Section II  Planning Vision and Future Challenges

Chapter 7: Population Dynamics
“Governments need to be able to gather information about, track and analyse population trends in order to create and manage sound policies and generate the political will to appropriately address both current and future needs.”

— United Nations Population Fund

7.1 Historical Perspective

7.1.1 Hong Kong’s population has grown by some 3.8 million since 1961, at a rate of about a million a decade, i.e. about 1.9% a year (Figure 7.1). Our population reached 6,864,000 at July 2006 according to the 2006 Population By-census. During 2001-2006, population continued to slow down with an average annual growth rate of 0.4%, as compared with 0.9% in 1996-2001.

Figure 7.1 Historical Trend of Population Growth

One-Way Permit Scheme

7.1.2 The population growth has largely been attributed to migration from the Mainland under the One-way Permit Scheme. This Scheme was introduced in 1983 and had been revised several times. Since 1 July 1995, the daily quota for new arrivals from the Mainland under
the scheme has been 150 per day, or 54,750 per year. Between 1983 and 2006, over 970,200 Mainland persons were admitted under the scheme, equivalent to about 14.1% of Hong Kong’s population in 2006.

**Natural Growth**

7.1.3 Migration from the Mainland aside, other growth factors have been insignificant. Our natural growth rates have been persistently low, with a marked decrease in fertility rate, albeit the continuous decline in mortality rate over the past two decades. The total fertility rate has dropped from 3 children per woman in the 1970s to 0.984 (i.e. less than 1 child per woman) in 2006, which was well below the replacement level of 2.1 children per woman. On the other hand, life expectancy at birth for male and female residents in Hong Kong has increased from 68 and 75 to 80 and 86 respectively in the last 30 years. As a result, the ageing phenomenon has become more and more prominent. The number of persons aged 65 or above has risen from 5% in 1971 to the current 12.4%.

7.1.4 Concurrently, there is also an increasing proportion of live births born to Mainland mothers. In 2006, 26,132 (i.e. about 40%) of the 65,792 total live births were born to Mainland mothers. Many of these babies have both parents being Chinese nationals but not Hong Kong residents and the growth in this category is rising rapidly. This means that the number of live births does not necessarily translate instantly into actual replenishment of the local population, as many of them are taken back to their parents’ home in the Mainland soon after birth. However, if these children eventually choose to reside in Hong Kong, the demand for public facilities,
especially schools, will increase. We should continue to monitor the trend in order to plan ahead for their needs.

### Labour Force

7.1.5 Hong Kong’s labour force stood at 3.6 million in mid-2006, representing 52% of the total population, and a labour force participation rate (LFPR) of 60.3%. The LFPR for male and female were 69% and 52% respectively. Nevertheless, while there has been a general rise in education attainment, some 50.2% of our population aged 15 and over have only gained lower secondary or below education standard. Strategic solutions are therefore essential to counter the effects of a shrinking labour force and the mismatch between the new economic structure and the labour force on our economic competitiveness.

### Mobility

7.1.6 With the rise in social and economic interactions with the Mainland, our population does not only grow in number but in dynamism. Since 2001, Census and Statistics Department (C&SD) introduced a new classification known as “Mobile Resident” (MR), which is defined as “Hong Kong Permanent Residents who have stayed in Hong Kong for at least one month but less than three months during the six months before or for at least one month but less than three months during the six months after the reference time-point, regardless of whether they are in Hong Kong or not at the reference time-point.” There were about 219,000 MRs in mid-2006.

