

LCQ5: Permits for Proceeding to Hong Kong and Macao

Following is a question by the Hon Ma Fung-kwok and a reply by the Acting Secretary for Security, Mr Michael Cheuk, in the Legislative Council today (May 22):

Question:

There are views that holders of Permits for Proceeding to Hong Kong and Macao (commonly known as One-way Permits (OWPs)) coming to Hong Kong are the new blood in replenishing Hong Kong's workforce. However, according to government figures, the daily quota of 150 for OWPs has not been fully utilised in recent years, and the proportions of OWP holders (OWPHs) aged between 25 and 44 as well as those who have worked in the Mainland have both shrunk. In this connection, will the Government inform this Council:

(1) of the number of first-time arrivals on OWPs to Hong Kong in the past three years, together with a tabulated breakdown by work experience, place of origin, pursuing further studies after arrival in Hong Kong and taking up employment after arrival in Hong Kong; the number of such arrivals who subsequently returned to live in the Mainland;

(2) given that the Government's statistics have shown that the greatest difficulty for OWPHs in adapting to life in Hong Kong is work, and the support services most needed by them are assistance in seeking employment and career training, whether the Government has steered new arrivals to join the industries currently plagued by labour shortages and provided them with corresponding training, so as to enable their early integration into the Hong Kong society to become a new force in Hong Kong's labour market; and

(3) as there are views pointing out that population growth in the Mainland is gradually slowing down and its socio-economic conditions are improving continuously, coupled with the under-utilisation of the daily OWP quota in recent years, whether the authorities have conducted any review of the OWP system and explored with relevant Mainland authorities the feasibility of adjusting the OWP quota?

Reply:

President,

Regarding the question raised by the Hon Ma Fung-kwok, having consulted the Home and Youth Affairs Bureau and the Labour and Welfare Bureau, our consolidated reply is as follows:

It is stipulated in Article 22(4) of the Basic Law that "For entry into the Hong Kong Special Administrative Region (HKSAR), people from other parts

of China must apply for approval. Among them, the number of persons who enter the Region for the purpose of settlement shall be determined by the competent authorities of the Central People's Government after consulting the government of the Region." The provisions of this Article, in accordance with the interpretation by the Standing Committee of the National People's Congress in 1999, mean that Mainland residents "who wish to enter the HKSAR for whatever reason, must apply to the relevant authorities of their residential districts for approval in accordance with the relevant national laws and administrative regulations, and must hold valid documents issued by the relevant authorities before they can enter the HKSAR".

Mainland residents who wish to settle in Hong Kong for family reunion must apply for Permits for Proceeding to Hong Kong and Macao (commonly known as One-way Permits (OWPs)) from the relevant authorities at the places of their household registration on the Mainland. The policy objective of OWP scheme is to allow Mainland residents to come to Hong Kong for family reunion in an orderly manner.

(1) The Immigration Department collects data on the demographic and social characteristics of all OWP holders when they first enter Hong Kong at the Lo Wu Control Point. The Home Affairs Department (HAD) has also been conducting regular surveys on new arrivals aged 11 and above from the Mainland who have arrived in Hong Kong for less than one year to identify their profile and service needs. The information collected in the two surveys is uploaded onto the website of the HAD in the form of quarterly reports for reference by relevant Government departments and non-governmental organisations (NGOs) in planning services for new arrivals. The reports are also available for public reference.

The number of OWP holders arriving in Hong Kong from 2021 to 2023 and their demographic and social characteristics are at Annex. The Government does not keep track of their education and employment status after their arrival in Hong Kong.

OWP holders having come to settle in Hong Kong can enter and exit Hong Kong and the Mainland with relevant identity/travel documents. As Hong Kong continues to integrate actively into the country's overall development, there are bound to be more frequent exchanges between the residents of the two places. The Government does not maintain statistics on OWP holders travelling to the Mainland after arriving in Hong Kong.

(2) In general, new arrivals holding OWPs will go to the Registration of Persons Office a few days after arriving in Hong Kong to apply for personal documents and complete relevant questionnaires of the HAD. In 2023, nearly 60 per cent of these new arrivals were aged between 25 and 54. The Government fully understands that they would like to obtain information on employment upon their arrival in Hong Kong. In fact, relevant Government departments have been providing various kinds of support services to new arrivals from the Mainland.

