

**For discussion on  
18 January 2001**

**Legislative Council Panel on Manpower**

**Administration's Response to  
Questions raised and Recommendations put forward by Members on  
"Manpower Projection to 2005" and  
"Study on the Employment Prospect of People Aged 40-49"**

**Purpose**

This paper is to provide Administration's response to the views of Member on the "Manpower Projection to 2005" and "Study on the Employment Prospect of People Aged 40-49".

**Background**

2. Since the beginning of the discussion, the Education and Manpower Bureau has received a total of two submissions which set out the views of six Members on the above manpower projection and survey reports. At the meeting of the Manpower Panel held on 14 December, some Members also gave their views. These views were expressed in the form of questions and suggestions. The Administration's response to these views is set out at Annexes I, II and III.

**Administration's Response**

3. To redress the manpower mismatch at the upper and lower ends of the educational attainment requirement, the Government has adopted a number of policy initiatives. These include:

(a) Provision of more subsidized S.4 or vocational training places

Starting from the 2002/03 school year, all S.3 students who have the ability and wish to continue their studies will be given the opportunity to receive S.4 education or vocational training. It is estimated that we will need to provide an additional of 6,000 places at senior secondary level by the 2003/04 school year.

(b) Increase the provision of tertiary places

We will encourage tertiary institutions, continuing education providers and private enterprises to provide, on a self-financing basis, continuing education at post secondary level other than traditional matriculation courses. We aim to increase gradually the provision of tertiary places in the coming ten years so as to provide tertiary education for 60% of secondary school leavers. To meet this target, the number of tertiary places will have to be increased by about 28,000 over ten years.

(c) Implement a Skills Upgrading Scheme

The Government has set aside \$400 million for skills upgrading purposes in the next two years for both employed and unemployed workers with secondary or below educational levels. In this connection, we have set up a Steering Committee comprising employers, employees, training providers and representatives from the relevant government departments. The Committee is to give advice on appropriate programmes and modes of training, and to assist us in our consultation with the related industries. The Committee has recently selected six industries, namely, the printing, Chinese catering, retail, import and export, wearing apparel and land transport as the pilot phase of the Scheme. In addition, with the assistance of the Labour Department, we are now soliciting the views of the industry-based tripartite committees to ensure that the programmes and modes of training would be tailored to the needs of the industries.

(d) Employment Service for the Long-term Unemployed

To address the problem of older workers' inability of finding new jobs, the Labour Department will introduce a pilot project to provide one-stop personal service for those over the age of 40 who have been unemployed for more than three months. The service covers counselling, pre-employment training, full-time employment with induction training, follow-up service and training allowances for employers who offer the vacancies and the training. The pilot project aims at serving 2,000 clients on a budget of \$10 million.

4. We agree that the introduction of a vocational learning certification system and a skills assessment system will enhance recognition of the skills of workers. We will first proceed from the Skills Upgrading Scheme by inviting trade associations of the relevant industries and employer organizations to actively participate in the design and assessment of the skills upgrading programme. We hope that the learning certificates of these courses can be jointly issued by the training providers and the trade associations in order to ensure their recognition. Based on the experience drawn from the Skills Upgrading Scheme, we will study the feasibility of skills assessment and accreditation ladder for advancement.

**Advice sought**

5. Members are invited to consider our responses as contained in Annexes I, II and III. We are pleased to explain further the Administration's position at the coming Panel Meeting to be held on 18 January 2001.

Education and Manpower Bureau  
Government Secretariat  
January 2001

**Response to the Submission from  
Hon CHAN Yuen-han, LEUNG Fu-wah and CHAN Kwok-keung**

**Q1. In the Report of Manpower Projection to 2005, it is estimated that as a result of economic growth, there would be an increase in the number of posts by 433,000 which represents an average annual increase of 2.4%. Between 1996 and 1998, though there had been considerable economic growth as well as job creation, the average annual increase was only 1.64%. Given that HK's future economic growth will be geared towards high-tech and added-value activities which are labour-saving, what are grounds for the optimistic projection by the Government in the Report?**

A1. In the present exercise, we have made projection of manpower requirement free from constraint on the manpower supply side, so as to be able to assess fully the potential increase in employment opportunities and the degree of manpower resource imbalance or mismatch. The employment figures, however, do not solely depend on manpower requirement. It also depends on the quantity of manpower supply and its composition in order to determine whether the manpower supply can match the requirement.

