

立法會 *Legislative Council*

LC Paper No. CB(2)1524/13-14(06)

Ref : CB2/PL/MP

Panel on Manpower

Background brief prepared by the Legislative Council Secretariat for the meeting on 20 May 2014

Manpower projection

Purpose

This paper summarises past discussions of the Panel on Manpower ("the Panel") on the manpower projection surveys undertaken by the Administration 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 Administration, 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 education attainment up to 2005 ("MP2005"). The findings of the study were published in the Report on Manpower Projection to 2005. 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").

3. In 2010, the Government embarked on another round of Manpower Projection to 2018 ("MP2018"), with 2010 as the base year and a projection horizon up to 2018. The manpower projection comprised three major components, namely the manpower requirement projection ("MRP"), the manpower supply projection ("MSP") and the manpower resource balance ("MRB"). While MRP was analysed by economic sector, occupation group and education attainment, MSP was analysed by age group, sex and education attainment. By comparing MRP with MSP, the Administration would derive MRB by education attainment. In addition, scenario studies were conducted to assess the effect of economic fluctuations and cycles on the projections. The

preliminary key findings of MP2018 were released in February 2012.

Deliberations of the Panel

Problem of manpower mismatch

4. According to the findings of MP2005, there would be a projected surplus of manpower supply of 136 700 at lower secondary education level or below in 2005. 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. As revealed from the findings of MP2018, it was projected that there would be an overall shortfall of 22 000 persons at the various education levels between lower secondary and first degree in 2018. However, there would be a manpower surplus of about 8 500 persons at the education level of lower secondary and below.

5. To address the projected mismatch in manpower requirement and supply, especially at the education level of lower secondary and below, 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 skills and low education attainment.

6. The Administration advised 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. To help enhance the industry-specific knowledge and skills of in-service workers with low skills and low education attainment, the Employees Retraining Board ("ERB") had and would continue to provide training and retraining courses to assist them in acquiring the necessary vocational skills and recognised qualifications under the Qualifications Framework with a view to improving their competitiveness and employability.

7. The Administration stressed that the relevant bureaux and departments overseeing the development of the respective industries would continue to keep under review the sectoral manpower requirement and supply in consultation with the respective industrial bodies and education institutions. Various bureaux and departments had also worked very closely with the industry

practitioners concerned in taking forward some of the related initiatives.

Provision of training leave and subsidy

8. Concern was 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 skills 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 recognised by employers, some members suggested that a skills assessment system should be established.

9. 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.

10. 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 ERB were already subsidised 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 skills 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.

11. The Administration agreed that the establishment of a skills 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 organisations 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

12. Some members pointed out that the manpower requirements of specific industries would be affected by a host of factors, particularly when there were policy changes or introduction of new policies. These members expressed concern about the accuracy of manpower projections.

13. According to the Administration, the purpose of manpower projection was to fully assess the increase in potential employment opportunities and the degree of manpower mismatch. In making the projections, a two-pronged approach, comprising quantitative projections of manpower requirement and supply for the projection period based on historical data, as well as qualitative and quantitative analyses of data gathered from establishment and household surveys and consultations on the future growth in manpower requirement with the business, academics and trade associations, was adopted. The projections were made on the basis of certain assumptions on, for example, the general direction in the provision of education and development of various economic sectors. Scenario studies had been conducted to assess the effect of economic fluctuations and cycles on the projections. The Administration pointed out that while the manpower requirement projection covered an analysis by economic sector, the manpower supply projection did not, since it was not possible to identify in the manpower supply projection the sector in which a person would take up a job after completing his/her relevant education. Hence, the projections could not analyse whether there would be any deficit or surplus in the manpower of specific industries. Nonetheless, the manpower requirement projection equipped bureaux and departments overseeing the respective industries with a useful planning tool to facilitate them in the consideration of the need for further studies in this respect in conjunction with the sector-specific data they possessed, as well as the formulation of appropriate measures to provide for sufficient human resources for various industries.

Latest development

14. The Administration will brief the Panel on the findings of the Manpower Projection to 2022 at the meeting on 20 May 2014.

Relevant papers

15. A list of relevant papers available on the Legislative Council website is in the **Appendix**.

Council Business Division 2
Legislative Council Secretariat
16 May 2014

**Relevant papers on
Manpower projection to 2022**

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>
Panel on Manpower	16.2.2012 (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>