Regarding training and employment support, the Employees Retraining

Board (ERB) provides suitable training and employment services to eligible local employees aged 15 or above, including new arrivals. Apart from general training courses, eligible new arrivals may also enroll in courses tailored for them in order to acquire understanding of the community resources, an overview of local job market, work culture, etc. In 2023-2024, there were over 800 enrolments of new arrivals in these tailored courses, with a placement rate of nearly 90 per cent among those having completed the placement-tied courses.

In addition, the ERB Service Centre located in Tin Shui Wai offers instant, targeted and diversified self-help and support services to those with training and employment needs, including language and generic skills workshops, and mutual support groups for new arrivals.

The Labour Department (LD) provides diversified and free employment services to assist job seekers, including new arrivals, in securing employment. New arrivals can visit LD's job centres and industry-based recruitment centres to obtain employment services. In addition, LD sets up a "Dedicated Webpage for Mainland New Arrivals to Hong Kong" on its Interactive Employment Service website, which provides employment information. The employment programmes implemented by LD, including the Employment Programme for the Elderly and Middle-aged, Youth Employment and Training Programme, Work Orientation and Placement Scheme, and Re-employment Allowance Pilot Scheme to be launched on July 15 this year, provide employment support to them and assist them in entering the employment market.

Regarding community integration, the HAD provides a wide range of services through district networks and NGOs to help new arrivals integrate into the community. These services include organising activities for Mainland residents applying for OWPs to come to Hong Kong to let them first have a better understanding of the living environment in Hong Kong; organising activities for new arrivals to learn more about the situation in the local community; organising computer training classes, Cantonese/English workshops, etc, to provide them with practical knowledge, as well as providing them with access to information on relevant public services through talks, exhibitions and distribution of guidebooks.

(3) The current 150 daily quota for OWPs is the upper limit. The Mainland authorities issue OWPs in accordance with the actual number of eligible applications submitted and strictly follow the vetting criteria. The 150 quota will not necessarily be used up. There are different views in the community on the 150 daily quota for OWPs, including views for maintaining, increasing or reducing the quota. Some of the views include advocating early settlement of Mainland family members of Hong Kong residents in Hong Kong for family reunion.

The overall usage of OWP quota is indeed affected by various factors, including the apparent reduction in the past few years due to the outbreak of COVID-19 pandemic. With the resumption of normal travel between Hong Kong and the Mainland, we note that the number of OWP holders arriving in Hong Kong has resumed in 2023, with an average of 112 persons per day, close to the

pre-epidemic average of 116 persons and 107 persons per day in 2018 and 2019 respectively.

In the past decade, cross-boundary marriages made up about one-third of the registered marriages in Hong Kong. With Hong Kong's active integration into the country's overall development and more convenient travel between Hong Kong and the Mainland, together with more frequent exchanges between Hong Kong and Mainland residents, we believe that the proportion of cross-boundary marriages may continue to increase. Therefore, we should keep an eye on the trend in the long run. Moreover, given the current criteria of the Mainland authorities, Mainland spouses are required to wait for a certain period of time before becoming eligible to come to Hong Kong on OWPs. As such, there is a need to continue the arrangement of allowing separated spouses and their children born in the Mainland to come to Hong Kong for family reunion through the OWP system.

The Government will continue to keep a close watch on the usage of OWP quota and, taking into account the views of different sectors of the community and having regard to the overall interests of Hong Kong, continue to reflect to the Mainland authorities its views on matters relating to OWPs.

Thank you, President.