According to data, the supply of manpower was generally tight before 1994. Though, in the late 80s and early 90s, the Government allowed the importation of labour, the unemployment between 1986 and 1997 was only 2.0% and under-employment rate was 1.4%. Concurrently the overall wage level increased by 9%. The labour supply only eased in recent years. Hence, the employment growth rate between 1986 and 1998 was only around 1.6% and 1.7%. The rate was relatively low as it had been constrained by the labour supply.

As we want to have a full assessment of the potential increase in employment opportunities, we have assumed that the supply of manpower is free of constraint. In reality, there will be manpower supply mismatch. Consequently the actual employment growth rate will be lower than 2.4%.

In the process of projection, we widely consulted the main commercial organisations, business representatives, reputable scholars and relevant bureaux and department of the Government. As a whole, the consensus was that in the light of China's impending accession to WTO, globalisation of trade and investment and rapid development of IT technology and E-commerce, HK would have a favourable growth in economy and employment in the next few years. However, we must be able to redress the manpower mismatch in order to take advantage of the business opportunities.

**Q2. Between 1986 and 1998 the labour productivity average annual increase rate was 3%. The rationale behind is that when the increase in productivity is high, the employment rate would be lowered. If HK is to achieve an average annual increase of 2.4% in employment what would be the necessary rate of increase in productivity? Is such a rate of increase realistic?**

A2. Between 1986 and 1998, the labour productivity of HK had an average growth rate 3.5% and the overall employment growth rate was 1.6% - 1.7%. Detailed analysis, however, reveals that the annual labour productivity growth rate is not necessarily conversely proportional to the employment growth rate. For example in 1985, 1986, 1998 and 2000, the relation is directly proportional. Figures show that between 1985 and 1998, labour productivity rate dropped and the employment growth rate also decreased. This could be due to the uncertainty of the future economy at that time. On the contrary, between 1986 and 2000, when there was a rebound in the economy and the confidence returned, the labour productivity rate picked up notwithstanding considerable increase in employment.

It is noteworthy that labour productivity rate is also affected by other factors such as the manpower supply situation. In 1994, when the labour supply was tight, the labour productivity rate was driven up. On the other hand when there is more labour supply in recent years, the increase in labour productivity rate has slackened. Hence, though the relation between the two rates could be conversely proportional at times, we have to look into the reasons behind in order to have a full understanding.

In the case of IT, some may have the view that its application would reduce productivity rate. The situation in the US, however, did not follow this idea. In 1995 and 1994, the labour productivity annual growth rate was 2.2% and was above that of 1.2% for the period 1990-1994. Even so, the employment growth rate in the late 90s was 1.6% as compared with 1.0% in the early 90s. This reflects that high productivity rate would stimulate the economic growth and would generate labour demand resulting in more employment opportunities.

As HK is approaching the knowledge-based economy, it is difficult to predict whether HK would follow the US experience. Nonetheless taking all factors into consideration, including China's accession to WTO, it is hopeful that HK can maintain a steady economic growth and the number of employment will also increase substantially.

- Q3. The results of C&SD's survey on Labour Mobility and Related Subjects indicate that in 1999 there was a total of 222,800 persons aged 15 and above who were not engaged in economic activities but showed willingness to work in a suitable employment. These people belong to "hidden unemployment" but for technical reasons, they are not included in the unemployment figures. It is worth noting that such a figure has been increasing. In 1992, there were 39,900 persons. The figure changed to 161,000 persons in 1995 and 155,300 persons in 1997 and 22,800 persons in 1999. The last figure represents an increase by 4.6 times within 7 years. It also represents 1.35 times of the current figure of unemployment. Can the Government account for the rapid increase? What can be told from these figures?**
- A3. The C&SD carries out surveys on Labour Mobility and Related Subjects to collect data on people aged 15 and above who are not engaged in economic activities but express willingness to work if there is a suitable employment (viz persons under hidden unemployment).

