

# LCQ19: Measures to promote population growth

Following is a question by the Hon Edward Leung and a written reply by the Secretary for Labour and Welfare, Mr Chris Sun, in the Legislative Council today (January 15):

Question:

The Chief Executive has been reported as saying earlier that Hong Kong needs a population of 10 million to remain competitive, while the current population of Hong Kong is about 7.5 million. On the other hand, there are views that as the population growth in Hong Kong is affected by such factors as super-aging and a low birth rate, and the Census and Statistics Department has projected that every 1.4 persons in the workforce will have to support one elderly person in 2066, the phenomenon of a "piggyback society" may appear as it does in Japan. In this connection, will the Government inform this Council:

(1) of the specific measures in place to achieve the population target proposed by the Chief Executive, and whether it has drawn up a timetable and an action plan for this purpose; if so, of the details; if not, the reasons for that;

(2) whether it has assessed the effectiveness of the existing policies to absorb population, including the Top Talent Pass Scheme, the Admission Scheme for Mainland Talents and Professionals, the Technology Talent Admission Scheme, the Quality Migrant Admission Scheme, the Admission Scheme for the Second Generation of Chinese Hong Kong Permanent Residents, the Immigration Arrangements for Non-local Graduates, and the system of Permits for Proceeding to Hong Kong and Macao (commonly known as One-way Permits); whether the authorities will revise such policies in the light of the Chief Executive's population target, and whether performance indicators will be introduced for such policies;

(3) as it is learnt that the current birth rate in Hong Kong remains at a low level, and the 2023 Policy Address has proposed a number of measures to encourage childbirth, including a Newborn Baby Bonus, raising the accommodation-related tax deduction ceiling, priority arrangement for subsidised sale flats, and priority arrangement for public rental housing allocation, whether the Government has assessed the effectiveness of such measures, including the number of beneficiaries so far;

(4) given that according to the Government's projection, the elderly dependency ratio, i.e. the number of persons aged 65 and above per 1 000 persons aged between 15 and 64, will continue to deteriorate from 342 in 2023 to 632 in 2046, whether the authorities have assessed the social expenditure so incurred and the effectiveness of various existing measures for promoting

population growth in lowering that ratio; whether the Government has studied other options to improve the situation;

(5) given that according to the Government's projection, the labour force participation rate (LFPR) will decrease from 55.2 per cent in 2023 to 51.6 per cent in 2046, whether the authorities have assessed the impact of such change on the fiscal revenue, and the respective effectiveness of various existing measures to promote population growth in mitigating the decrease in LFPR; whether the Government has studied other options to improve the situation;

(6) whether the Government has plans to comprehensively review the local policies on housing, education, healthcare and so on, so as to tie in with the current objectives of attracting talent and promoting population growth; if so, of the details; if not, the reasons for that; and

(7) as there are views pointing out that it is currently difficult for members of the public to access information on the discussions at the meetings of the Human Resources Planning Commission, whether the authorities will, in the light of the ongoing social concerns about the discussion on population policy, release the contents of the Commission's discussions on a regular basis, including the agendas, relevant discussion papers and minutes of meetings, so that the community can gain an understanding of the relevant policy directions and recommendations; if so, of the details; if not, the reasons for that?

Reply:

President,

To address the challenges brought by changes in the population structure, and continuously align with and promote the long-term development of Hong Kong, the Government needs comprehensive planning across various policy areas, including economic development, education and training, housing supply, labour and welfare, medical services, and childcare services. The relevant policy bureaux will from time to time review the implementation and effectiveness of the initiatives under their responsibilities, and make timely adjustments in the light of factors such as social and demographic changes.

In consultation with the Deputy Chief Secretary for Administration's Private Office, Security Bureau, Financial Services and the Treasury Bureau, Housing Bureau, Health Bureau and Education Bureau, my reply, on behalf of the Government, to the question raised by the Member is as follows:

(1) and (2) The Government adopts a multi-pronged strategy, including promoting fertility, unleashing local workforce and attracting outside talent, to promote local population growth in support of Hong Kong's sustainable development.