Opening remarks by SJ at forum titled Hong Kong – The Common Law Gateway for UAE Businesses to China and Beyond in Dubai, UAE (English only)

Following are the opening remarks by the Secretary for Justice, Mr Paul Lam, SC, at the forum titled Hong Kong – The Common Law Gateway for UAE Businesses to China and Beyond in Dubai, the United Arab Emirates (UAE), today (May 22, Dubai time):

His Excellency Abdullah (Minister of Justice of the UAE, Mr Abdullah bin Sultan bin Awad Al Nuaimi), His Excellency Mohammad (President and CEO of the Dubai Chambers, Mr Mohammad Ali Rashed Lootah), His Excellency Ambassador Zhang (Ambassador Extraordinary and Plenipotentiary of the People's Republic of China to the UAE, Mr Zhang Yiming), distinguished guests, ladies and gentlemen,

Good morning. I would like to begin by welcoming all of you to this forum co-organised by the Department of Justice, the Hong Kong Trade Development Council and the Hong Kong Economic and Trade Office in Dubai. And

of course, I wish to express my gratitude to the Dubai Chambers as a co-organiser, and all the supporting organisations including entities coming from Hong Kong and UAE.

In the next few minutes, I wish to tell you very briefly who we are, why we are here, and what you are going to hear from us this morning. Now, we are the Hong Kong delegation led by me, consisting of more than 30 persons coming from both the Government and the private sector. In so far as the Government is concerned, apart from colleagues coming from the Department of Justice, we have the Director-General of Invest Hong Kong, which is responsible for promoting overseas investment in Hong Kong. And we have colleagues coming from the Economic and Trade Office in Dubai. We also have the leader of the Hong Kong Trade Development Council, which is a statutory body of Hong Kong responsible for promoting trade and development.

Now turning to the private sector. I am very honoured to be joined by the leaders of the two legal professional bodies from Hong Kong, namely the Hong Kong Bar Association and the Law Society of Hong Kong. And we also have very top lawyers specialised in different areas ranging from commercial, merger and acquisition, setting up of companies, IPO (initial public offering), up to, for example, dispute resolution. In addition, we also have the person-in-charge of the leading arbitration institution from Hong Kong and the person-in-charge of the listing division of the Hong Kong Stock Exchange. So we do have a diversity of top professionals coming from my jurisdiction.

We are here today to accomplish a very important mission. The mission is to promote and to establish a better and closer relationship between UAE and Hong Kong, in particular in the area of legal co-operation. This very important mission has to be considered in the context of Hong Kong being a special administrative region of China.

The UAE and China have a very strong history of friendship, dating back to the days of the ancient Silk Road. The modern Silk Road is under construction between the two countries. And in this very important construction work, Hong Kong plays a very significant role. Under the principle of "one country, two systems", Hong Kong enjoys many unique advantages and characteristics, one of which is our common law system. Hong Kong is the only common law jurisdiction in China. And that is why under various important national development plans of China, Hong Kong has been assigned to be the international legal and dispute resolution services centre. Hong Kong has very often been described as a "super connector" and a "super value-adder" between China and countries outside China. The natural question is how exactly can Hong Kong perform the role as a "super connector"? How to connect the rest of the world with China? And at the same time, how can we add value to co-operation between China and other countries?

And that takes me to the last point – what you are going to hear from us today. The theme of today is Hong Kong – The Common Law Gateway for UAE Businesses to China and Beyond. It is a gateway which serves as a platform that can take you from your country to China. And I suppose we can visualise the gateway as a highway in real life, but it's a very special and very

unique highway in the sense that we can ensure that you will have fast, convenient and safe access to China. And more importantly, on the way, we will have a lot of service stations to ensure that you will have a pleasant journey. What I really mean is that, our legal system and our legal services can provide or act as a one-stop shop. We are ready, willing and able to provide top-quality, user-friendly and reliable legal services to enable you to explore business and investment opportunities, not just in Hong Kong, but in China as a whole. Starting from the point you consider to set up a business venture in Hong Kong, using it as a platform for investing in China for example, to the point of time where you wish to expand your business by IPOs, and to the moment when, unfortunately, some disputes arise and you have to resolve your dispute, and to the point you decided to reap the profit or fruits of your investment by leaving or terminating the relationship. So these are the sort of one-stop shop services that Hong Kong's common law system can offer, which cannot be found elsewhere.

Now, I hope I have said enough to whet your appetite. Many eminent speakers from the delegation will provide you with the essential details and information in due course.