The number of such persons under hidden unemployment has increased rapidly in recent years. This is attributable mainly to the change in economic situation and labour market. (Note: In 1997 the unemployment rate was 2.2% but during the Asian financial crisis, this rate increased to 6.3%.) By the end of 1997, as HK was affected by the surging unemployment, pay freeze, salary reduction and laying off of employees, family income generally had been cut and when these economically inactive persons were asked whether they would be willing to work should they meet a job with suitable employment conditions, the answers were usually affirmative out of their wish to supplement the family income.

A noteworthy point here is that these persons are willing to work under an assumption that their working conditions could be met. Actually, due to certain personal reasons, these persons could not work readily and they had not been looking for jobs. In accordance with ILO's suggestion, these persons cannot be graded as unemployed workers, and they can only be considered as persons not engaged in economic activities. In 1999, there were 222,800 such persons in hidden employment. They do not fall within the definition of unemployed persons for two reasons:

- (i) about 94% of them were not ready to work during the period of 7 days before the survey (for example due to the need to take care of families or to look after children);
- (ii) the rest of 6% may be ready to work but due to personal reasons (belief that work is not available excepted), they had not looking for jobs 30 days prior to the survey. These personal reasons include wish to rest, no financial needs etc.

**Q4. The Manpower Projection to 2005 has not taken full account of the manpower supply. Experience tells that for the persons falling within hidden unemployment, it is difficult for them to seek employment. Can the Government advise what are being done to assist the new arrivals, housewives, disabled persons and other disadvantaged groups to upgrade their skill?**

A4. People under hidden unemployment belong to those who are not actively engaged in economic activities. They are not able to work either because of personal reasons or they have not looked for jobs.

If the Labour Department is to look for jobs on their behalf, there are practical difficulties to get in touch with them. The assistance which the Government can offer to job seekers or persons under hidden unemployment is to publish the job vacancies available and let them have access to the information so that they can review whether they should re-enter the labour market. At present, job seekers can make use of the interactive employment service website to browse through the vacancies. They can also have access through this website to 9 other major job vacancy websites to see most of HK's job vacancy advertisements. It is believed such a website would be most helpful to persons under hidden unemployment.

For new arrivals, housewives and disabled persons, the Government has offered them the following facilities for skill upgrading:

#### New arrivals

LD has two centres for serving the new arrivals. They are in Shaukeiwan and Mongkok respectively. They provide for the new arrivals labour market information, job matching and referral services.

ERB also organises specially designed courses on job seeking skills for the new arrivals. As a matter of fact, the ERB and VTC organise a good number of courses for the new arrivals and many are suitable for them.

We are also planning to carry out in 2001 an opinion survey of the new arrivals to find out their concerns about employment and training needs. The outcome would be helpful for designing more effective training programmes for this particular group of job seekers.

#### Housewives

All the courses offered by the VTC, ERB, CITA and CLITA are not limited by sex. Female can choose any suitable course according to their preference. It is worth noting that majority of ERB's trainees are female.



Disabled persons

The VTC runs 3 skill training centres which provide assessment service and 770 full-time and 360 part-time training places for the disabled. The ERB also provide various retraining programmes for disabled persons.

In addition to vocation training, the Selective Placement Division of the Labour Department provide employment service for the disabled job seekers. During 2000, the Division organised a series of activities and successfully placed, in the first 9 months, 1,528 disabled persons on employment out of a total of 2,789 who registered for employment service. The placement rate of 55% is the highest for 20 years.

