



香港人力資源管理學會

**Hong Kong Institute of Human Resource Management**

*operated by Hong Kong Institute of Human Resource Management Limited*

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Mr Paul Chan, GBM, GBS, MH, JP  
Financial Secretary  
25/F, Central Government Offices  
2 Tim Mei Avenue  
Tamar  
Hong Kong

Dear Financial Secretary,

### **Submission on Policy Address Consultation**

Thank you for inviting the Institute to the consultation session on the forthcoming Policy Address and allowing us to share the views on manpower development, talent grooming and other issues pertinent and vital to maintaining Hong Kong's competitiveness as a vibrant international business hub and a world-class city.

#### 1. Preamble

- 1.1 Over the past years, Hong Kong has positioned itself as a super-connector. In her Manifesto, the Chief Executive further advocated that Hong Kong's role be changed from a simple "connector" with the Mainland and other economies, to one of "investor" and "operator". She has also stressed the importance of diversifying and broadening Hong Kong's economic base, so as to generate new growth momentum and create diverse employment opportunities for different layers of our workforce.
- 1.2 There is no doubt that the development directions outlined in the Chief Executive's Manifesto are timely and suitable for Hong Kong, particularly at this juncture when Hong Kong businesses and professionals can make good use of the "Belt and Road" initiative and development of the Guangdong-Hong Kong-Macao Bay Area to grasp the vast and lucrative opportunities to sustain our prosperity.

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- 1.3 To attain the economic goals envisioned by the Chief Executive including re-industrialisation, promoting innovation and technology as well as developing our home-grown creative industries, perhaps, there is nothing more important than ensuring Hong Kong has the right mix of human capital and sufficient manpower and talent who can meet not only today's, but also tomorrow's, work requirements amidst an increasingly technologically sophisticated environment.
- 1.4 With the rise of industry 4.0 and against the increasingly prevalent use of robots, artificial intelligence (AI) and Internet of Things (IoT) in wide-ranging work settings, the skill sets required of the next generation of employees may be significantly different from what we see nowadays. In this regard, it is worth noting that a multi-skilled workforce with high-level cognitive skills (e.g. systems thinking, sense-making, adaptive thinking, computational thinking, and innovative thinking), social intelligence, new media literacy, cross-cultural and trans-disciplinary competency, and global interconnectivity would be required for a rapidly changing market. Apparently, there is a pressing need for a systematic study to be undertaken in Hong Kong to define the key attributes of our future talent in light of the emerging employment trends as well as the demographic profile and economic landscape that Hong Kong will see in the next decade or two. The need to dovetail our education system with changing manpower demand in the coming decades also warrants careful attention.
- 1.5 In this connection, we very much welcome the establishment of the Commission for the Planning of Human Resources, as pledged in the Chief Executive's Manifesto. As we see it, this has to be a high-level Commission with long-term vision vis-à-vis Hong Kong's strategic development. Aside from formulating a comprehensive manpower development strategy for Hong Kong, the Commission needs to swiftly come up with a forward-looking plan in close collaboration with the education sector, relevant trade associations, training institutes and professional bodies, to ensure our future generations will be well equipped with the requisite skill sets.
- 1.6 We also recommend that the following crucial issues and imminent challenges be given thorough consideration and be addressed in the manpower development strategy when it is drawn up by the Commission:

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- ageing population;
- dwindling workforce and labour shortages;
- promoting life-long learning among different layers of employees; and
- fostering mental health in the workforce.

## 2. Ageing Population

- 2.1 One of the impending challenges facing Hong Kong society and its economy is the fast ageing of our population. According to the projections made by the Census and Statistics Department in 2015, the median age of our population will increase from 44.4 in 2019 to 46.9 in 2029 and further to 48.1 in 2034. Moreover, during the 15-year period between 2019 and 2034, the overall dependency ratio in Hong Kong will jump from 419 to 613, representing a steep increase of 46.3%. Likewise, the percentage of population aged 65 or above will also rise from 18% in 2019 to 28% in 2034.
- 2.2 In light of these demographic trends, in particular the quick expansion of the elderly population, which is estimated to increase from 1.2 million this year to 1.9 million in 2027, we see the need for an urgent review of the service provisions for the elderly. Among other things, the review should aim to provide updated projections for future supply and demand for elderly carers by making reference to the population trends.
- 2.3 In tandem with the review, steps should be taken to attract the younger generations to enter the elderly care professions and related sectors, so as to enlarge their manpower pools. Moreover, it is worth looking into engaging healthy and active retirees in the provision of elderly care, by drawing on the experience of Singapore's silver hair policy.
- 2.4 To facilitate these efforts, measures should be implemented to bolster qualification and professional recognition of elderly carers and service providers. In addition, funding schemes should be made available to employees who seek to obtain the necessary credentials and also to qualified service providers and operators to