Human resources are essential elements for social development. According

to the 2023 Manpower Projection released by the Labour and Welfare Bureau in November 2024, Hong Kong is expected to face a manpower shortage of 180 000 in the next five years. The Manpower Projection has already factored in the impact of existing measures on admission of outside talent and labour importation.

On the principle of safeguarding the employment priority of local workers, admission of outside talent and labour importation can effectively replenish the population and manpower shortfall. On talent attraction, the Government's series of proactive measures have received positive responses since implementation in end-2022. As at end-2024, over 430 000 applications were received under various talent admission schemes, with over 270 000 applications approved. Over 180 000 talents arrived in Hong Kong, exceeding the Government's target of attracting altogether 105 000 talents over the three years from 2023 to 2025. The incoming talents also bring along their families to settle in Hong Kong. A total of about 170 000 dependants have arrived in Hong Kong so far, including nearly 100 000 unmarried dependant children under the age of 18. Apart from bringing economic contributions to Hong Kong, these new blood will also add new impetus to the local labour force and bring about positive impact on Hong Kong's demographic structure. In addition to trawling for talent, the Government also focuses on retaining talent with a key performance indicator of approving at least 50 000 visa extension applications annually for talent admitted through talent admission schemes from 2025 to 2027.

The policy objective of the "Permits for Proceeding to Hong Kong and Macao" (commonly known as One-way Permits (OWPs)) scheme is to allow Mainland residents to come to Hong Kong for family reunion in an orderly manner. According to the Security Bureau, as at end-November 2024, there were an average of 111 OWP holders arriving in Hong Kong per day, similar to the daily average of 112 persons in 2023. Relevant Government departments have been providing various support services to new arrivals from the Mainland to facilitate their entry into the labour market. OWPs are documents issued by relevant authorities in the Mainland. The application, approval and issuance of OWPs fall within the remit of the Mainland authorities. The current daily quota for OWPs is capped at 150. The Mainland authorities issue OWPs in accordance with the actual number of eligible applications submitted and strictly follow the vetting criteria. The Government will continue to keep a close watch on the usage of OWP quota and, taking into account of 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.

(3) The Chief Executive announced in 2023 Policy Address a series of measures to promote fertility and foster a supportive environment for childbearing. The Government has also been implementing various family-friendly measures and strengthening the construction of childcare service system. The Deputy Chief Secretary for Administration's Office is responsible for the implementation of the Newborn Baby Bonus, while other measures are implemented by relevant bureaux.

The Government introduced the Newborn Baby Bonus to provide a cash reward of \$20,000 to eligible parents for each baby born from October 25, 2023, for a period of three years. Starting from October 25, 2023, parents can submit an application for the bonus at the same time when registering the birth of their baby and applying for a birth certificate. As at December 31, 2024, a total of 35 615 qualified applications have been received, and the bonus has been distributed to 34 836 applicants, at a total amount of approximately \$697 million. The Government will conduct a review two years after the launch of the measure.

On taxation, with effective from the year of assessment 2024/25, if taxpayers reside with their children born on or after October 25, 2023, the deduction ceilings for their home loan interest or domestic rent would be raised from \$100,000 to \$120,000. As the Inland Revenue Department will start issuing tax returns for the year of assessment 2024/25 in May 2025, the number of beneficiaries of this tax measure is not available at the moment.

In addition, the Hong Kong Housing Authority (HA) has implemented the Families with Newborns Flat Selection Priority Scheme (Priority Newborns Scheme), starting from 2024 under the Home Ownership Scheme (HOS) sale exercise. Family applicants of HOS with babies born on or after October 25, 2023, would be eligible if their children are aged three or below on the closing day of the application of HOS. A quota of about 40 per cent of the new flats for sale (i.e. 2 900 flats) under the Sale of HOS flats 2024 (HOS 2024) has been set aside for eligible applicants under the Priority Newborns Scheme and the Priority Scheme for Families with Elderly Members for balloting and priority flat selection. During the application period of HOS 2024, the HA received a total of around 106 000 applications, around 50 000 of which were from family applicants. Among these applications, around 3 000 applications came under the Priority Newborns Scheme.

