



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

21 December 2017

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

Dear Mr Chan,

Submission on Budget Consultation

Thank you for inviting the Hong Kong Institute of Human Resource Management to attend the consultation session on the 2018/19 Government Budget.

We would like to proffer the following views and suggestions for your favourable consideration.

1. Preamble

- 1.1 You may recall that in our previous submission to you dated 1 September 2017 on the Policy Address consultation, the Institute stressed the critical importance of ensuring Hong Kong has the right mix of human capital as well as sufficient manpower and talent to drive and underpin our long-term socio-economic development. We are very much pleased to see the myriad of initiatives the Chief Executive put forward in her maiden Policy Address to tackle the crucial manpower and employment issues raised in our submission, including population ageing, labour shortages, a dwindling workforce, talent grooming and life-long learning. Understandably, many of these initiatives will require additional financial commitments from the public coffer. We trust that the necessary budgetary provisions will be made for these initiatives to ensure their timely implementation.

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香港銅鑼灣怡和街六十八號一五〇三室

Suite 1503, 15/F., 68 Yee Wo Street, Causeway Bay, Hong Kong.

電話：二八八一五一三 圖文傳真：二八八一六〇六二

Web Site: <http://www.hkihrm.org> E-mail: info@hkihrm.org Tel: (852) 2881 5113 Fax: (852) 2881 6062



2. Dwindling workforce and re-hiring “young-olds”

2.1 Evidently, shortages of labour and talent if allowed to linger would severely impair the healthy growth of Hong Kong companies and undermine the overall competitiveness of Hong Kong vis-à-vis its rivals. In fact, if Hong Kong is to grasp the vast investment and business opportunities presented by innovation and technology as well as regional co-operation including the Belt and Road Initiative and development of the Guangdong-Hong Kong-Macao Bay Area, the Government must do its utmost to nurture and attract the required talent to reinforce Hong Kong’s advantageous position.

2.2 According to the latest population projections by the Census and Statistics Department, Hong Kong’s total labour force will start to decrease after 2022 and the labour force participation rate is expected to drop from 59.2% in 2016 to 49.6% in 2066. With these worrisome demographic trends, a holistic and forward-looking strategy needs to be put in place imminently to unleash Hong Kong’s potential human capital and to minimise any impact that an ageing and dwindling workforce might bring about on our economy.

2.3 In our view, Singapore’s silver hair strategy, particularly its re-hiring policy, has been highly successful in addressing the challenges of population ageing. By drawing on Singapore’s experience, Hong Kong may come up with a similar policy to promote re-hiring of “young-olds” (i.e. retirees still capable of working), thereby rekindling our manpower pool.

2.4 Such a policy may require certain affirmative actions on the part of the Government to encourage and facilitate employers to re-hire “young-old” workers. On this front, we suggest the following government-led measures for your consideration:

- (a) Provide tax incentives for employers with “young-old” employees to help them defray any extra costs that might be incurred when purchasing staff medical insurance plans;

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- (b) Set up a central scheme as a provider-of-last-resort for employers with difficulties procuring mandatory employee compensation insurance in the market (such a central scheme could be modelled on the one provided for construction workers under the MPF system);
 - (c) Make mandatory MPF contributions on behalf of “young-old” employees and their employers (to cover relevant portions only); and
 - (d) Expand the mandate of the Employees Retraining Board (ERB) to cover degree holders so as to reskill the workforce more effectively and less costly.
- 2.5 In addition to these measures, the Government should set an example to employers in the private sector by creating the space and atmosphere for re-hiring “young-old” employees. For instance, the Civil Service Bureau and statutory organisations with direct or indirect government subvention may draw up a set of targets for progressively increasing the number of “young-old” employees in the public sector.
3. Ageing population and elderly care
- 3.1 In view of Hong Kong’s imminent ageing population, the Institute is in full support of strengthening the provision of elderly services, including home-based care, to cater to the different needs of the growing elderly population.
- 3.2 We understand that despite the various measures and schemes introduced by the Government and relevant parties over the years to attract the younger generations to enter the elderly care sector, many service providers and operators still face immense difficulties finding new blood to fill their job openings.
- 3.3 As chronic shortages of elderly caretakers will pose significant challenges to the sector in maintaining service quality, it is necessary to explore new ways to expand the potential manpower pool. One possible option that the Government may consider is recruiting retired nurses to work in elderly homes or day-care facilities in the community. As we see it, this will have multiple advantages. On the one hand, it

can demonstrate the Government's commitment to re-hiring "young-old". On the other hand, they can help ease the manpower shortage problem in the elderly care sector.

- 3.4 Regarding home-based elderly care, this is undoubtedly a preferred and more affordable option for the ones with sufficient self-care abilities. In most cases, home-based care can be handled by foreign domestic helpers with suitable training. We suggest relevant short-term courses be provided by the Vocational Training Council or Employees Retraining Board to equip foreign domestic helpers whose duties include elderly care with the necessary caring skills and techniques. Besides, the Government should consider giving subsidies for the elderly who hire foreign domestic helpers to ameliorate their financial burden.

4. Up-skilling and re-skilling of the workforce

- 4.1 With the rapid advent of artificial intelligent, machine learning, robotics, internet of things and big-data analytics, organisations around the world are increasingly buffeted by disruptive changes whilst undergoing digital transformation. As digitisation is poised to re-shape the employment landscape drastically, it is imperative that proper coaching be provided for employees to embrace the future of work and seize new career opportunities.
- 4.2 In light of these new developments, the Government should undertake a review of its strategy for promoting life-long learning in close consultation with the business, professional and education sectors, with a view to ensuring the support given to workforce up-skilling and re-skilling can always keep abreast of the times.
- 4.3 Among other things, the review should identify job roles which are prone to being displaced by digital transformation. If necessary, bespoke up-skilling and re-skilling training should be provided for the employees affected to help them adapt to a new work environment.

5. Potential loss of jobs to other Bay Area cities

- 5.1 The development of the Guangdong-Hong Kong-Macao Bay Area is expected to swing into high gear in the coming months after the release of a blueprint by the National Development and Reform Commission. Notwithstanding Hong Kong's unique role as an international business hub in the Bay Area's city cluster, the opening of the Hong Kong- Zhuhai-Macao Bridge may potentially drive business opportunities away from Hong Kong to other Bay Area cities as international business travellers flying to Hong Kong can have a more direct and speedier road transport link to cities on the west flank of the Pearl River. We are concerned that the potential shift of business opportunities may in the long run lead to fewer jobs available for Hong Kong workers.
- 5.2 The Government should monitor the situation closely and regularly gather timely information from employers and the human resources sector to keep a finger on the pulse of the local employment scene. While staunchly supporting the development of the Guangdong-Hong Kong-Macao Bay Area, we see the need for an effective mechanism to be put in place to avoid any vicious competition among Bay Area cities.

We hope you will give due consideration to our views and suggestions and look forward to opportunities for further exchange of views on issues pertinent to Hong Kong's economic, professional and manpower development.

Yours sincerely,



David Li
President

Hong Kong Institute of Human Resource Management

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