encourage them to train their new hires and incumbent employees in new skills. The Qualifications Framework should also be leveraged to connect care service with the nursing or allied health professions, so that the attractiveness to join the “care” sector could be enhanced.

- 2.5 In case of the review projecting chronic shortages of elderly carers notwithstanding the favourable policy measures and incentive schemes to attract local workers to the care professions, serious consideration should be given to allowing relevant service providers to import qualified personnel from the Mainland or abroad to ease the shortages. As an interim measure to fill any service gap, retraining service should be extended to foreign domestic helpers to gear them up for delivering home-based care for the elderly.

### 3. Dwindling Workforce and Labour Shortages

- 3.1 Akin to population ageing, the dwindling manpower pool will pose a major challenge to Hong Kong in maintaining its competitive advantage. In October 2015, the Census and Statistics Department published the yearly labour force projections for 2015 to 2064. The projections predict the labour force participation rate to decrease from 59.4% this year to 53.8% and 50.6% in 2027 and 2037, respectively. If translated into actual numbers, the projected numbers of workers (excluding foreign domestic helpers) for 2017, 2027 and 2037 are 3.65 million, 3.48 million and 3.43 million, respectively. In other words, over the course of the next two decades, Hong Kong’s manpower pool will shrink by a staggering 6%.
- 3.2 Additionally, the Report on Manpower Projection to 2022 compiled by the Labour and Welfare Bureau in 2015 projected a manpower shortfall in 2022 in the region between 59,700 and 177,700 workers under different GDP growth scenarios during the interim period. In fact, acute labour shortages are already seen today in a number of sectors, like construction, elderly care and IT.
- 3.3 As shown in our Half Yearly Survey on Manpower Statistics released last March, labour demand has remained high in many economic sectors. Those sectors with

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higher hiring intention included business/professional services, financial services/banking/ insurance and telecommunication.

- 3.4 In response to the possible manpower gap, the Chief Executive pledged in her Manifesto to improve facilities and policy support for vocational education and match courses offered by the Vocational Training Council with the findings of the Labour and Welfare Bureau's Report on Manpower Projection to enable the Government to focus on the training and re-training of labour to address shortages.
- 3.5 While welcoming these initiatives, we would like to recommend some feasible measures to mitigate the adverse repercussions brought about by the looming manpower reduction and labour shortages. First and foremost, it is advisable to put in place incentives as well as assistance to create space for old-aged employees to continue with their employment so long as their health and strength permit. For instance, measures should be implemented to facilitate companies' extension of contractual retirement age to 65, or even higher. On facilitating employment of old-aged workers, the Government should work closely with the newly established Insurance Authority to make available employees' compensation insurance in the market to address employers' concerns. To date, many companies still face formidable difficulties in securing employees' compensation insurance in the market or have to bear exorbitant premiums charged by insurance providers.
- 3.6 There are other proactive measures that can be used to unleash potential workforce in Hong Kong. These include:
- Providing financial incentives to selected businesses participating in the "First Hire Then Train" Scheme to reduce taken-on/entry barriers into particular industries/sectors;
  - Mobilising the dormant workforce to work on a part-time basis through a holistic approach including suitable retraining programmes and employment benefits;



