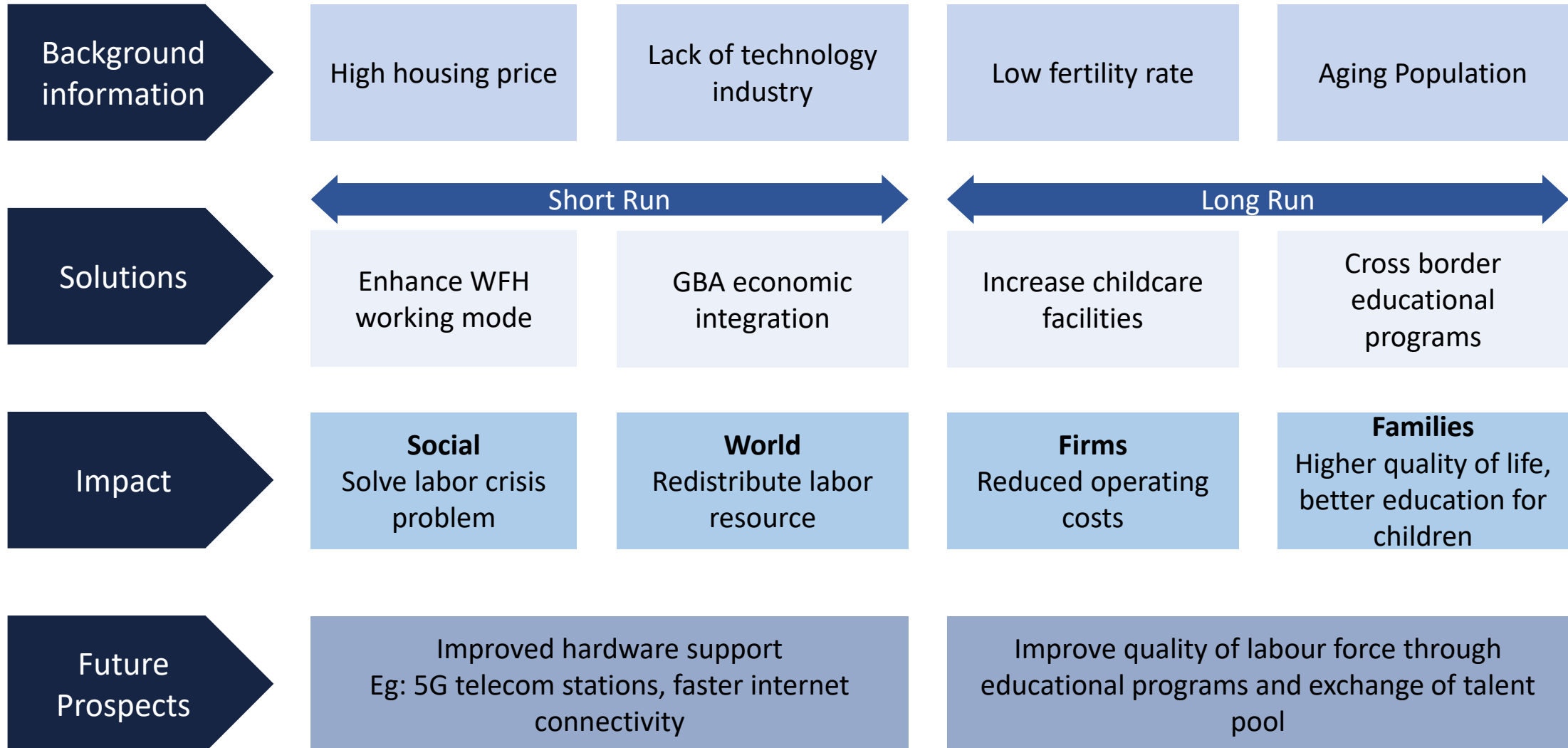


# HKEPC Labor Force Crisis

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# Executive Summary



# High rent for both domestic and commercial land blocks overseas talents and businesses out of HK, GBA has issued policies and created science parks to support technology innovations.