**Q5. The Report on the Employment Prospect of People Aged 40-49 shows that the problem of unemployment with the middle-aged workers is due to their low educational attainment rather than their age. To redress the problem, the Government will implement measures to help these people upgrade their skills. The Federation, however, is of the view that the Government should not neglect other people who also suffer from low level education attainment. Hence why the Government is not helping all people aged 30-60 upgrade their skills instead?**

A5. Although the survey is targeted at people aged 40-49, the results reveal that the reason of their unemployment is attributable to low educational level rather than to their age. In view of this finding, no age limit has been imposed on the Skills Upgrading Scheme proposed by the Government. The scheme is for serving both the employed and unemployed workers with secondary or below educational levels.

**Q6. In the Report on Employment Prospect for People Aged 40-49, it is recommended that measures be taken upgrade the skills of the middle-aged workers. Thus the emphasis of the Government is still on training and retraining. As there are training providers of varying performance in helping their trainees seek employment, will the Government review these training providers and consider subsidising community-based bodies to run training programmes?**

- A6. The VTC and ERB are the major bodies providing vocational training and retraining. The CITA and CLITA are training authorities for two different industries. Each training institute has its own distinct role and responsibilities as well as target trainees. We will review whether there is duplication in their functions and whether some resources can be saved.

With regard to the proposal of subsidising community bodies to run training course, this arrangement has long been adopted by the ERB. At present, the ERB offers full time and part time training through 60 training providers in the community. This is a good example of well utilising the community facilities for the provision of vocational training.

- Q7. Among the suggestions, the Government is recommended to pay attention to on-the-job training. However before finalising the programmes, will the Government consider consulting the staff unions and trade associations and help them organise skills upgrading courses?**

- A7 We have set up a Steering Committee comprising employers, employees, training providers, social workers and government officials. The Committee is to give advice on appropriate programmes and modes of training and to assist us in our consultation with the related industries. In addition, through the Labour Department, we are consulting the tripartite committees of the relevant industries to ensure that the programmes and modes of training would be tailored to the needs of the industries. We will consider allocations resources to the training bodies of the industries for organising skill upgrading course.

- Q8. What is the Government's position in relation to training leave and what is the real effect of 3 to 4's training leave?**

- A8. The suggestion of requiring or encouraging employers to provide 3-4 days training leave to employees is entirely the recommendation by the research team. The Government has no intention of requiring employers to do so on a mandatory basis. The reason being that

this stipulation lacks flexibility and may not suit the operational mode of individual firms. For the SMEs, this may create additional pressure on their limited manpower resources. The Government, however, will encourage employers to release their staff to attend training and will explain to employers the benefits in terms of productivity and competitiveness that they will get from the skill upgrading of their staff. At the same time, training bodies will try to facilitate both the employers and employees by organising modular training courses and holding training after working hours and during weekends or less busy period, thus keeping the disruption to the business operation to the minimum.

**Q9. The Government has proposed to adopt the vocational learning certificate system which is an appropriate measure. There are two major types of training: specific industrial skills training and generic skills training (such as English language, computer applications etc.) Some employers turn down request to coorganise courses with training bodies or even refuse to give recognitions to the training provided. The main difficulty with vocational training certificate is the reluctance of employers to recognise such training in particular the generic training. Hence, how can the Government win the recognition of the community and employers towards such certificates after the trainees have completed their skills training courses?**

A9. We agree that the recognition of the skill learning certificate by the employers is extremely important. To this end, the VTC through its 24 training committees and its general committee always consults the trades on the design and contents of the programme. The high placement rate of the VTC trainees is a reflection that its courses are widely recognised by the employers. On the other hand, ERB has also formed consultative group for main categories of courses. It will also introduce a common assessment system to enhance the quality standard of the training and the community's recognition for the training.

With regard to the Skills Upgrading Scheme, its Steering Committee is still examining the detailed arrangements for the training courses. We will invite trade associations and employers to participate actively in the course design and assessment of the skill upgrading programme. We hope that the learning certificates of these courses can be jointly issued by the training providers and the trade associations in order to ensure their recognition.