7.1.7 However, despite the official definition and record of MRs, population mobility patterns are far more complex an issue to be represented only by these figures. For example, the concept of “resident” refers to a person’s presence overnight, whereas this person may be spending his daytime at another location. Hence, a usual resident may reside in Hong Kong, but work outside Hong Kong during the day, while a non-usual-resident may reside outside Hong Kong, but maintains a job here.
7.1.8 Another source of information to reflect population mobility is the trend on cross-boundary trips. In 2006, some 160 million cross-boundary trips were recorded, representing a daily average of over 0.44 million trips. Trends on trip purposes and destinations have been identified in the Cross-Boundary Travel Surveys conducted regularly by the Planning Department, which indicate a rising proportion of cross-boundary trips made for business and work purposes. For example, the Survey of 2006 shows an increase of 100% in trips for work purpose over the record of 2001. Many of these trips were made on a daily basis, thus implying that whilst Hong Kong’s total population may stand at almost 7 million, a good proportion of our residents may not be in Hong Kong during the day.

7.1.9 According to a survey undertaken by C&SD\(^1\), about 240,000 Hong Kong residents were working in the Mainland in 2005, rising almost four times from 64,200 in 1992. Many of these workers are also daily cross-boundary commuters. From another survey conducted by C&SD\(^2\), about 472,900 Hong Kong residents were residing\(^3\) in the Mainland, and about 65% of them were economically active.

7.1.10 There is also another category not counted as part of our resident population, but, collectively, may have a significant impact on the planning for land use and infrastructure. These are the so-called “transient population”, which include visitors to Hong Kong and those who live here only on a short-term basis (e.g. students studying abroad, retirees normally living outside Hong Kong). We need to ensure that the needs of this category of our population would not be overlooked.

7.2 Looking Ahead

7.2.1 In order to secure and nurture a population that would sustain Hong Kong’s development as a knowledge-based economy and a

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\(^3\) It refers to the number of Hong Kong residents who have resided/ have stayed much of their time in the Mainland, viz. for a period of at least one month in the past six months before the reference time-point of the survey.
world-class city, Government has implemented a number of policy initiatives since 2003. These include the Admission Scheme for Mainland Talents and Professionals introduced in July 2003, under which professionals and talented people from overseas and the Mainland who possess special skills, knowledge or experience of value to and not readily available in Hong Kong, or who are in a position to make substantial contribution to the economy, may apply to work here. Under the Quality Migrant Admission Scheme introduced in June 2006, talented people from the Mainland and overseas who meet specified eligibility criteria may be admitted without the requirement of securing an offer of local employment beforehand.

7.2.2 Following the implementation of these admission schemes, there would be more skilled and professional persons, as well as academics and researchers, admitted to Hong Kong as migrants. Their admission could not only help to improve the quality of our human capital, but (as they are generally in their prime age) to slow down the rate of population ageing and perhaps also raise the overall fertility level.

7.2.3 Other than the admission of workers, the opening up of investment migration could also boost the number of incomers. Policies relating to childbirth could have an effect of slowing down the drop in fertility, although the extent of effect is not expected to be significant.

**Slowing Population Growth**

7.2.4 Despite the continuous growth, which is sustained mainly by Mainland migrants, this growth is expected to slow down substantially, with a projected average annual rate of about 0.7%, as compared to the 1.9% in the past few decades. The “levelling-out” trend in population growth is common in many developed cities of the western world.
7.2.5 The C&SD estimates that Hong Kong’s population will reach 8.6 million by 2036 (Figure 7.2), representing an increase of about 25% over that of 2006.

7.2.6 Significant population growth in the past few decades has been taxing us, especially in providing enough land for housing development, and our efforts have mainly been channelled towards meeting the required quantum. A lower population growth in future will allow for a shift in our planning strategy from a primary concern on quantity provision to more focused attention on improving the quality of our living environment.

**Figure 7.2 Projected Population Growth (C&SD, 2006-based)**

![Population Growth Chart](image)

**Shrinking Household Size**

7.2.7 A significant trend is the shrinking household size. In 1981, households with five or more members were the norm (37% of total). However, since 2004, two-person households have taken dominance. By 2033, two-person households will take up some 35% of the total, with the average household size decreasing from 3.0 in 2006 to 2.6 in 2033.