## High Housing Price

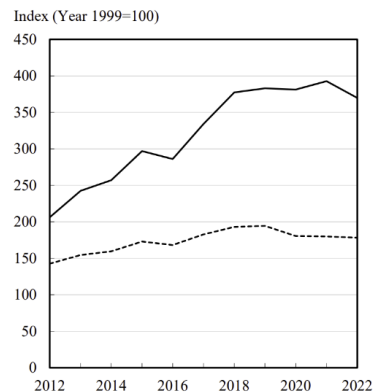
Hong Kong has the least affordable housing market in the world

Housing Affordability Ratings by Nation: Totals by Market						
Nation	Affordable (3.0 & Under)	Moderately Unaffordable (3.1-4.0)	Seriously Unaffordable (4.1-5.0)	Severely Unaffordable (5.1 & Over)	Total	Median by Nation
Australia	0	0	0	5	5	8.2
Canada	0	1	1	4	6	5.3
China: Hong Kong	0	0	0	1	1	18.8
Ireland	0	0	0	1	1	5.1
New Zealand	0	0	0	1	1	10.8
Singapore	0	0	0	1	1	5.3
United Kingdom	0	0	10	13	23	5.3
United States	0	12	18	26	56	5.0
TOTAL	0	13	29	52	94	5.3

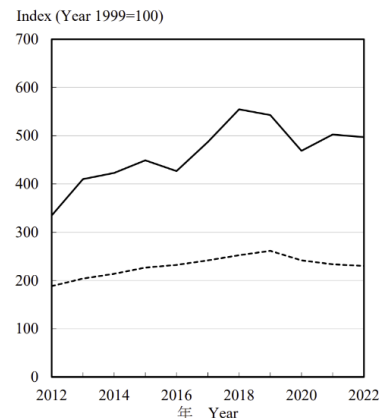
Reason for high property price

- Policies that higher rental price
- Lack of land resources supply

Domestic Use



Commercial Use



## Lack of Technology Companies

Technology is not one of the 5 pillar industry of HK's economy

Absence of technology industry will lead to reliance on the traditional industries, especially housing and property industry.

Technology industry development can:

- Increase diversity of the economy
- Create more positions

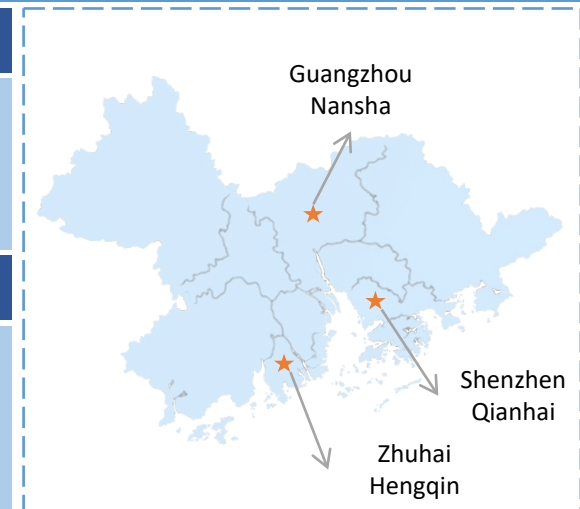
The Greater Bay Area is supportive of tech innovations

Supporting Policies

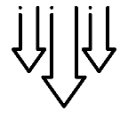
- Rental subsidies
- Training subsidies
- Incubation subsidies

Tech Sites

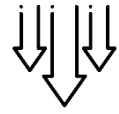
1+12+N: Guangdong as the leading center, 12 sites as the example area



# Decrease in fertility rate lowers future workforce population, higher proportion of elderly create burden for tax payers as the government expenditure increase.



