

# CHAPTER I

## INTRODUCTION

### Background

1.1 Over the past century, Hong Kong's population has been shaped by large immigration and emigration flows, many of which were determined by forces or events beyond the Government's control. In recent years, the admission of new arrivals<sup>1</sup> from the Mainland and the increasingly large short-term population flows both ways across the boundary have serious implications for government planning. At the same time, Hong Kong is facing up to the challenges of global economic restructuring and, more recently, deflationary pressures. Low-skilled workers are finding it more difficult to secure employment in a labour market manifesting growing signs of skill mismatch. The economic downturn has also led to a fiscal deficit situation in the Government. All this is taking place against the backdrop of a very low birth rate and remarkable longevity of Hong Kong's population. People are beginning to question whether the emerging population profile of Hong Kong can sustain its economic vitality in the long term.

1.2 On 1 July 2002, the Chief Executive (CE) announced in his Inaugural Speech that "There is an urgent need for development of a comprehensive population policy, and we will work on this within this year. This population policy will be designed to fit Hong Kong's long term social and economic development, will complement family requirements, and will address the interests of different sectors in our community".

1.3 Following the CE's announcement, the Chief Secretary for Administration, who is tasked to oversee the development of the proposed population policy, has canvassed the views of political parties, opinion leaders, people from the academic and business sectors, and

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<sup>1</sup> For the purpose of this report, new arrivals refer to immigrants who have resided in Hong Kong for less than seven years.

some social service groups and grassroots organisations. A majority of the interlocutors believe that there is an urgent need to develop a population policy for the Hong Kong Special Administrative Region (HKSAR). Such a policy should address at least the following concerns:

- ◆ our extremely low fertility rate;
- ◆ our progressively aging population, arising from low fertility and long life expectancy, which implies an increasing dependency of the non-working population on the working population, as well as a growing demand for services for older persons;
- ◆ the continuing influx of Mainland new arrivals and the resulting challenge of rising social expenditure and social integration;
- ◆ the changes in the pattern of manpower demand against supply in the transformation to a knowledge-based economy;
- ◆ the social and economic consequences of rapidly growing population flows between Hong Kong and the Mainland;
- ◆ the possible tension in the community among the local population and other immigrant population groups such as new arrivals from the Mainland, imported workers and minor ethnic groups; and
- ◆ the need to retain and attract talent and professional manpower globally to reinforce Hong Kong's role as a premier business hub in the region.

## **Task Force on Population Policy**

1.4 To fulfil the CE's pledge of developing a population policy for the HKSAR, the Chief Secretary for Administration set up a Task

Force on Population Policy which he chaired (membership list at Annex I). Its terms of reference are :

- (a) to identify the main social and economic challenges to Hong Kong arising from the changes to the local population profile in the next 30 years;
- (b) in the light of (a) above, to highlight those policy areas or programmes which will require further study in the pursuit of a comprehensive population policy;
- (c) to recommend practical measures which may be taken in the short and medium term in order to pursue the principal objectives of the population policy;
- (d) to recommend a suitable mechanism and to map out a time-table for developing and implementing a comprehensive population policy for Hong Kong; and
- (e) to complete the exercise for the short-term measures identified under (c) by the end of 2002.

1.5 Population is a highly complex and multi-faceted subject. In order to fulfil the CE's pledge to develop the proposed policy by end-2002, the Task Force has worked to a very tight time schedule. The Central Policy Unit (CPU) conducted a series of studies in the past two years on the trends and problems of the HKSAR's population. Its report summarising the research findings was submitted to the Government and used by the Task Force as an authoritative reference.

1.6 Various Government policies impact directly or indirectly on the demography of the HKSAR. There is yet no overarching policy that is capable of calibrating the implications of these discrete policies on the population profile and ensuring that Hong Kong's population is able to sustain its long-term economic and social growth. More critically, there is no policy to address the growing population dependency burden resulting from aging. The Task Force focused on identifying the major challenges to Hong Kong arising from its population profile, setting the objective of a population policy and recommending a set of coherent policy initiatives which the

Administration may explore in response for the short and medium term. The time allowed did not permit the Task Force to delve more deeply into these initiatives.