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*The household projection up to 2036 is being compiled.*
7.2.8 In absolute terms, the number of domestic households is projected to increase from 2.2 million in 2006 to 3.1 million in 2033, representing an average annual growth rate of 1.3%, which is much faster than the growth of population (around 0.7% per annum).

7.2.9 Smaller household size coupled with a general increase in flat size, in both public and private sector housing, over the years has enhanced our per capita enjoyment of living space. Further decrease in household size may reduce the demand for larger units. Moreover, the choice of living location of newly formed households, most of which will remain as two-person core families, may be increasingly dictated by such factors as place of work rather than, say, school catchment.

**Ageing Population**

7.2.10 With low birth rates and longer life expectancy, the median age of Hong Kong’s population will rise from 39.6 in 2006 to 46.1 in 2036. The elderly population will reach 26% of the total population in 2036 (Figure 7.3).

**Figure 7.3 Trend of Ageing Population**
7.2.11 There is an increasing demand in the provision of specially designed and quality housing units for the elderly. Though the Housing Authority and the Housing Society are now the main providers of elderly housing, the private sector could also take part in the provision of such housing units to satisfy the demand of the higher-income elderly households.

7.2.12 Other than the buildings per se, consideration should also be focused on the public realm. Elderly persons tend to be less mobile and have a more restricted activity sphere. The design of local environment and the provision of facilities should cater for their special needs.

**Shrinking Labour Force**

7.2.13 Based on the age-sex profile of Hong Kong's projected population as well as the anticipated labour force participation rates, the size of our working population is expected to continue to increase slowly up to around 2010, but will be flattened out in the following decade and then decrease gradually thereafter due to the ageing phenomenon (Figure 7.4).

**Figure 7.4 Projected Working Population (C&SD)**

A shrinking labour force in the economy implies a growing dependency ratio which would put our social services under strain. Attention is needed to enhance the capacity of the labour force and unleash hidden human capital in our society so as to maintain
a healthy level of economic growth and avoid the problem of employment mismatch. Issues on importation of talent, training for local residents, incentives to encourage more participation of female and older workers etc. may require greater attention.

*Increasing Population Mobility*

7.2.15 Given the intensification of the socio-economic integration between Hong Kong and the Mainland, the portion of Hong Kong residents having strong Mainland ties will further increase. It is estimated that the number of MRs will increase substantially in the next 30 years, reaching 426,300 in 2036, or 5% of the total population. We also estimate that the annual cross-boundary passenger trips may increase from some 160 million in 2006 to well in excess of 500 million in 2030.

7.2.16 The increase in mobility has a direct impact on the cross-boundary infrastructure and the housing land requirements in Hong Kong, not only in terms of absolute quantity, but also in terms of flat size and location.

7.2.17 For instance, the rising trend of Hong Kong people moving to the Mainland or buying a second home in the Mainland may shift the emphasis of some people when considering acquiring property in Hong Kong from the consideration of having ample living space to a focus on convenience. We should be more sensitive to the users’ choice of location and further enhance convenience and accessibility in our future strategy.

7.2.18 The rising trend for moving to the Mainland will increase uncertainty in planning for public facilities and services. While the total population will fall because of their relocation, which will theoretically lower the demand of those population-based facilities (such as the number of hospital beds), these people are at any time eligible to return to Hong Kong to claim their entitlement for public services.
7.2.19 During our public consultation, some members of the community suggested that, in view of the resources constraints, Hong Kong should have a policy to control the quantity and quality of population.

7.2.20 While this may be a lucid proposition, it is very difficult, if not impossible, to establish a population limit. Population capacity is affected by the interplay of many factors, including the amount of resources the community is prepared to afford, and how well our development is managed. Examples elsewhere show that smaller populations do not necessarily imply more sustainable development if the populations are spread across more extensive geographical areas. It would therefore not be too meaningful to determine a limit for Hong Kong’s population. However, several population scenarios have been established for testing purpose under this Study in order to assess the implications of faster or slower population growth trends.