**Administration's Response to the suggestions put forward  
by Hon LAU Chin-shek, LEUNG Yiu-chung and LEE Cheuk-yan**

- (1) The Government should ensure that every citizen would have the opportunity to reach the minimum skill standard equivalent to upper secondary education graduation level (paragraph 8)**

Under the existing educational and training system, employees have plenty of opportunities to upgrade their academic attainment and professional qualification. Furthermore, the Government has committed that before 2003/04 school year, there will be sufficient places for students who wish to complete upper secondary education vocational training. There is also the Project Springboard designed for Form 5 school leavers and adult learners who wish to continue their studies.

On vocational training, in view of the employment problem faced by the workers with low skill and low education, the Government will provide skills upgrading courses for both employed and unemployed workers with secondary or below educational levels so that they can adapt to the future needs of the industries.

In addition, the Government will mount a publicity campaign to promote the concept of self-improvement and the awareness of crisis of unemployment amongst the workers with low skill and low education. The aim is to change people's attitude so that they will not be so unwilling to participate in skill training.

The Government will endeavour to provide training opportunities and avenues for people to improve themselves. It is also hoped that employers can offer their support and cooperation by releasing their staff during working hours to attend training.

- (2) For graduates with post-secondary educational attainment, the Government should provide tax concession and training loan. Post-secondary colleges should also consider strengthening their ties with the commercial sector so that they could provide quality training course (paragraph 8).**

#### Tax Concession

Since 1996 the Government has offered tax concession to persons pursuing continuing education programmes relevant to their work. All the expenditure incurred in this respect can be exempted from tax and the maximum sum which can be deducted from taxable income is \$30,000.

#### Training loan

To ensure that no person would be deprived from pursuing continuing education on economic grounds, we have expanded since 2000/01 school year the scope of the Non-means-tested Loan Scheme to cover all the local or non-local continuing education programmes.

#### Strengthening the link with the commercial sector

We fully agree that trade associations and staff unions should be encouraged to be involved vocational training. In fact, all principal training providers have involved representatives of trade associations and staff unions in giving advice on course development, design and classification. For example, all the 24 Retraining Advisory Committees and the General Committee of VTC have representatives from different parties. The Board itself has 4 representatives from the employers. Furthermore the ERB has set up consultative groups for various trades to reinforce communication with them. The Boards of Directors of CITA and CLITA comprise representatives nominated by the relevant professional bodies, trade associations and staff unions. For tertiary institutes, they also have their consultative committees which maintain close contacts with the trade and seek their views on future curriculum development.

**(3) The Government should consider helping the office clerks upgrade their skills so that they can be promoted to the rank of manager and associate professional (paragraph 10).**

The projection results indicate that up to 2005 a total of 30,000 office clerk posts will be lost. For the occupants of these posts surplus to requirement, some of them may move downward but the number should be relatively small. It is expected that the great majority of them will move either sideways or upward. For example, it is projected that some 24,000 new jobs will be created in the occupation of service workers and shop sales worker and they should be able to absorb some of the office clerks made redundant. The projection also reveals that there will be substantial increase in the demand for associate professionals and small business managers. For those who wish to rise to these jobs, they can upgrade their qualification through the existing education and training pathway. The Management Development Centre of VTC will also look into the possible ways to help office clerks to upgrade their skills and qualification so that they may cope with jobs of higher rank particularly in their own trade or within their-own organisation. We will also alert them of their increasing danger of unemployment in this occupation and raise their awareness of this crisis through publicity campaign. We will encourage them to pursue continuing education to better equip themselves for promotion to more senior post.

**(4) The Government should establish a training leave wage subsidy scheme (paragraph 12-13)**

The training/retraining courses currently provided by the VTC and ERB are already subsidised by the Government. For the Skills Upgrading Courses being planned, the Government will also bear majority of the training expenses. In fact, the employers will benefit from the skill upgrading of their employees. All parties should therefore contribute their share to make the Skills Upgrading Scheme a success. Since the Government will pay for the training cost, we have reservation in offering employers additional training leave wage subsidy.