The important thing about this forum, it is not just about the provision of information or exchange of views. In my view, what is crucial about this trip is that it has another more important meaning. In order to build and establish and maintain a long-term friendship and relationship, I truly believe that what is crucial is mutual understanding, mutual respect, and mutual trust and confidence. And I believe sincerity is the key to all these matters. I am not sure whether you have noticed, I have deliberately chosen to wear a tie with the colour green, white and black this morning, because I know that these three colours are of great importance to your culture and to your country, representing core values such as growth, purity, peace, power and strength. And these happen to be very important values to the Chinese people as well.

You may wonder, what about the red colour, which also appears on your national flag? Because your national flag is of four colours – red, white, green and black. I have black, green and white on me. And apart from being the fourth colour of the national flag, the red colour is of great importance to Chinese people. But I don't feel I need to wear any red. It is because the red colour is represented and reflected by the very strong passion and the sincere wish and the heart of each and every member of my delegation to make friends in UAE and with all of you today.

So on this note, I wish to repeat my gratitude to all my friends in UAE who make this event successful. And I wish you a very fruitful and enjoyable forum, and I hope to see you at lunch. Thank you very much.

Government welcomes passage of Inland Revenue (Amendment) (Tax Concessions and Two-tiered Standard Rates) Bill 2024

The Government welcomed the passage of the Inland Revenue (Amendment) (Tax Concessions and Two-tiered Standard Rates) Bill 2024 by the Legislative Council today (May 22). The Bill gives effect to the Government's proposals announced in the 2024-25 Budget and the 2023 Policy Address, which include:

1. implementing a two-tiered standard rates regime for salaries tax and tax under personal assessment starting from the year of assessment 2024/25. In calculating the amount of salaries tax or tax under personal assessment at standard rates, the first \$5 million of net income will continue to be subject to the standard rate of 15 per cent while the portion exceeding \$5 million will be subject to the standard rate of 16 per cent;
2. reducing salaries tax, tax under personal assessment and profits tax for the year of assessment 2023/24 by 100 per cent, subject to a ceiling of \$3,000 per case; and
3. allowing an additional deduction ceiling amount of \$20,000 for home loan interest or domestic rents, on top of the basic deduction ceiling (\$100,000), for a taxpayer if specified conditions (including the taxpayer should reside with his/her newborn child in Hong Kong for a continuous period of not less than six months, or a shorter period that the Commissioner of Inland Revenue considers reasonable in the circumstances) are met starting from the year of assessment 2024/25. Each taxpayer may be allowed an additional deduction ceiling amount for a maximum of 19 years of assessment.

The Secretary for Financial Services and the Treasury, Mr Christopher Hui, said, "The Government takes into account various factors when adjusting different tax measures. In addition to balancing economic and social needs, we are also committed to maintaining the competitive advantage of a low and simple tax regime. The proposed two-tiered standard rates regime is expected to bring about an additional revenue of \$905 million per annum for the Government, affecting only 0.6 per cent of taxpayers. We believe that it will not have adverse impact on Hong Kong's tax competitiveness and attractiveness to talent. On the other hand, the one-off tax concessions will benefit about 2.06 million taxpayers chargeable to salaries tax and tax under personal assessment as well as about 160 000 tax-paying businesses. The additional deduction ceiling amount for home loan interest and domestic rents will benefit all taxpayers meeting the specified conditions, alleviating their financial burden of housing."

The Bill as passed will be gazetted on May 31, 2024. The one-off tax concessions will be reflected in taxpayers' final tax payable for the year of

assessment 2023/24. Moreover, in calculating the provisional salaries tax for the year of assessment 2024/25, the Inland Revenue Department will determine the amounts of home loan interest and domestic rents to be allowed based on the information provided by eligible taxpayers, and apply the two-tiered standard rates as appropriate.

Findings of 2024 Pay Trend Survey

The following is issued on behalf of the Pay Trend Survey Committee:

The Pay Trend Survey Committee (PTSC) met today (May 22) to consider the findings of the 2024 Pay Trend Survey (PTS).

