

Executive Summary

With the Baby Boomer generation entering old age, Hong Kong is currently experiencing a rapidly aging population. In 2016 there were 1.16 million people aged over 65 and this is expected to double to 2.37 million by 2036. The elderly dependency ratio is also expected to double to 527 in 2036, compared to 231 in 2016.

As well as longer lifespans, a low birth rate is also contributing to Hong Kong's aging population. According to the World Bank, Hong Kong's fertility rate of 1.205 (live births per woman) was the world's third lowest out of 247, just behind South Korea and Singapore. It has also been declining over recent decades, from 2.1 in 1979 to 1.205 in 2016, consistently below the replacement level of 2.1 live births per woman.

Boosting the birth rate with a view to creating a more youthful population is a standard worldwide strategy for preventing population aging.¹ In a recent government report titled "Population Policy – Strategies and Initiatives", it was proposed that promoting family-friendly employment practices, offering free kindergarten education, and boosting the housing supply would provide better support for young couples who wish to have children. However, according to the Hong Kong Population Projections 2017-2066, the fertility rate is estimated to decrease gradually to 1.166 by 2066.

If the birth rate remains at such low levels, it could have potentially damaging consequences for our economy as it would weaken Hong Kong's competitiveness. For example, a diminishing working population would result in reduced productivity. Also, the pension and social security systems can become a heavy burden for our younger generations. Therefore, childbearing is not only a personal and family decision, but also has a huge impact on our social development. The government has a responsibility to explore the factors that affect citizens, especially the younger generation, when it comes to making decisions in favour of childbearing.

¹ Grant, J., Hoorens, S., Sivadasan, S., van het Loo, M., & DaVanzo, J. (2004). Low fertility and population ageing: causes, consequences and policy options.

Governments around the world have been taking positive measures to remove barriers to childbearing faced by the younger generation, with a view to raising their intention to have children. Newly-formed families are mostly made up of young people. Measures should therefore be focused on young people if the government wants to boost the birth rate.

In conducting this research in June of 2018, data were collected for analysis through a survey of 520 young people aged 20-39, 20 case interviews with 20 young people, and interviews with four experts or academics. The experiences of other countries in encouraging childbearing, the willingness to bear children, and the barriers faced by Hong Kong's younger generation were also investigated in this study. By addressing the problems of an aging population, it is hoped that possible solutions will be highlighted that would help build a supportive environment and encourage conditions that would boost Hong Kong's birth rate.

Main Discussion

- 1. Hong Kong is now experiencing rapid population aging and a low birth rate. Boosting the birth rate could be the main strategy for preventing population aging. In order to formulate policies to boost fertility, the government has the responsibility to explore the factors that affect the younger generation's decisions in respect of childbearing.**

With the Baby Boomers entering old age, Hong Kong is currently experiencing a rapidly aging population. In 2016, there were 1.16 million people aged over 65 and this is expected to double to 2.37 million by 2036. The elderly dependency ratio is also expected to double to 527 in 2036 compared to 231 in 2016.

As well as longer lifespans, a low birth rate is also contributing to Hong Kong's aging population. The birth rate has also been declining over recent decades, from 2.1 in 1979 to 1.205 in 2016, consistently below the replacement level of 2.1 live births per woman.

If the birth rate remains at such low levels, there could be potentially damaging consequences for our economy which would weaken Hong Kong's competitiveness. Boosting the birth rate with a view to creating a more youthful population is a standard strategy worldwide for preventing population aging. The government should formulate policies to boost fertility in order to address the problem of an increasingly aging population.

- 2. The willingness to bear children was relatively low among the younger generation. On average, they planned to have 1.41 children, lower than their ideal number of 1.84 and the replacement level of 2.1.**

On average, the 520 youths who participated in the survey planned to have 1.41 children, lower than their ideal number of 1.84. The gap between "desired" and "ideal" indicates that their willingness to bear children may be affected by external factors.

In most countries in fact, the replacement level – the rate at which a population replaces itself from one generation to the next – is roughly 2.1 children per woman. In this survey, the desire and the ideal childbirth rates were both lower than the replacement level.

In order to boost the fertility rate and shorten the gap between replacement level and actual fertility, the barriers to childbearing should be removed and the mindset of some young people of "having few children" or remaining "childless" should be changed.

- 3. Financial burden and housing problems are the main barriers to childbearing.**

In this survey, it was found that the reasons respondents planned to have no children were as follows: 71.4% of respondents put it down to fear of the financial burden of having children while 54.9% considered housing problems to be a disincentive. This shows that external factors are the main barriers to childbearing.

The youth who participated in the case interviews believed that unaffordable housing prices in Hong Kong are contributing to the low

birth rate. Also, living costs are relatively high in Hong Kong and young people have limited financial resources. It is not easy for the next generation to grow up in a suitable environment, and this is another reason for deciding not to have children.