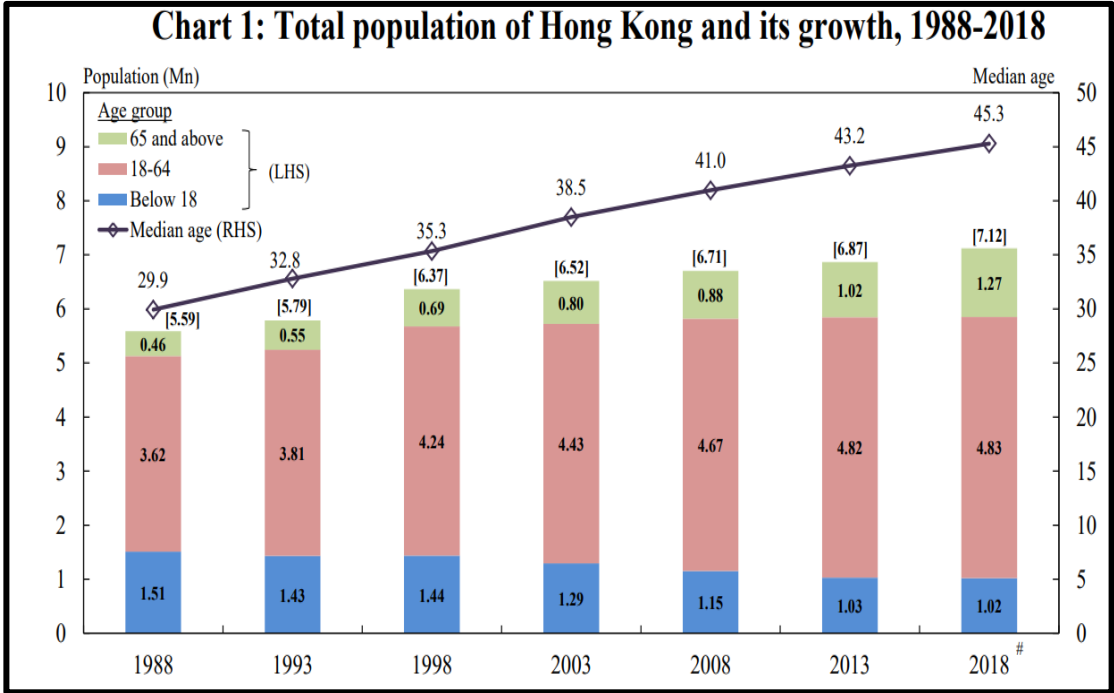
Declining fertility rate



Aging Population



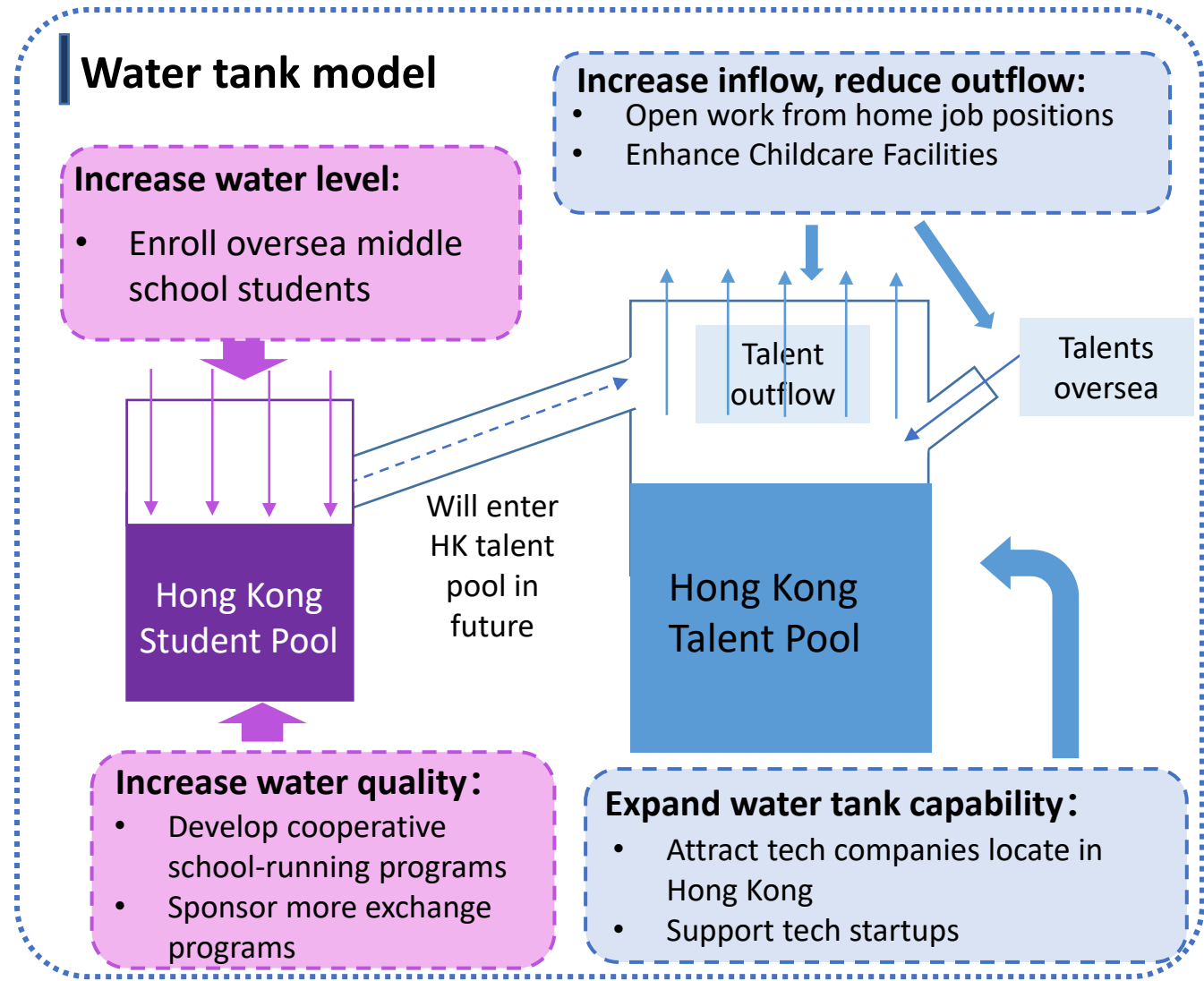
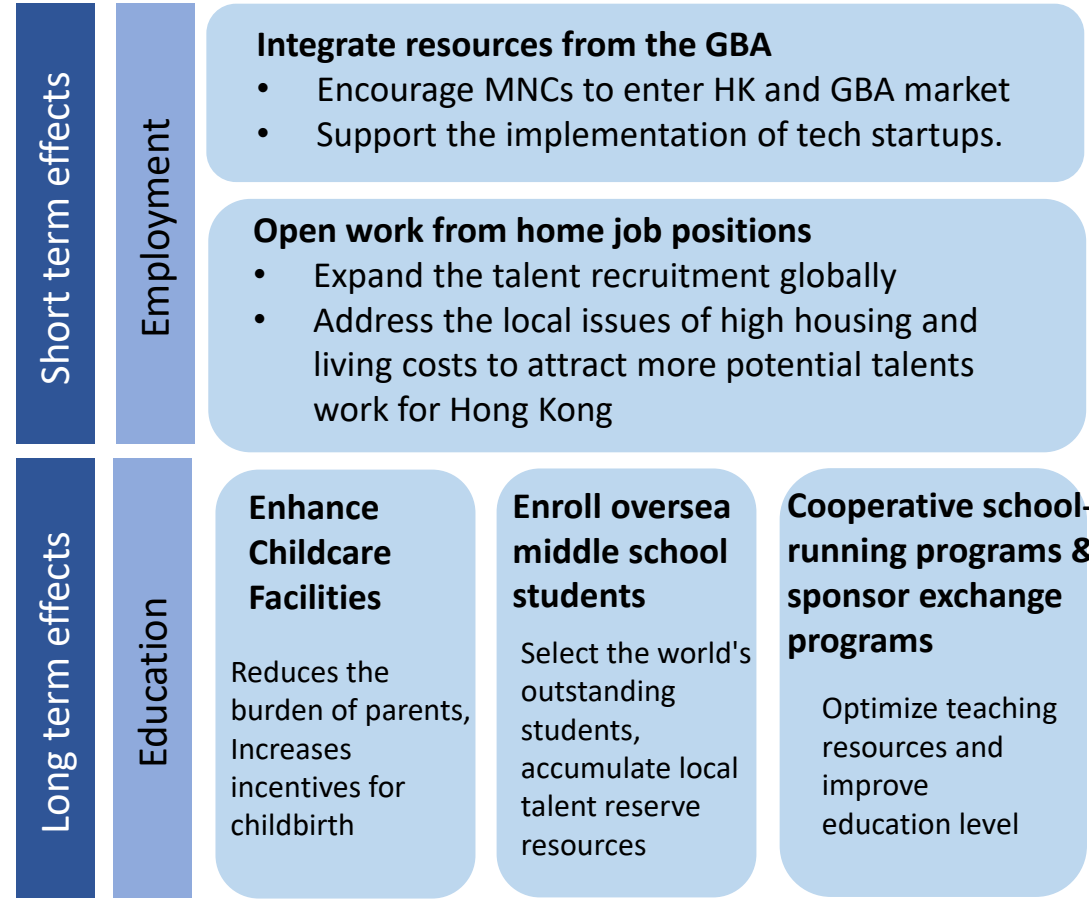
The replacement level of a population is 2.1 children per woman. An abnormally low fertility rate reduces the future workforce population and adds huge burden to existing labor force.