- Reviewing the Comprehensive Social Security Assistance (CSSA) Scheme with a view to allowing CSSA recipients to keep more earnings from employment;
  - Providing more rigorous support for the employment of people from underprivileged groups in society, such as the disabled and ethnic minorities, by making available to them professional advice and assistance in matters relating to job placement and on-the-job training; and
  - Providing community-based nursery services to release homemakers to join the workforce. One possible way is to extend the school day of kindergartens with a few hours of nursery care to cater to the needs of working mothers.
- 3.7 The Supplementary Labour Scheme (SLS) currently administered by the Labour Department has provided an avenue for employers to import workers from outside Hong Kong if they have genuine difficulties recruiting locally. We believe there is a strong case to expand the scope of the SLS to cover more job types if chronic labour shortages have proven to be doing harm to our economic growth or the well-being of our society, such as depriving the elderly people of proper care. Having said that, we must stress that labour importation should be considered only as a last resort to ameliorating manpower shortages and it is imperative that employment priority be always accorded to local employers and that their salary levels be safeguarded.
4. Promoting Life-long Learning
- 4.1 As technology has permeated every facet of our life and work and the requirements of many job roles keep changing all the time, it is, therefore, all the more important for our workforce to continue to pursue life-long learning to keep abreast of prevailing developments and upgrade their skills on a continuous basis, particularly on their savviness in mastering the technology workplace.
- 4.2 On this front, we are pleased to note that you took heed of our suggestion and proposed to inject an additional fund of HK\$1.5 billion into the Continuing Education Fund (CEF) in the last Budget. In our view, it is imperative for the

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responsible authority to review and expand the scope of courses under the CEF on a regular basis so that more employees can benefit from it.

- 4.3 We are also glad that the Chief Executive mentioned in her Manifesto that a study should be conducted on the possibility of increasing resources for the CEF and the types of courses offered, so as to encourage people to pursue life-long learning and pursue continuing education.
- 4.4 We look forward to the early commissioning of the study and the positive results to be arrived at. We also hope that more funding will be allocated to tertiary education institutions, thereby enabling them to develop more new courses, at both undergraduate and postgraduate levels, to underpin Hong Kong's future economic and social development.
- 4.5 In addition, we suggest that degree holders be included in the training web of the Employees Retraining Board (ERB), thereby helping them meet continuing professional development requirements or to enable them to switch to another profession. We understand that grassroots employees are the primary targets of ERB's services. However, expedient administrative rules can be flexibly introduced to facilitate the needy degree holders in pursuing life-long learning, having regard to the expanded support provided by the current administration to tertiary education, including the new subsidies offered to students undertaking degree programmes run by non-UGC-funded institutions.

## 5. Fostering Mental Health

- 5.1 Last but not least, the Government should also promote mental health, mindfulness and happiness across society as key elements to boost the productivity of Hong Kong's current and future workforce. Sizable organisations in Hong Kong have been according greater importance to this area and engaging trainers and consultants to conduct internal training for their employees, especially management staff.

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- 5.2 Research findings have shown that mindfulness and mental health strengthen people's resilience in the face of stress and increase the flexibility of mind and learning skills of the workforce to adapt to a fast-changing employment market and longer working lives. This also reduces the burden of our public health system on primary health care.
- 5.3 A happy and mindful population contributes tremendously to promoting a harmonious society, thus releasing the Government's manpower and resources to design and drive economic and people initiatives that propel Hong Kong to the top level of sustainable excellence. In view of its significance for the city, we recommend that the Government encourage the development of mental health and mindfulness programmes for employees across industries and business sectors, in order to combat stress and improve organisational effectiveness. This may be made possible by capitalising on the ERB's training programmes and networks, as well as the current hub of support services for SMEs.

## 6. Conclusion

- 6.1 The Chief Executive has emphasised in her Manifesto that in addition to being a good "service provider" and "regulator", the Government should also act as a "facilitator" and "promoter".
- 6.2 We agree entirely with this stance and positioning of the Government. With one of the fastest growing economies in the world at our doorstep, there are abundant opportunities for our entrepreneurs and professionals. The Government should do its utmost to ensure Hong Kong will win in the race for these opportunities by formulating a strategic manpower plan to cultivate our talent and investing in developing our human capital to its full potential.
- 6.3 Hong Kong has long prided itself on being a congenial society where employers and employees resolve their differences in an amicable and reasonable manner. Over the past year, debates in society about the MPF offsetting arrangement and standard working hours have to some extent undermined the trust between

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employers groups and labour unions, and social harmony for that matter. We hope the new administration under the leadership of the Chief Executive will adopt a pragmatic and balanced approach to handling contentious labour issues and spearhead initiatives to forge closer ties between the two sides. After all, a harmonious employer-employee relationship will benefit everyone in Hong Kong.

Yours sincerely,

David Li  
President

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