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Panel on Manpower

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 16 February 2012**

Manpower projection to 2018

Purpose

This paper summarizes past discussions of the Panel on Manpower ("the Panel") on the two manpower projection surveys undertaken by the Administration in 2000 and 2002/early 2003 for the purpose of assessing Hong Kong's future manpower needs and identifying potential gaps in manpower supply and demand.

Background

2. According to the information provided by the Administration in July 2003, in order to gain a clearer picture of Hong Kong's future manpower needs and to identify potential gaps in local manpower supply and demand, the then Education and Manpower Bureau, the then Financial Services Bureau, Census and Statistics Department and Labour Department carried out in 2000 a detailed assessment of Hong Kong's manpower requirement by economic sector, occupation category and educational attainment, and its manpower supply by educational attainment up to 2005 ("MP2005"). The findings of the study were published in the Report on Manpower Projection to 2005.

3. To keep abreast of the latest developments in the Hong Kong economy and their impact on the labour market, the Administration carried out in 2002/early 2003 another round of manpower projection to assess, on the basis of Population Census 2001 and related projections, the manpower demand and supply situation in Hong Kong by 2007 ("MP2007").

4. According to the Administration, a two-pronged approach comprising quantitative projections of manpower requirement and supply for the period between 2002 and 2007 as well as qualitative analysis of data gathered from establishment and household surveys and consultations with business, labour

and related organizations was adopted in both rounds of manpower projection. In MP2007, the Administration also carried out special analyses of five selected sectors/domains which were considered to be of strategic importance to the Hong Kong economy. These five sectors included "trading and logistics", "tourism", "financial services", "professional services" and "information technology". The special analyses covered past development, current position and future manpower requirement of the relevant sectors/domains.

Deliberations of the Panel

5. The Administration briefed members on the findings of MP2005 and MP2007 and its proposed measures to address the manpower resource imbalance at three Panel meetings respectively held on 16 November 2000, 14 December 2000 and 17 July 2003. The deliberations of the Panel are summarized below.

Problem of manpower mismatch

6. According to the findings of MP2005, there would be an increase of some 433 600 jobs between 1999 and 2005. The study revealed that up to 2005, there would be a projected surplus of manpower supply of 136 700 at lower secondary education level or below. On the other hand, a shortfall of manpower supply at post-secondary level or above was projected at 116 900. MP2007 also revealed that by 2007, there would be a sizeable mismatch between job requirements and the qualifications of workers. More specifically, there would be an estimated shortage of manpower supply at "post-secondary" and "first degree and above" levels amounting to about 102 000 persons, and an estimated surplus of manpower supply at the "upper secondary" and "lower secondary and below" levels amounting to about 232 000 persons.

7. To address the projected mismatch in manpower requirement and supply, members considered that the Administration should introduce effective measures, such as increasing the provision of post-secondary education, providing more training opportunities and undertaking measures to upgrade the skills of workers with low skill and low education attainment.

8. The Administration responded that to address the projected mismatch in manpower requirement and supply, measures aimed at increasing education opportunities, diversifying learning options and promoting continuing education would be adopted. The proposed measures included -

- (a) all Form 3 school leavers were provided with subsidized education and training with effect from the 2002-2003 academic year;

- (b) Project Yi Jin, introduced in 2001, was to provide alternative progression pathways to Form 5 school leavers. Apart from formal academic subjects, eight senior secondary schools which provided diversified curriculum would start operations in the 2003-2004 academic year to offer 12 career-oriented subjects for interested students. The purpose was to provide senior secondary school students with a diversity of options and to enable them to understand their abilities and aptitudes with a view to better planning for their future learning and employment. The provision of these alternative routes to young people would help provide them with better articulation opportunities to obtain higher qualifications;
- (c) to help the workforce prepare for Hong Kong's economic restructuring and transformation into a knowledge-based economy, the Continuing Education Fund commenced operation in June 2002 to encourage and subsidize workers to pursue continuing education in a number of economic sectors and areas of skills which the workforce most needed;
- (d) to enhance the competitiveness and employability of workers with low educational attainment, the Skills Upgrading Scheme was introduced in September 2001 to provide industry specific and focused skills training for workers with secondary education and below;
- (e) to meet the manpower requirements of the market, more opportunities would be provided to young people of the relevant age group to receive tertiary education. The target was to achieve by 2010 a participation rate of 60% from the relevant age group;
- (f) in the longer term, a qualification framework ("QF") which attested and linked the standards of vocational and formal educational qualifications would be established. QF would enable the pursuit of lifelong learning, facilitate the recognition of qualifications and be conducive to the development of flexible and multiple progression pathways for learners; and
- (g) a pilot programme entitled "Re-employment Pilot Programme for the Middle-aged" would be launched to help the long-term unemployed workers aged above 40 to rejoin the workforce.