The median age and proportion of elderly in Hong Kong has been increasing rapidly in the past decades. This increases government expenditure and adds burden to existing tax payers.

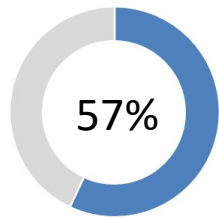
# From the perspective of both education and work, we offer the following solutions to ease the Labor crisis in Hong Kong.

## Labor Crisis mitigation?

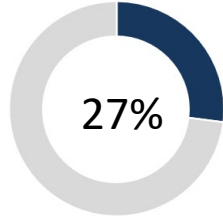


# Open work from home positions, recruit talent globally, relieve the burden of high housing price in HK, rising costs of office space and huge cost in commuting.

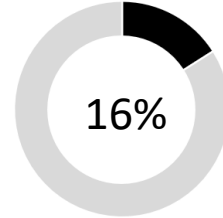
## Job seekers express a strong demand to WFH



Hope to WFH



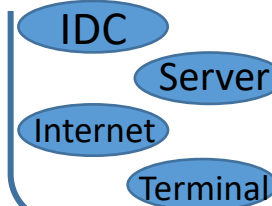
Prefer 1-3 days WFH per week



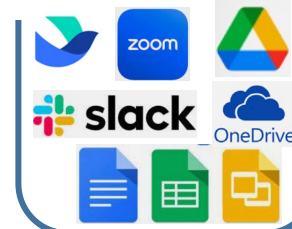
No need WFH but require more flexible working hours

## We already have the capability to work remotely at scale

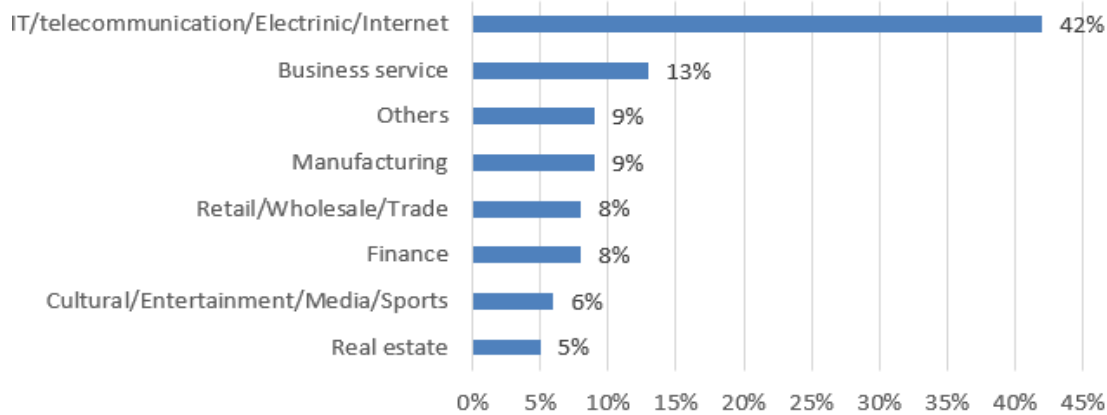
### Hardware



### Software



## Tech-industry offered the largest proportion of WFH job positions in 2019-2021



Tech- industry offer most WFH position

Tech-industry is the focus to develop in Hong Kong

Open more science and technology WFH positions, recruit tech talents globally

## Different modes of WFH

### Purely telecommuting

For professionals in certain area locate globally:

