

**Press Release**

**LCQ13: Hong Kong labour force projections**

Wednesday, November 25, 2015

Following is a question by the Hon Leung Yiu-chung and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (November 25):

Question:

The Census and Statistics Department (C&SD) released, in September 2013 and October this year respectively, two feature articles on Hong Kong labour force projections for 2013 to 2041 and those for 2015 to 2064. Some members of the public have queried why there are significant discrepancies between the projection figures in the two articles. For example, while the former projected the size of the labour force in 2041 at about 3 520 000, the latter projected it at about 3 410 000 in the same year, with a difference of about 110 000 between them. Regarding labour force projections, will the Government inform this Council:

(1) of the reasons for the significant change in the size of 2041 labour force projected in the aforesaid two articles within a short period of two years; whether C&SD will make public the relevant projection methodology;

(2) of the constraints on, and assumptions in, the making of the labour force projections by C&SD at present; how C&SD ensures that the existing methodology for labour force projections is in line with the relevant international standards; and

(3) in the course of compiling the aforesaid labour force projections by C&SD, whether government officials other than those in C&SD have given views or data to C&SD; if so, of the details, and whether C&SD has changed its projection methodology in the light of the views and data involving political factors which it has received?

Reply:

President,

The Census and Statistics Department (C&SD) compiles projected labour force (LF) basically by applying projected labour force participation rates to the respective projected population. The methodology adopted was presented in the feature articles on Hong Kong LF projection published in September 2013 and October 2015. When making population and LF projections, prevailing policies and past trends were assumed to remain unchanged for derivation of the most likely outcome. If there are new policies implemented or changes in the trends, the population and LF figures will be different. C&SD will closely monitor the latest population and labour market developments, and will update the projected population and LF figures regularly as needed. There is currently no international standard on the compilation methodology of LF projections. The methodology adopted by C&SD is similar to those adopted by other developed economies such as the USA, the UK and Australia.

Compared with the previous round, there was a lower projected LF this round largely because of a smaller projected population, which was mainly attributable to the downward adjustment in the assumption on the long term inflow of One-way Permit Holders, from 150 persons per day adopted in the previous round to 100 persons per day (from mid-2027 onwards) this round. The assumption adopted by C&SD was based on the actual inflow figures in the past, taking into account the inflow of overage children and their spouses and children during the initial projection period. There is no political consideration involved in the projections.

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