

**Research Assessment Exercise 2020**  
**Impact Case Study**

**University:** The Chinese University of Hong Kong

**Unit of Assessment:** 26 geography

**Title of case study:** *POPHK: Urban population dynamics in Hong Kong*

**(1) Summary of the impact**

SHEN Jianfa's research responded to the low fertility rate and high life expectancy in Hong Kong, which together constitute a threat to economic development, labour supply, and social well-being. He analyzed demographic trends and identified the demographic conditions that were necessary to achieve a stationary population in Hong Kong. As a Steering Committee Member on Population Policy, SHEN used his research findings to guide new population policies. Policy changes inspired by his discoveries strengthened child support to incentivize giving birth to children. Policies introduced in 2015-2019 benefited the Hong Kong society by reducing labour shortage due to demographic changes. The new policies also benefited numerous citizens, including 50,000+ government officers through extension of the retirement age, 0.4+ million parents through a child allowance for salary tax, and 3.5 million employees through Tax Deductible Voluntary Contributions. SHEN's research and public engagement also increased public awareness of Hong Kong's demographic challenges and enhanced consensus building on population policies among non-governmental organizations (NGOs) and in the community.

**(2) Underpinning research**

Understanding Hong Kong's urban population dynamics is an important research area. This is a research focus of the Research Centre for Urban and Regional Development in CUHK, the UoA's human geography research arm. SHEN has been the Centre's Co-director/Director since 2003.

SHEN's research has shed light on two important aspects of Hong Kong's population dynamics: (a) the contribution of migration and birth rates to Hong Kong's population growth, and (b) the demographic conditions that were necessary to achieve a stationary population in Hong Kong. This research, which had made major contributions to Hong Kong's population policy, was published in papers [3.1-3.6] in the period of 2006-2014.

On the relationship between migration and population growth in Hong Kong, SHEN had examined the economic and demographic relations between Hong Kong and Shenzhen [3.1]. He noted that there was large-scale migration from the Mainland to Hong Kong in the 1960s-1980s. Because of this, many people believed that population growth in Hong Kong was caused mainly by such migration. However, closer analysis of demographic data revealed that migration accounted for over 50% of the population increase in Hong Kong in only four years during 1961-1992 which are 1973 and 1978-1980. Only in the most recent period of 1993-2006 migration had become the most important source of population growth in Hong Kong. The reliance of migration to sustain population growth was partly a response to the decline in the number of births during the recent years [3.3].

SHEN then sought to understand fertility decline and population ageing in Hong Kong [3.4, 3.5]. Hong Kong's population is ageing because of its high life expectancy and low fertility rate. In 2016, Hong Kong had the highest life expectancy (over 81) in the world. In contrast, total fertility rate (TFR) had declined from 3.459 in 1971 to 2.047 in 1980 and 1.072 in 2018. Most couples in Hong Kong choose to have no more than two children, because of social development, changes in lifestyle and rising costs of raising children. As a result, the percentage of population aged 65+, which was 16.6% in 2016, will reach 36.6% by 2066.

In 2013, SHEN made use of the concept of stationary population to analyze the necessary level of TFR, total births and level of immigration to maintain zero population growth with a stationary

population of 7 million. His findings revealed that Hong Kong still enjoyed a population dividend and this was because the proportion of population aged below 12 and that aged over 65 were smaller than the respective levels in the stationary population. However, the population dividend was only transitory and should be “saved” to support the enlarged aged population in the future when the current large working population would become elderly population in future. The society must prepare for the coming peak of population ageing in the future. SHEN submitted that the fundamental solution to population ageing is to maintain a stationary TFR of 2.1 to 2.2, increase personal and family savings, and increase Mandatory Provident Fund (MPF) contributions to ensure support for the elderly in the future [3.5, 3.6].

### (3) References to the research

- [3.1] Research paper showing the economic and demographic relations between Hong Kong and Shenzhen which had important implications to migration, social integration and the future of Hong Kong:

Shen J, 2014, Not quite a twin city: Cross-boundary integration in Hong Kong and Shenzhen, *Habitat International*, 42, 138-146.

- [3.2] Research paper showing the demographic effect of migration on the population in Hong Kong aiming to form proper policy response to acute fertility problem and the “expected” severe population ageing in future. This is a joint paper with Prof. Erbiao Dai, Asian Growth Research Institute (formally International Centre for the Study of East Asian Development), Japan.

