will join as and when necessary