The HA has also implemented the Families with Newborns Allocation Priority Scheme since April 1, 2024. Public rental housing (PRH) family applications with babies born on or after October 25, 2023, and aged one or below will have their waiting time deducted by one year. As at end-December 2024, about 3 300 PRH family applications have had their waiting time reduced by one year under the scheme, of which 210 families have already been successfully housed to PRH.

The Government will continue to keep in view the implementation of various measures to promote fertility and will conduct reviews in a timely manner.

(4) and (5) With a longer average life expectancy, a persistently low birth rate as well as the baby boomers gradually entering retirement age, the number and proportion of elderly persons will trend up, making the ageing trend to be more prominent.

The estimated recurrent government expenditure on elderly services in 2024-25 is about \$16 billion, which is for implementing various measures to strengthen support for ageing in place and enhance the quality and quantity

of residential care homes for the elderly (RCHEs), including increasing the numbers of Community Care Service Vouchers and Residential Care Service Vouchers for the Elderly, injecting additional \$1 billion into the Innovation and Technology Fund for Application in Elderly and Rehabilitation Care, enhancing the Incentive Scheme to Encourage Provision of RCHE Premises in New Private Developments, increasing the number of residential care service places for the elderly, as well as expanding and enhancing the Residential Care Services Scheme in Guangdong. The Government will continue to improve elderly services with due emphasis on both quality and quantity, follow through the policy direction of promoting ageing in place as the core with institutional care as back-up, and provide diversified services to elderly persons in need.

In addition, the public's demand for healthcare services has been continuously rising with Hong Kong's ageing population, increasing prevalence of chronic diseases and rapid advancement in medical technology. According to the Health Bureau, in order to tackle these challenges, the Government will deepen the reform of the healthcare system, improve the protection and quality of public and private healthcare services, and enhance the sustainability of the public healthcare system, with a view to improving public health.

The Government will closely monitor the gradual increase in the proportion and size of the elderly population, and tackle the situation with the concerted effort of the entire society. As mentioned in the replies to (1) to (3), the Government has implemented an array of measures to proactively trawl for outside talent alongside the efforts to nurture local talent, with a view to injecting continuously new impetus to the local labour force in support of social economic development.

When forecasting the trend of fiscal revenue, the Government will consider all relevant factors, including demographic statistics.

(6) Policy bureaux are performing their respective duties with cross-bureau collaboration, and formulating and implementing various population-related policy measures in response to the latest social and demographic conditions. For instance, the Housing Bureau will closely monitor the supply and demand of different types of housing and adjust the corresponding policies in a timely manner. The Education Bureau will review education policies from time to time, with a view to meeting the needs of society. The Health Bureau will comprehensively review the positioning and objectives of the healthcare system; reform the functions and division of work among the Primary Healthcare Commission, the Hospital Authority and the Department of Health; strengthen health promotion and disease prevention in primary healthcare; improve public healthcare services as well as take forward reform in relation to the quality and cost-effectiveness of private healthcare services and their price transparency, with a view to providing high quality, cost-effective and affordable healthcare service choices to the public.

(7) The Human Resources Planning Commission (HRPC), chaired by the Chief Secretary for Administration, consolidates resources and efforts of the

Government and various sectors to examine, review and holistically coordinate policies and measures on human resources, including issues pertaining to the population policy, with a view to furthering the development of a high value-added and diversified economy in Hong Kong.

Since its establishment in 2018, the HRPC has looked into a number of issues to tackle the demographic challenges. A press release outlining the discussions is issued after each meeting. As some discussions at the HRPC may touch upon policies being developed and issues that should be kept confidential, in order to ensure that members can express their views freely and have candid exchanges with officials, we do not consider it appropriate to disclose the discussion papers and minutes of meetings. The current arrangement to issue a press release has struck a proper balance between enhancing the transparency of the HRPC's work and ensuring its effective operation.