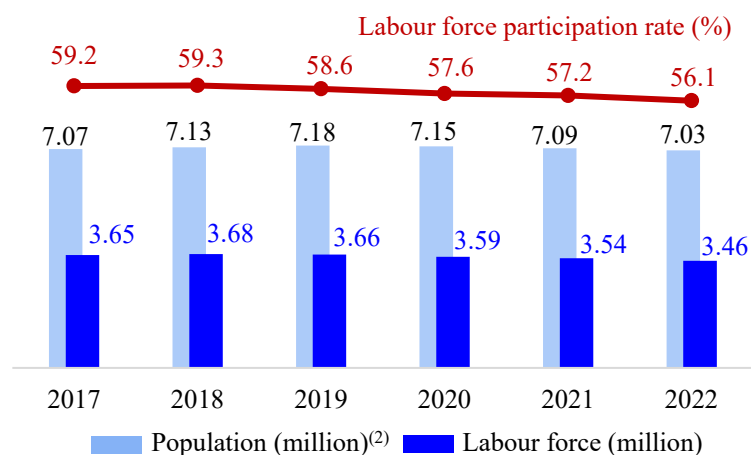


Manpower shortage in Hong Kong

Figure 1 – Population and labour force⁽¹⁾ of Hong Kong in recent years



Notes: (1) Excluding foreign domestic helpers.
(2) Mid-year population.

Figure 2 – Job vacancies in March, 2013-2023

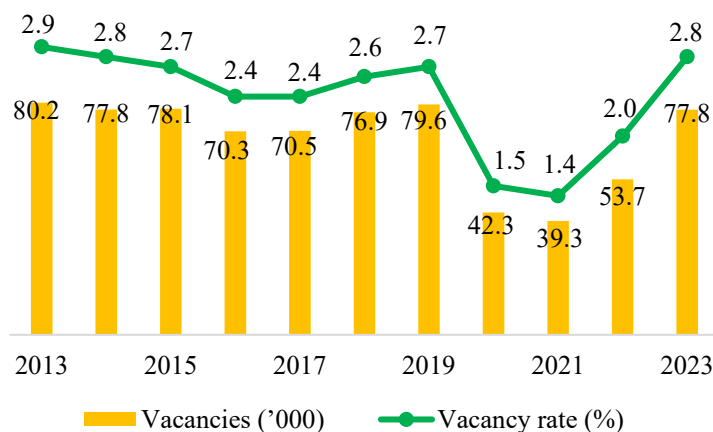


Figure 3 – Job vacancies in selected sectors, March 2023

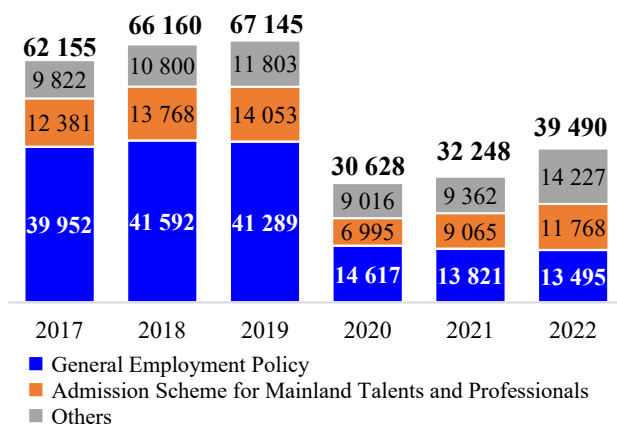
Sector	Vacancy rate (%)	Number of vacancies
1. Air transport	13.3	3 183
2. Residential care services	9.1	3 670
3. Accommodation services	7.4	2 828
4. Health services	4.2	6 609
5. Education	3.6	7 985
6. Financial services	2.9	3 932
7. Retail trade	2.5	6 406
8. Food and beverage services	2.5	5 805

Highlights

- Between 2018 and 2022, the labour force in Hong Kong exhibited a continued downtrend, shrinking by a total of 219 000 or 6.0%, with most of the declines seen in the three-year period after 2019 (**Figure 1**). This was concurrent to a visible decline in local population by 153 000 or 2.1% after mid-2019, upon significant net outflows of local residents and expatriates in prime working age after the social incidents and tightened travel restrictions amidst COVID-19. Coupled with the continued ageing trend in local population, the overall labour force participation rate fell visibly from 58.6% in 2019 to 56.1% in 2022.
- This shrinkage in labour force has inevitably resulted in significant manpower shortage when Hong Kong returns to normalcy after the epidemic. The seasonally adjusted unemployment rate thus fell to a 3½-year low of 3.0% in March-May 2023 from 5.1% a year earlier, indicating a return of 78 300 people back to work. The total number of job vacancies in the private sector also bounced up and almost doubled in two years to 77 800 in March 2023, causing the vacancy rate to rise to a nine-year high of 2.8% (**Figure 2**).
- Analysed by sector, the vacancy rate in air transport was the highest in March 2023, at 13.3% (**Figure 3**). This was followed by residential care services (9.1%), accommodation services (7.4%) and health services (4.2%). Meanwhile, the Government has noted acute manpower shortfalls in some other sectors this year, including 17 500-24 000 in construction and 3 600 for the public light bus/coach trade.
- Inadequate manpower was also seen in the public sector, with the vacancy rate in the civil service more than doubled from 4.2% in March 2018 to 9.9% in March 2023. For the Hospital Authority (“HA”), the attrition rate of full-time staff rose from 9.4% in 2017-2018 to 12.9% in 2022-2023. Latest data from HA further indicated that close to 3 400 doctors and nurses left public hospitals over the past year, exceeding the number of new recruits (i.e. 3 000) during the same period.