Financial burden and housing problems are hence still the main barriers to having children. The government should therefore focus on solving housing problems. Providing financial incentives to young families could also be a way of removing barriers and boosting the birth rate.

4. Hong Kong is not a very family-friendly place. There is great room for improvement in the area of family-friendly policy compared to our neighbouring regions.

Governments around the world have been taking positive measures to remove barriers to childbearing that younger generations face, with a view to increasing their intention of having children. There are six major measures that are adopted in our neighbouring regions, namely parental leave, childcare leave, the statutory right to flexible work arrangements, the statutory provision of nursing breaks in the workplace, maternity leave for mothers, and paternity leave for fathers. Hong Kong has only put in place two of these – maternity and paternity leave.

Scholars and experts also highlight the absence of a high-level and multi-departmental approach to coordinating fertility policy. It is insufficient to focus only on labour- and women-centric policy. At the same time, there is lack of planning in Hong Kong when it comes to childcare services. The service capacity has long been inadequate for society's needs. In the survey, 65% of respondents also believed that 10 weeks of maternity leave are not enough, while 93% believed that 3 days of paternity leave are inadequate.

As a result, in order to build a better environment for forming and raising families in the future, the government should implement more measures to remove barriers to childbearing, such as implementing more family-friendly policies and increasing maternity and paternity leave.

5. **Traditional family values are still important among the younger generation. Alongside traditional family values, the government should increase promotion and education aimed at increasing the younger generation's willingness to have children.**

From the survey, we found that young people's willingness to start a family is deeply affected by traditional family values. Among the respondents that planned to have children, 71.1% said the reason was wanting a "complete family". Also, 63.3% of the respondents agreed that "a complete family should have children". This shows that traditional family values are the major force driving young people to have children.

As a Chinese society, family and traditional values still occupy an important place in Hong Kong. In future strategy aimed at promoting fertility, as well as encouraging the lengthening of maternity and paternity leave or proposing family-friendly policies, the internal factors of traditional family values must also play an important role in promoting childbearing. The government should increase promotion of the positive impact of having children, such as its being conducive to stronger bonding among family members. The government should help young people understand that the decision as to whether to have children or not is an essential part of life planning, just as further studies, working, and marriage are.

Recommendations

The following recommendations are proposed in this study:

1. Introduce a childbirth allowance for parents

In this research, younger people generally agree that raising children is a significant financial burden for a family. Therefore, this study recommends that the government make reference to the Baby Bonus Scheme in Singapore, which helps lighten the financial cost of raising children. It is suggested that families receive a HK\$25,000 (90% of the median household income in the first quarter of 2018) childbirth cash allowance for each of the first two children, and a further HK\$30,000 (110% of the median household income in the first quarter of 2018) for subsequent children. It is estimated that the government should allocate a further HK\$1.5 billion to cover the cost of 56,500 new-borns in 2017, accounting for 0.3% of its gross expenditure.

2. Increase subsidized childcare service places

There is a serious shortage in childcare services for infants aged from birth to two. Government subsidizes 739 childcare service places and 12 childcare centres for all of Hong Kong, while the numbers of births are more than 50,000 every year. In the short term, the government should increase the number of subsidized childcare centres to at least one in each district. In the long term, it should introduce a minimum childcare ratio and re-plan childcare service places according to the child population in each district.

3. Enhance paternity and maternity leave

Hong Kong has 10 weeks of paid maternity leave and 3 days of paid paternity leave. In this study, it is recommended that maternity leave be increased from 10 to 14 weeks and paternity leave from 3 to 5 days as a starting point. The government should also regularly review the length of maternity and paternity leave in order to meet the needs of society.

4. Introduce parental leave

When parents in Hong Kong deal with emergencies involving their children, such as illness, they are often left with no choice but to apply for their own annual leave to care for their children. Accordingly, this research suggests granting parental leave of 6 days a year to parents with children under 6, as long as the parents have been employed under a continuous contract for no less than 1 year. This would mean that they can spend more time with their children and take care of them when necessary.

5. Introduce a statutory environment for expressing breast milk and workplace lactation break

This research also recommends that employers be required to provide an appropriate and friendly environment for breastfeeding employees to express breast milk in the workplace. Mothers should also be allowed to have lactation breaks (about two 30-minute breaks during an 8-hour shift) for at least half a year after childbirth. The employer should also be required to provide a private space equipped with a refrigerator for storing breast milk. Under this policy, mothers could continue breastfeeding their children after returning to the workplace.

6. Strengthen traditional family values

With reference to the propaganda campaign of the 1970s aimed at controlling childbirth, such a campaign is also required nowadays to spread a clear message to the general public encouraging fertility. It is suggested that the government use the strengthening of traditional family values as a key strategy of the propaganda campaign and focus more on promoting the positive impact of having children. It could, for example, make for stronger bonding among family members. The government should help young people understand that the decision as to whether to have children or not is an essential part of life planning, just as further studies, working, and marriage are.