To facilitate employees to attend skills upgrading courses. We will try to adopt flexible arrangements for running these courses such as organising modular training courses and holding training after work and during week-ends and less busy period. It is hoped that these arrangements will help to reduce the disruption to the business operation to the minimum.

**(5) The Government should regulate that workers who have not fulfilled the fundamental skills level should be given 6 days' fully paid training leave (paragraph 14)**

We do not endorse the above proposal of providing paid training leave for employees as training lacks flexibility and may not suit the operational mode of individual firms. For the SMEs, this may create additional pressure on their limited manpower resources. The Government, however, will encourage employers to release their staff to attend training and will explain to employers the benefits of productivity and competitiveness they will get from the skill upgrading for their staff. At the same time, training bodies will try to facilitate both the employers and employees by organising modular training courses and holding training after working hours, during week-ends or less busy period, thus keeping the disruption to the business operation to the minimum.

**(6) The Government should subsidise trainees receiving fundamental or mid-level skills training by making grants to them to meet the full cost or half of the cost incurred, and the subsidy arrangement can be in the form of "training coupon" or "personal training account" (paragraph 16)**

Both the VTC and ERB are providing fundamental training/retraining courses free of charge. For skill training courses at mid-level, there are also heavy subsidies. At present, the Government subvention to these two vocational training bodies amount to \$2.5 billion per annum. In addition, we have reserved \$400 million for financing the Skills Upgrading Scheme. At the same time, we have extended since 2000/01 academic year the scope of the Non-means-tested Loan Scheme to cover local/non-local continuing education programmes.

- (7) The Government should establish a skill assessment system to enable employees' skill qualification to be recognised by employers; and there should also be an accreditation ladder to provide avenue for their skills advancement (paragraph 17).**

We agree that the establishment of a skill assessment system will enhance the recognition of employees' skills. We will first proceed from the Skills Upgrading Scheme by inviting trade associations of the relevant industries and employer organisations to actively participate in the design and assessment of the skills upgrading programme. We hope that the learning certificates of these courses can be jointly issued by the training providers and trade associations so as to ensure their recognition. Based on the experience drawn from the Skills Upgrading Scheme, we will study the feasibility of the skills assessment system and the accreditation ladder for advancement.

- (8) The Government should make good use of 3G for the setting up of a Vocational Training Fund for implementing the various proposals, and consider imposing a levy on establishments to meet the future recurrent cost of the Fund (paragraph 18-20)**

The Government has already allocated considerable resources in the provision of vocational training. At present, the annual resource allocation to VTC and ERB is in excess of \$2.5 billion. In addition, a sum of \$400 million here been reserved for the skills Upgrading Scheme. We do not see the need for the Government to use the proceeds from 3G and to impose a levy on establishments for setting up a Vocational Training Fund.



**Administrations Response to the  
Questions and Views of other Hon. Members**

**Q1. With regard to the proposed plan to raise the level of education attainment, can the Government inform details about the plan?**

A1. To raise the level of education attainment, the Chief Executive announced in his 2000 Policy Address that starting from 2002/03 school year, all S.3 students who have the ability and wish to continue their studies will be given the opportunity to receive upper secondary education or vocational training. It is estimated that we will need to provide an addition of 6,000 places at senior secondary level by the 2003/04 school year. The new schools are expected to use upper secondary curriculum as the basis to develop their own special characteristics. In the long term, we hope that students can be promoted to the upper secondary forms within the same school.

We also aim to increase gradually the provision of tertiary places in the coming 10 years so as to provide tertiary education for 60% of secondary school leavers. We will encourage tertiary institutions, continuing education providers and private enterprises to provide, on a self-financing basis, continuing education at post secondary level other than traditional matriculation courses. The Government will provide operators with land for school premises as well as loan and will provide financial assistance to the students in need.

