WORKING PAPER No. 42
POPULATION AND EMPLOYMENT ASSUMPTIONS UNDER THE WHAT IF SCENARIOS

Purpose

1. The purpose of this paper is to present and explain population and employment assumptions under the What If Scenarios, which will be used as a basis for assessing the robustness of the HK2030 Strategy and formulating Response Plans under Stage 4 Study.

Background

2. What If Scenarios are meant to cater for the likelihood of unexpected changes and will be developed by varying key planning parameters (i.e. population and economic growth) under the Reference Scenario (RS) (see Working Paper No. 41).

3. Outlines of What If Scenarios have been presented under Stage 3 Study (see Working Paper No. 28). As alternatives can be countless, it has been agreed that focus would be given to the ones that have direct and significant implications for our planning strategy and those that are more likely to happen in future.

4. In addition, we also asked the public during Stage 3 Public Consultation to comment on the proposed What If Scenarios and if they would like to propose further scenarios for consideration. Broadly speaking, the community welcomed the approach for us to be prepared for possible alternative outcomes, but there were divergent views on how to pitch the level of economic growth. It is indeed this uncertainty that necessitates the consideration of What If Scenarios.
Broad Description of What If Scenarios

5. While there could be different directions and degree of change for population and economic growth, giving many different combinations of the two, under Stage 3, we have assessed and concluded that a “low population growth - steady economic growth” and a “high population growth - high economic growth” situation would have the highest impact on our planning strategy, thus warranting the need for assessment purpose. For simplicity, we could call them respectively the Low-Population-Growth and High-Population-Growth Scenarios.

Low-Population-Growth Scenario (LPGS)

6. The LPGS describes a situation whereby Hong Kong is moving more quickly towards a high-value added, non-worker intensive, knowledge-based economy, thus maintaining the level of economic growth assumed under the RS. It could be possible that some of the less skilled workers and more of the elderly population may retire to the Mainland and those who cannot afford the higher costs of living, may be displaced, resulting in a lower population. Improved living conditions and cross-boundary infrastructure could also attract some of the workers to live in the Pearl River Delta, but traversing back to Hong Kong to work, resulting in a much faster growth in the number of “Cross-Boundary Workers” (CBWs), who will help to meet Hong Kong’s employment needs but not counted in the total resident population.

High-Population-Growth Scenario (HPGS)

7. The HPGS postulates that Hong Kong will manage to maintain high levels of economic growth, more jobs will be created, high wages will be supported and therefore even more people will be attracted into the territory. Under this scenario, there will be high development pressure for both housing and employment related land uses.

Assumptions under LPGS

8. Population and employment assumptions for the LPGS have been made as follows:

**GDP Growth Assumptions**

- Same as the RS.
Employment Assumptions:

- Largely the same as the RS, except assuming that the employment demand will be sustained by a working population with a slower growth of imported talent and skilled workers but a much higher growth in CBWs.

Population Assumptions\(^1\):

- A lower population growth is assumed especially for testing the transport network required to cope with the increasing “daytime population” contributed by the CBWs in the longer term.

Assumptions under HPGS

9. Population and employment assumptions for the HPGS have been made as follows:

GDP Growth Assumptions

- Half percent higher than that assumed under the RS for the medium and long terms.

Employment Assumptions:

- More jobs will be created in view of higher economic growth and a higher job creation ratio for the medium and long terms as compared with that assumed under the RS. Greater number of talent and skilled workers is assumed for the medium and long terms to sustain our working population to cope with the employment growth while the CBW assumption remains similar to the RS.

Population Assumptions:

- More talent and professional workers together with their dependents will be imported, making up a larger population. Given the minor increase of CBWs by 2030, their contribution to the “daytime population” in Hong Kong would be insignificant and would not generate significant demand for transportation and other facilities.

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\(^1\) In deriving the population assumptions, the HK2030 Study has taken into account C&SD’s Hong Kong Population Projections 2004-2033 released in June 2004. It has not made reference to C&SD’s 2006-based population projections as they were not available at the time of carrying out the Study.
10. A comparison of the assumptions of the RS and the What If Scenarios is shown in the tables below.

### Table 1

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All units in millions

PLANNING DEPARTMENT  
MARCH 2007