Shen J and Dai E, 2006, Population growth, fertility decline and ageing in Hong Kong: The perceived and real demographic effect of migration, *Occasional Paper No. 14*, Shanghai-Hong Kong Development Institute/Hong Kong Institute of Asia-Pacific Studies, Hong Kong.

- [3.3] Research paper showing the contribution of migration to population dynamics in Hong Kong:

Shen J, 2010, Population, in Jim C Y, Li S M and Fung T (eds), *A New Geography of Hong Kong* Vol. II, pp. 7-35. Hong Kong: Friends of Country Parks and Cosmos Books Ltd. (in English and Chinese).

- [3.4] Research paper showing key outputs of simulating population dynamics in Hong Kong:

Shen J, 2013, Urban development and population problem in Hong Kong (in Chinese with English abstract), *Occasional Paper No. 31*. Shanghai-Hong Kong Development Institute (SHDI). (PDF from the official website of SHDI).

- [3.5] Paper discussing population policy suggestions for Hong Kong:

Shen J, 2012, Encourage childbearing and absorb migrants to relieve population ageing, *Hong Kong Economic Journal*, 19 November (in Chinese).

- [3.6] Paper discussing population policy suggestions for Hong Kong:

Shen J, 2013, Prevent consequences of population ageing with multiple measures, *Hong Kong Economic Journal*, 26 October (in Chinese).

#### (4) Details of the impact

SHEN created a social impact pathway by publishing evidence-based population recommendations and commentaries in local media [3.5, 3.6]. Examples are two articles he published in *The Hong Kong Economic Journal* [3.5, 3.6], which was a popular newspaper with daily circulation of 100,000. In these articles, he had made the following recommendations to address Hong Kong's demographic changes and their attendant social and economic challenges: (a) maintain a total fertility rate that would sustain a stationary population, (b) strengthen the child support system (e.g. child allowance) to incentivize child bearing, (c) absorb certain number of migrants to increase population size, (d) extend the retirement age to maintain labour supply, (e) increase personal and family savings to maintain citizens' standard of living after retirement, and (f) raise MPF contributions to help elderly save for retirement.

SHEN's impact strategy was successful. His analysis had attracted much public attention, paving the way for his research to impact population policies. In Hong Kong, the population policies prior to 2012 had focused on new immigrants from the Mainland and on stopping non-local women giving birth in Hong Kong. These foci were evident in the 2003 Report of the Population Policy Task Force (PPTF) and the 2012 Report of the Steering Committee on Population Policy (SCPP).

In 2012, the HKSAR Government set up a new SCPP (from December 2012 to November 2014) to recommend population policies to deal with demographic challenges. The Committee consisted of 11 official members (heads of government bureaus), 5 non-official academic members and 6 members from business and social service sectors. The SCPP held 11 meetings, dealing with various population issues. Recognizing his expertise on population and urban development issues in Hong Kong, the Government appointed SHEN as an SCPP member [5.1]. Partly through this role, SHEN's research papers and policy recommendations published between 2006 and 2014 had shaped the discussion of population policies in Hong Kong [3.1-3.6].

To elaborate, SHEN **contributed directly to population policy formation in the HKSAR Government** via his input at the SCPP meetings and the Consultation Document in 2013. Some of his published recommendations mentioned above were included in the Consultation Document. Specifically, in line with SHEN's research findings, the Consultation Document proposed several ways to manage Hong Kong's demographic challenges, inter alia "*drawing more people into the labour market*", "*a more proactive policy and targeted approach to attract more talent*" and "*... to remove barriers to childbearing*" [5.2, p.10]. These proposals provided the background for the policy debates in 2013-2014.

The policy paper "Population Policy - Strategies and Initiatives" adopted the following policies that SHEN advocated: **Unleashing the Potential of Local Labour Force; Extending Working Life** [5.3, p.13]. Its key population measures were announced by the Chief Executive in his 2015 Policy Address: "*The SCPP decided to deploy a five-pronged strategy to address the new challenges brought by demographic changes*". "*Encourage the extension of retirement age*" was one of the policy measures.