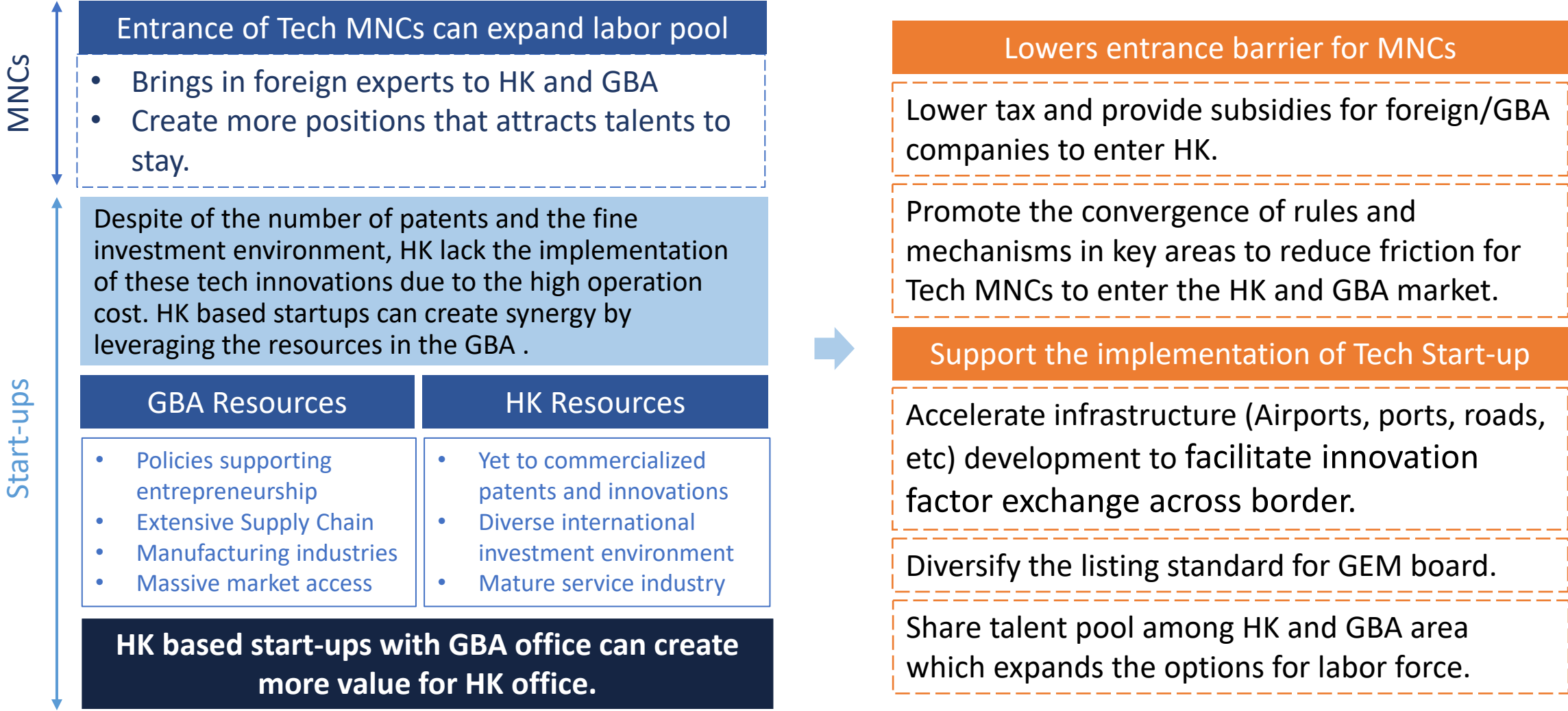
- Work remotely
- Communicate with colleagues online

### Hybrid Work Model

Jobs require teamwork:

- Live in the GBA
- Meetup in Hong Kong office regularly




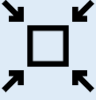
# Integrate resources from the GBA, encourage international MNCs enter the HK and GBA market, support the implementation of HK based tech startups, to create more positions.







# Enhance Childcare Facilities for kindergarten and lower primary students, provide convenient for working class parents, reduce reluctance for childbirth.