Provision of training leave and subsidy

9. Concerns were raised about the reluctance of some employers to provide training to their employees. Some members held the view that Government's proactive intervention was necessary to encourage employers to release their employees to attend training courses, especially when the majority of the workforce with low skill and low educational attainment usually had long working hours and had less chance to upgrade their skills through self-learning. There was a suggestion that the Administration should establish a training leave wage subsidy scheme. These members further suggested that the Government should provide subsidy to trainees receiving skills training at fundamental and middle levels by way of making grants to the trainees to help them meet the full training cost or half of the cost incurred. To enable employees' skills and qualification to be recognized by employers, some members suggested that a skill assessment system should be established.

10. According to the Administration, employers generally lacked the incentive to bear the training cost unless the skills acquired by employees were needed by the enterprises. For small enterprises with only a few employees, it was impracticable for the employer to release his staff to attend training courses. In addition, employers were often worried that staff would change employment after they had acquired higher skills. In the view of the Administration, it was more appropriate to encourage employers to provide training to their employees on a voluntary basis to cater for the needs of individual enterprises.

11. Regarding the suggestion of establishing a training leave wage subsidy scheme, the Administration advised that the training and retraining courses provided by the Vocational Training Council ("VTC") and the Employees Retraining Board ("ERB") were already subsidized by the Government. The Government would also bear the majority of the training costs for the skills upgrading training courses to be run. The Administration therefore had reservations about offering employers additional training leave wage subsidy. As regards the suggestion of providing trainees with a training subsidy, the Administration advised that both VTC and ERB were providing fundamental training and retraining courses free of charge. There were also heavy subsidies for skill training courses at the middle level. The Administration would continue to encourage employers to provide training to their employees and, at the same time, encourage employees to pursue continuing education or to equip themselves with better skills.

12. The Administration agreed that the establishment of a skill assessment system would enhance the recognition of employees' skills. It would first proceed with the Skills Upgrading Scheme by inviting trade associations of

relevant industries and employer organizations to actively participate in the design and assessment of the skills upgrading courses so as to enhance recognition of these courses. Based on experience drawn from the Skills Upgrading Scheme, the Administration would study the feasibility of skills assessment and accreditation ladder for advancement.

Accuracy of the projected manpower demand

13. Concern was raised about the accuracy of the manpower projections. Some members pointed out that given the persistent decline of the manufacturing industries, many unemployed workers previously employed in the manufacturing sector had ceased looking for jobs after they had repeatedly failed to find employment, and there were about 150 000 people categorized as "workers suffering from hidden unemployment". These members opined that the projected employment growth rate was on the high side and the forecast manpower demand might not be as rosy and optimistic as depicted.

14. Members were advised that the purpose of the manpower projections was to fully assess the increase in potential employment opportunities and the degree of manpower mismatch. In making the projections, an assumption had been made that the future manpower requirement was free from manpower supply constraint. Nevertheless, the actual employment rate very much depended on both manpower demand and manpower supply. While there could be deviation in all projections, additional workers suffering from hidden unemployment could further aggravate the problem of excessive supply of workers with low skill and low education attainment. The Administration further advised that MP2007 was based on inputs from a number of sources. It had made reference to past trends, latest economic developments, and views of academia, government departments, business, labour and related organizations collected during the consultation process.

Relevant questions and papers

15. In the Fourth Legislative Council ("LegCo"), Members have raised questions at Council meetings on issues relating to Hong Kong's future manpower requirement and supply as well as the problem of manpower shortage. A summary of questions raised and relevant papers available on the LegCo website is in the **Appendix**.

**Relevant papers on
Manpower projection to 2018**

Committee	Date of meeting	Paper
Panel on Manpower	16.11.2000 (Item IV)	<u>Agenda</u> <u>Minutes</u>
Panel on Manpower	14.12.2000 (Item III)	<u>Agenda</u> <u>Minutes</u>
Panel on Manpower	17.7.2003 (Item V)	<u>Agenda</u> <u>Minutes</u>
Legislative Council	15.12.2010 (Question 4)	<u>Oral question raised by Hon CHEUNG Kwok-che on the shortage of paramedical staff in the welfare sector</u>
Legislative Council	26.10.2011 (Question 20)	<u>Written question raised by Dr Hon Joseph LEE on plans to tackle manpower shortage problem in the public health sector</u>
Legislative Council	7.12.2011 (Question 6)	<u>Oral question raised by Hon WONG Sing-chi on the Supplementary Labour Scheme</u>