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**Panel on Manpower**

**Updated background brief prepared by the Legislative Council Secretariat  
for the meeting on 21 May 2019**

**Manpower projection**

**Purpose**

This paper summarizes 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. In mid-2013, the Administration had a new round of projection to 2022 ("MP2022"), with 2012 as the base year and covering a 10-year projection period. 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 analyzed by economic sector, occupation group

and education attainment, MSP was analyzed 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 MP2022 were released in May 2014.

## **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. In MP2022, it was revealed that there would be a shortage of 55 700 persons at lower secondary and below and a shortfall of 64 800 persons at the various education levels from upper secondary to sub-degree, while a surplus of 2 600 persons was projected at first degree and above.

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 recognized 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.

8. Some members were concerned about the surplus at the sub-degree and postgraduate levels and the shortfall at the first degree level in 2022. They appealed to the Administration to consider re-distributing resources for sub-degree, first degree and postgraduate places. The Administration pointed out that the substitutability of workers at these levels should be taken into account, as jobs offered to first degree holders would also be taken up by persons with postgraduate qualifications. The manpower at the broad education level of combining first degree and postgraduate together was projected to be more or less in balance in 2022, with a slight surplus of only 2 600 persons.

#### Provision of training leave and subsidy

9. 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 recognized by employers, some members suggested that a skills 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 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 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.

12. 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 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. 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.

14. 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 people would take up a job after completing their relevant education. Hence, the projections could not analyze 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.

#### Policy areas requiring follow-up actions

15. Members noted that the Steering Committee on Population Policy ("SCPP") took note of, among others, the key findings of MP2022 and identified several policy areas which required follow-up actions, including enhancing child care services and retraining courses targeting the needs of women, and enhancing the migrant admission schemes and the existing labour importation mechanism to respond to manpower demand in the labour market, etc.

#### *Support measures for females*

16. Some members were of the view that the Administration should enhance the provision of both subsidized child care services and subsidized residential elderly care services so as to release the female homemakers to join the labour force. The Administration acknowledged the need to provide care support to children at different stages of development, and the elderly with a view to releasing the female workforce. Members were advised that the Social Welfare Department would from 2014-2015 allocate additional resources to extend the service hours of after-school care centres and provide additional places for the home-based child care service under the Neighbourhood Support Child Care Project. It would revert to the Panel on Welfare Services on the provision of child care services.

#### *Importation of labour*

17. Some members expressed grave concern about SCPP's view on enhancing the migrant admission schemes and the existing labour importation mechanism to respond to manpower demand in the labour market. These members called on the Administration to follow closely the established mechanism for approving applications for importing labour under the Supplementary Labour Scheme ("SLS") to safeguard the employment

opportunities for local workers.

18. The Administration stressed that it would enhance the current labour importation mechanism with due regard to the principles of not affecting the interest of local workers, displacing local job opportunities or suppressing local wages. The streamlining of procedures under SLS sought to shorten the processing time for considering applications from employers who were genuinely unable to recruit local workers to fill their job vacancies. On the other hand, it was actively considering enhancing the migrant admission schemes by reaching out to and attracting talents overseas such as university graduates via the Hong Kong Economic and Trade Offices overseas.

#### Latest development

19. The Administration will brief the Panel on the findings of the Manpower Projection to 2027 at the meeting on 21 May 2019.

#### **Relevant papers**

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

Council Business Division 2  
Legislative Council Secretariat  
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**Relevant papers on  
Manpower projection to 2027**

<b>Committee</b>	<b>Date of meeting</b>	<b>Paper</b>
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)	<a href="#">Agenda</a> <a href="#">Minutes</a>
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>
Panel on Manpower	20.5.2014 (Item V)	<a href="#">Agenda</a> <a href="#">Minutes</a>