## Current situation

### Lack of childcare facilities

-  1. Government subsidized childcare facilities are severely lacking
-  2. In 2017, only 40,000 spaces available in government operated facilities
-  3. Huge deterrent to parents for raising a child. Do not know how to take care of children while at work
-  4. Housing constraints mean that employing domestic worker is not feasible

## Improvement

-  1. Increase number of government subsidized childcare facilities
-  2. Introduce post school childcare centres for kindergarten and lower primary school students
-  3. Kindergarten: Offer childcare services after school in the morning or afternoon until 7pm
-  4. Lower Primary: Offer childcare services from 3pm to 7pm  
**Parents pick them up after work**

**Reduces** burden of parents, **Increase** incentives for childbirth



# Address on middle school student pool expansion, attract talents from diverse background to create global talent pool and balance education resources in long run.

Enroll oversea middle school students	Cooperative school-running programs	Sponsor exchange programs/internship program
<ul style="list-style-type: none"><li>• Policy incentive: Subsidies on living expenses, tuition fee and flight ticket</li><li>• Condition: Applier needs to stay in HK for further study or submit liquidated damages</li><li>• Process: Certification test – audition - English bridging courses</li></ul>	<ul style="list-style-type: none"><li>• Encourage middle school cooperate school running across boarder</li><li>• Increase combined master and PHD program in STEM</li><li>• 2+2 mode for bachelor degree</li></ul>	<ul style="list-style-type: none"><li>• Encourage exchange in GBA for both middle schools and universities</li><li>• Subsidies on exchange living expenses</li><li>• Cross border internship</li><li>• Involve students in government’s innovative industrial projects</li></ul>





## Focal Point

- **Lower pressure:** Incentivize international talents by subsidizing living expenditure.
- **Directed training:** Train STEM experts by providing combined Master & PHD program.
- **STEM Focused:** Increase the proportion of students in STEM industry.
- **Cross-border opportunities:** Access to opportunities in multiple regions with freedom.

# Impact on HK society and the world

## Impact on Hong Kong














## Impact to the world

 <b>Labor</b>	 <b>Society</b>	 <b>Environment</b>	 <b>Governance</b>
<ul style="list-style-type: none"><li>• Transform population structure, prevent aging</li><li>• Reduce brain drain, introducing advanced technology</li><li>• Enhance education levels, boost overall strength for the future</li></ul>	<ul style="list-style-type: none"><li>• Reduce living stress, improve mental health state, increase happiness index</li><li>• Increase economic income</li><li>• Increase employment rates</li></ul>	<ul style="list-style-type: none"><li>• Reduce commuting, conserve energy and reduce emission</li><li>• paperless online office is more environmentally friendly</li></ul>	<ul style="list-style-type: none"><li>• Redistribute global labor resources</li><li>• providing equal opportunities for women in areas such as India where female unemployment rates higher than male</li></ul>