The verified survey findings indicate that the following average pay adjustments have been awarded by the surveyed companies over the 12-month period from April 2, 2023, to April 1, 2024:

		Basic Pay Indicator	+	Additional Pay Indicator	=	Gross Pay Trend Indicator
Lower Salary Band (below \$25,815 per month)	:	5.26%	+	1.37%	=	6.63%
Middle Salary Band (\$25,815 – \$79,135 per month)	:	5.03%	+	0.32%	=	5.35%
Upper Salary Band (\$79,136 – \$159,130 per month)	:	3.63%	+	1.42%	=	5.05%

The 2024 PTS was conducted by the Pay Survey and Research Unit of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service based on an improved methodology as approved by the Chief Executive-in-Council in March 2007.

The survey findings reflect the pay trend in 113 surveyed companies covering 134 376 employees over the 12-month period from April 2, 2023, to April 1, 2024. The survey takes into account adjustments to basic salary and additional payments awarded to employees of the surveyed companies attributable to factors in relation to the cost of living, general prosperity and company performance, general changes in market rates, merit and inscale increment, in accordance with the approved survey methodology.

A breakdown of the 113 companies by size is as follows:

	No. of Companies
Larger companies (employing 100 or more staff)	83 (73%)
Smaller companies (employing 50 – 99 staff)	30 (27%)
Total :	113 (100%)

The distribution of the 134 376 employees by the three salary bands is as follows:

	No. of Employees
Lower Salary Band (below \$25,815 per month)	57 947 (43%)
Middle Salary Band (\$25,815 – \$79,135 per month)	65 323 (49%)
Upper Salary Band (\$79,136 – \$159,130 per month)	11 106 (8%)
Total :	134 376 (100%)

The PTSC met today to verify and consider the 2024 PTS Report. The two representatives of the Standing Commission on Civil Service Salaries and Conditions of Service, the representative of the Standing Committee on Disciplined Services Salaries and Conditions of Service, the Secretary General of the Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service, the two representatives of the Civil Service Bureau, the two Staff Side Representatives of the Senior Civil Service Council, the three Staff Side Representatives of the Model Scale 1 Staff Consultative Council, the two Staff Side Representatives of the Police Force Council and the two Staff Side Representatives of the Disciplined Services Consultative Council validated the survey findings.

The meeting was chaired by the Chairperson of the PTSC, Mr Laurence Li, SC, who is a member of the Standing Commission on Civil Service Salaries and Conditions of Service.

Mr Li said, "The 2024 PTS was conducted in accordance with the agreed methodology and in a professional and objective manner. The PTSC will submit the Pay Trend Survey Committee Report to the Government for consideration."

"The relevant pay trend indicators are yielded from the pay trends in the private sector companies as revealed by the survey. Civil service pay adjustment is, however, a separate matter. I understand that in accordance with the established practice, the Chief Executive-in-Council will take into account the pay trend indicators derived from the PTS and other pertinent considerations before making a decision on the 2024-25 civil service pay adjustment," he added.

Mr Li expressed the PTSC's sincere appreciation for the co-operation and robust support rendered by the companies to the Pay Survey and Research Unit.

Exchange Fund Notes tender results

The following is issued on behalf of the Hong Kong Monetary Authority:

Exchange Fund Notes tender results

Tender date	: May 22, 2024
Paper on offer	: EF Notes
Issue number	: 02Y2605
Issue date	: May 23, 2024
Maturity date	: May 26, 2026
Coupon	3.77% p.a.
Competitive Tender Result	
Amount applied	: HK\$2,850 MN
Amount allotted	: HK\$1,200 MN
Average price accepted (yield)	: 99.76 (3.93 PCT)
Lowest price accepted (yield)	: 99.60 (4.02 PCT)
Pro rata ratio*	: About 4 PCT
Average tender price (yield)	: 99.59 (4.03 PCT)
Non-competitive Tender Results (for applications submitted through Hong Kong Securities Clearing Company Limited)	
Amount applied	: NIL
Amount allotted	: NIL
Allotment Price (yield)	: NIL
Pro rata ratio*	: NIL

* "Pro rata ratio" refers to the average percentage of allotment with respect to each tender participant's tendered amount at the "lowest price accepted" level.