We are currently examining and making preparation for the above new policy initiatives and will report progress to the LegCo at the appropriate time.

**Q2. Economic growth and manpower supply do not have a direct proportional relation because high-tech like computer and telecommunication will replace the requirement of manual labour. Hence, can you advise whether the manpower projection has taken account of other factors such as the HK and China relationship, and cross-border trade, investment and economic activities? What are the data and evidence in support of Government's projection?**

- A2. In our earlier response, we have indicated that within a knowledge-based economy driven by high-tech, higher productivity rate could have led to greater economic growth, thus stimulating the creation of more employment opportunities. The data of US economy in the past decade provide a reference example of this phenomenon. It is noteworthy therefore that economic growth and manpower needs do not necessarily have a relation which is conversely proportional.

In the current manpower projection exercise, we have taken into consideration all the major factors. For example, in the process of our latest economic development, we anticipated that computer application would reduce the manpower needs in some industries. Consequently the demand for workers with low education and low skill (such as office clerks, machine operators, assemblers and craft workers) is expected to decline. On the other hand, because of the growing popularity of IT application and E-commerce, this will create job opportunities for telecommunication, retail trade and business services especially at the level of high skill posts such as manager, executives, professionals and associate professionals. This is further expected to bring about growth in the overall employment.

In addition, we have taken into consideration the future relationship between China and HK in terms of cross-border trade, investment and economic activities. In projecting the manpower for import and export trade, we have taken into account the impact arising from China's accession to the WTO. As a whole, in view of the increase in the volume of China's external trade and opening up of the Great West which will further increase business opportunities, we believe that many foreign firms would still use HK as the agent for entry into China's market owing to the competitiveness of HK over other places. This will increase the manpower needs of the import and export trade.

Hence, we have taken into consideration all the factors due to China's accession to WTO, trade globalization, innovative technology, E-commerce and policy/major development of the Government in making our projection. Furthermore, we consulted experts and relevant organisations (such as business leaders/representatives of the various trades, reputable academics, bureaux and departments of the Government).

The details and rationale used in projecting the manpower needs of various industrial groups are published in the C&SD's Report on 1999-based Manpower Requirement Projection by Economic Sector.

**Q3. The manpower projection is incomplete. For example, in the case of recreation entertainment and sports the manpower requirement is projected to increase from 47,000 to 62,000. Is this a reflection of the Disney Theme Park requirement. What about other emerging activities such as new cable TV licences? Have they been included? Projection requires imaginative foresight, for example, the trend for newspapers to switch to publishing on website.**

A3. In projecting the manpower needs by industrial groups, we relied not only on statistical analysis and computation but took also into consideration the policies affecting the future development and the views of the experts so that the projection could be produced as precise as possible.

In projecting the manpower needs of the sports, cultural and recreational services, we considered not only the Disney Theme Park which by the inception at 2005 would hire about 4,200 persons, but examined also the manpower needs arising from other proposed theme parks (such as the Ma Wan Theme Park), cable TV, market development of TV programmes, movie production etc.

Thus in this manpower projection exercise, we have taken into consideration the development of new industries. We have made special analysis for the manpower needs of the IT Sector in our Report. As the development of economic activities continues, it is difficult to forecast every emerging new industry and its relationship with others. We feel therefore that there is a need to update the projection results on a more regular basis so that we will be able to grasp the newest development and take them into account.

**Q4. In the Manpower Projection to 2005, has the projection covered the manpower requirement arising from the new industries?**

A4. The manpower projection is not confined to statistical analysis and computation. First of all, based on data of the past 14 years from 1986 to 1999, we prepared forecasting models for 41 industries. In estimating the annual growth rate for individual industries, we have

consulted the leaders and representatives of the trades concerned, the academics, the relevant policy bureaux and departments of the Government. The views sought include development trend, business opportunities and manpower needs. They were then suitably adapted and deployed to adjust the manpower projection rates of the industries including both the existing and emerging ones.

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