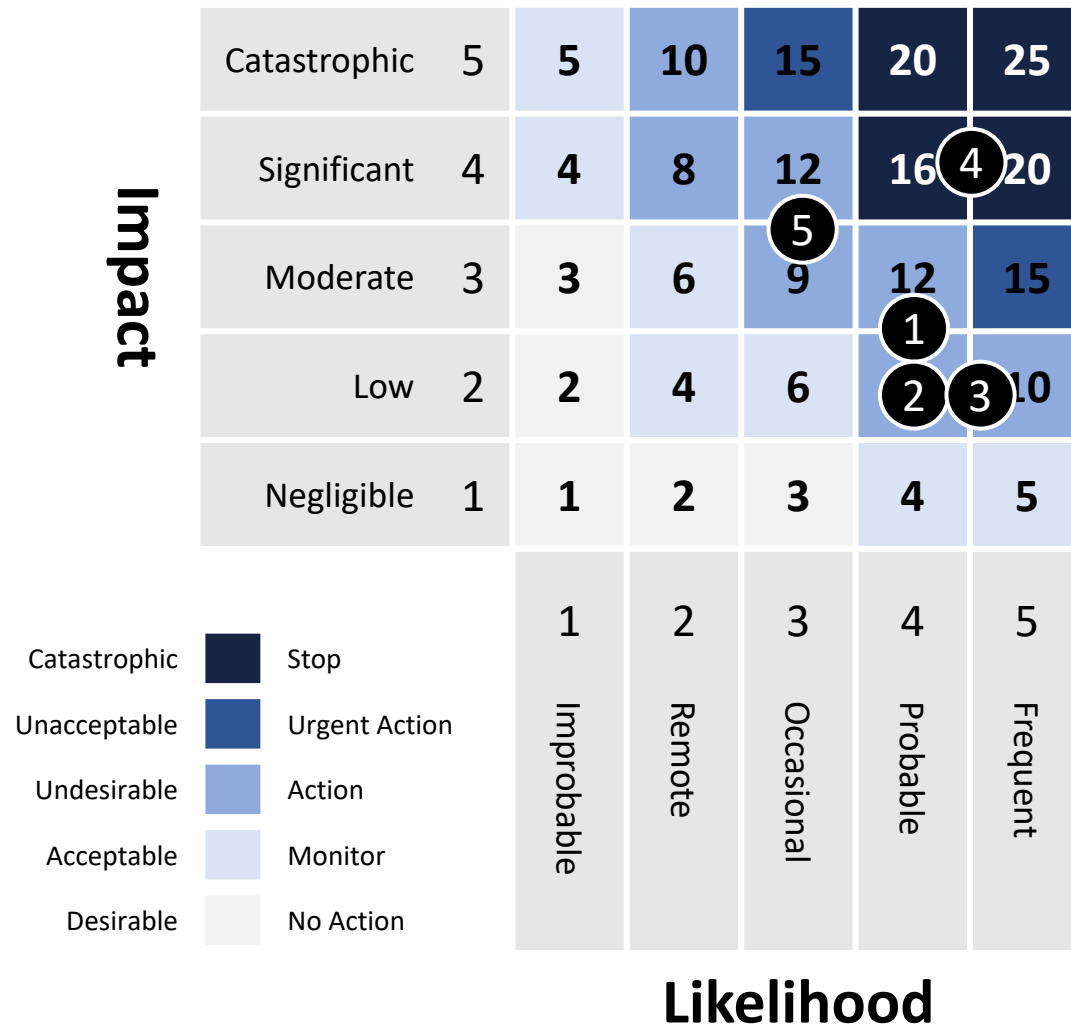
# Impact on firms and individual families

## Impact on firms

## Impact on individual families

 <b>Costs</b>	 <b>Talent</b>	 <b>Costs</b>	 <b>Well being</b>
 <p>Save on rent. Reduced size of physical office with more work done remotely</p>  <p>Use money saved in providing more employment benefits, attracting talent and workers</p>	 <p>Increase number of job opportunities in Hong Kong</p>  <p>Replenish labor force in Hong Kong to maintain its competitiveness</p>	 <p>Reduce transportation costs</p>  <p>Government subsidies from talent program</p>  <p>Improved quality of education with cultural exchange between GBA and HK</p>	 <p>Easier to raise child with increased childcare facilities</p>  <p>Enjoy better quality of life. Reduced mental burden. Can focus on work while taking care of child</p>

# Changing age structure of labor force may lead to decrease in fiscal income and increase in expenditure, contributing to high risk in budget constraint.



Risk	Mitigation
<b>1. Policy ineffectiveness</b> Mismatch between policies and the actual needs	Test with a few successful points then promote to broader area.
<b>2. Quality control</b> Difficult to monitor the outcome	Make use of blockchain technology to obtain feedback on company performance.
<b>3. Low ROI</b> Return might not cover investment	Long term result will be higher as the sites creates agglomeration effect.
<b>4. Budget constraint</b> Decrease in fiscal income and increase in fiscal expenditure	Modify fiscal structures in SR, in LR the rise of tech industry contribute to higher revenue.
<b>5. Environmental and political risk</b> Change in government policies and geopolitical relationships	Comply with local ESG regulations and policies; sign agreements to promote communication and collaboration among regional governments.

**Future Prospective: Integrate global labor and education resources, establish the world talent bank and the world education resource bank, provide sustainable power for development of HK.**

## **Establish the World Talent Bank**

Redistribute world labor resources

### **Software development:**

Web 3.0 online office, development of AI

### **Hardware development:**

5G, Cloud computing,  
development of computing  
power

## **Establish the World Education Resource Bank**

Integrate global education resources, Break the border of education

### **Teaching model innovation:**

Web 3.0 online classroom, cross-border teachers' cooperative teaching

### **Teaching team cooperation:**

Virtual collective to prepare a lesson with teacher from different areas