Again consistent with the policies SHEN advocated based on his research findings, policy changes introduced in 2015 **extended the retirement age** [5.6] to 60 for disciplined services officers and 65 for other officers appointed after June 2015. In June 2018, 50,000+ officers appointed from June 2000 to May 2015 could also opt for the new retirement age. **Allowance for each child** for salaries tax was increased to HK\$100,000 in 2015/16 and HK\$120,000 in 2018/19, benefitting parents of 231,000 children born between 2015 and 2018. **Tax Deductible Voluntary Contributions** to MPF (up to HK\$60,000 per year) launched in 2019 benefited 3.5 million employees.

SHEN's contribution to SCPP and population policy was acknowledged in a personal letter [5.4] from the SCPP Chairperson: "*The past two years have been highly productive for SCPP... With your active participation we reached out to a wide spectrum of stakeholders to canvass their views... members mapped out the strategic directions for our population policy... We cannot accomplish these challenging tasks without your staunch support and devotion*". In addition,

Legislative Council recognized the intellectual authority of SCPP members as top population experts in Hong Kong. The Government also appreciated SCPP's work: "*The report was compiled following a public engagement exercise and research carried out in 2013 and 2014 by the Steering Committee on Population Policy*" [5.5].

Effective implementation of population policies required public support, which is predicated on (a) public awareness of the policies' underlying issues and implications, and (b) consensus on the role of these policies in community development. SHEN's research and public engagement effort had contributed to both public awareness and consensus building.

As mentioned above, SHEN publicized his research findings and policy implications in newspaper articles and media interviews. This effort, together with the Consultation Document, **had improved the public's understanding of population issues and policies**. Aside from his published analyses and policy recommendations in the *Hong Kong Economic Journal*, SHEN also gave media interviews on population policy to *the Standard* and *AM730* [5.7]. The *Standard* and *AM730* were top free newspapers in Hong Kong, with daily circulation of 200,000 and 420,013 respectively. In addition, the Consultation Document was widely circulated in Hong Kong and influential in the Public Engagement Exercise, which consisted of 3 public forums, 32 public consultative meetings with Legislative Council, 18 District Councils and 12 Advisory and Statutory Bodies, 32 focus groups or events, 826 written submissions, 1282 on-line submissions, 987 comments in the media [5.8, p. 7-9].

SHEN was also invited by The Better Hong Kong Foundation to share his expert views on urban development, population and transport with its council members and other community and business leaders at its annual Luncheon Seminar on China Urban Competitiveness Report 2010-2016; 2018-2019 [5.9]. He also spoke in the follow-up annual press meeting co-organized by the Foundation, CASS and his research centre to address questions from the media. These efforts contributed to the formation of consensus of urban development and policy in the society [5.10].

## (5) Sources to corroborate the impact

- [5.1] Terms of Reference and membership, Steering Committee on Population Policy (From 1 December, 2012 to 30 November, 2014). [Also Appended]
- [5.2] Secretariat of the SCPP, 2013, Public engagement exercise on population policy: Consultation Document. [Also Appended]
- [5.3] Chief Secretary for Administration's Office, 2015, Population Policy - Strategies and Initiatives. [Also Appended]
- [5.4] The personal letter from the Chairperson of SCPP to Jianfa Shen, acknowledging his contribution to SCPP. [Appended]
- [5.5] Legislative Council, 2012, Verbatim Transcript of the Special House Committee Meeting on Friday, 23 November 2012, p17; The Government of HKSAR, 2015, CS releases Population Policy report, Press Release, 15 Jan 2015, p. 33-35. [Appended]
- [5.6] Civil servants can submit the option form to apply for later retirement from 17 September (in Chinese), 頭條日報, July 29, 2018 [Also Appended]
- [5.7] Luk E, 2013, Subsidies for couples loom to boost births, *The Standard*, Thursday, 24 October, 2013. [Appended].
- [5.8] Social Sciences Research Centre, The University of Hong Kong, 2014, Independent Analysis and Reporting for Public engagement exercise on population policy. [Also Appended]
- [5.9] Attendance List of the Luncheon Seminar on 2017 China Urban Competitiveness Report, 26 June 2017 (in Chinese) [Appended].
- [5.10] CRNTT, 2015, Hong Kong lost champion in competitiveness index expert suggests debatable policy to link mainland (港競爭指數失冠 專家籲推爭議政策連接內地), 19 May 2015 (in Chinese). [Appended]