Manpower shortage in Hong Kong (cont'd)

Figure 4 – Number of talents admitted under seven existing admission schemes⁽¹⁾



Note: (1) Including 875 talents admitted under TTPS in December 2022.

Figure 5 – Number of workers imported under SLS, 2017-2022

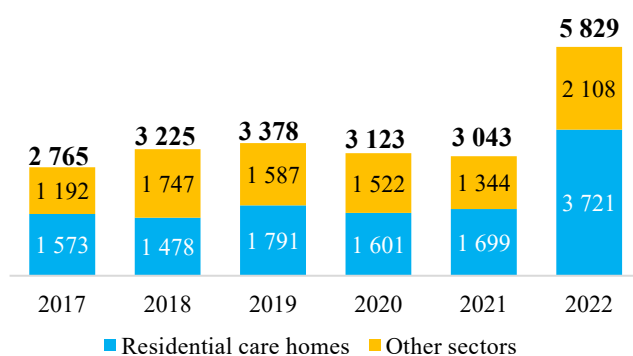


Figure 6 – Quotas of sector-specific labour importation schemes

Sector	Forecast shortfall	Quota
1. Residential care homes ⁽¹⁾	8 500 ⁽²⁾	7 000
2. Construction	17 500-24 000 ⁽³⁾	12 000
3. Transport		
- Aviation	10 000 ⁽³⁾	6 300
- Public light bus/coach trade	3 600 ⁽³⁾	1 700
Total Quota		27 000

Notes: (1) 1:1 ratio between imported and local workers is permitted for self-financing RCHs.
 (2) Minimum shortfall in 2025.
 (3) Shortfalls in 2023.

Highlights

- To address the manpower shortage at the higher end of the occupation hierarchy, the Government has stepped up efforts to revive admission of talents following three consecutive years of relatively subdued approval figures under the seven talent admission schemes (**Figure 4**). Recent facilitative measures to enhance the existing schemes include (a) relaxing the limit of stay for all the schemes and suspending the annual quota for the Quality Migrant Admission Scheme in December 2022 and (b) expanding the Talent List from 13 to 51 professions in May 2023. Moreover, the Government introduced a new Top Talent Pass Scheme (“TTPS”) to allow talents to stay in Hong Kong up to two years without job offers beforehand. Response is reportedly positive, with roughly 49 000 new talent admission applications approved during the first five months of 2023, including over 21 000 approvals (42.9%) under TTPS.
- At the lower to middle-spectrum of the occupation hierarchy, the annual number of workers imported under the Supplementary Labour Scheme (“SLS”) picked up strongly by 72.6% to 5 829 between 2019 and 2022 (**Figure 5**). The rise was mostly seen in the doubling of care workers for residential care homes (“RCHs”) in 2022, upon temporary relaxation of application requirements for RCHs in March-May 2022 when many elderly RCHs were hit by the fifth wave of COVID-19.
- Most recently in June 2023, the Government took a “dual-track approach” to address “acute manpower shortages”. **First**, it proposed to enhance existing SLS by (a) shortening the approval process from five months to three months with streamlined procedures and (b) temporarily allowing imported workers for 26 previously excluded occupations (e.g. waiters and drivers) for two years. **Secondly**, it proposed to launch new sector-specific labour importation schemes for three major sectors (i.e. RCHs, construction and transport), with an overall quota of 27 000 (**Figure 6**). Unlike the existing SLS, these schemes do not require case-by-case vetting by the Labour Advisory Board (“LAB”), though these sector-specific schemes are also subject to the same requirements of (a) maximum manning ratio of 1:2 between imported and local workers in general; and (b) minimum wages for imported workers at no less than local median monthly wages for similar posts.
- In response to various concerns from different segments of stakeholders, the Government assures the public that it will ensure “giving priority to local workers” by providing enhanced training, retraining and employment support on one hand, and will further improve dissemination of SLS-related application information to employers and refine the workflow of consultation with the LAB on the other hand.

Data sources: Latest figures from Census and Statistics Department, Immigration Department, and Labour and Welfare Bureau.