



2 October 2024

The Hon John Lee Ka-chiu, GBM, SBS, PDSM, PMSM  
Chief Executive  
Hong Kong Special Administrative Region  
Chief Executive's Office  
Tamar, Hong Kong

Dear Chief Executive,

### **HKIHRM's Policy Address Submission 2024**

In response to the policy address consultation, below please find a summary of the views from the Hong Kong Institute of Human Resource Management (HKIHRM) for your consideration.

#### **1. Vision for Hong Kong's Population**

- 1.1 Manpower serves as the critical impetus for economic growth. Considering the challenges posed by an ageing population and a declining local labour force, it is imperative for Hong Kong to ensure an adequate supply of home-grown talent with skillsets that align with employers' needs. We are under pressure on both ends. It is a challenge to fill vacancies that are either knowledge-based or labour intensive.
- 1.2 HKIHRM urges the Government to formulate a holistic vision for the city's population with centrally orchestrated policies to ensure sustainable growth in Hong Kong's workforce. HKIHRM recommends a multi-pronged approach that includes various measures to nurture local talents, customise immigration policies for targeted groups, support family planning, and provide childbirth incentives. Furthermore, with a 57% labour participation rate, the Government can consider family friendly policies such as tax benefits for domestic helpers, extending welfare home care for elderly family members, and accessible childcare. Hong Kong shall continue to enhance its status as an international education hub and leverage its world-class universities to draw in talented students and attract them to remain in Hong Kong upon graduation.

#### **2. Improving Talent Policies and Addressing Acute Labour Shortage**

- 2.1 We welcome the various initiatives and enhancements that have been implemented to address labour challenges, such as the Top Talent Pass Scheme (TTPS) and the Hong Kong Talent Engage (HKTE) introduced by the Government. According to our "Future Workforce Study 2024", the percentage of employers finding it extremely difficult to fill job vacancies has decreased to 16%, the lowest level



since 2022. Over half of the surveyed companies believed that recruiting non-local talents could help bridge skill gaps in the local talent pool and alleviate labour shortages.

- 2.2 Although the talent gap is narrowed, we recommend that the Government continually assess and expand the talent pool, especially those in targeted sectors, and establish a more comprehensive talent retention mechanism to support non-local talents in settling in Hong Kong. We propose broadening the current list of eligible universities under the TTPS to include specific academic disciplines and fields. This expansion will enable us to promptly attract global talent possessing the most sought-after skills and knowledge to Hong Kong, ensuring the sustainability of the city's future economic growth. For example, the University of Arts London is not amongst the top 100 universities by QS or THE, but it offers some of the best art and design programmes in the world.
- 2.3 Despite the early signs of improvement in filling job vacancies as indicated in our Study, recruiting for positions remains a challenge, especially in labour-intensive sectors such as hospitality and catering, as well as property management and real estate development. With the current economic climate, employers are proceeding with caution in their hiring practices, consequently impacting the labour market. However, we advise looking into the medium to long term. Industries experiencing significant labour shortages may struggle to address the gaps solely with local labour.
- 2.4 Therefore, HKIHRM urges the Government to continue focusing on bridging talent gaps in industries grappling with severe manpower shortages. It is recommended that the Government streamline the processing procedures for the “Enhanced Supplementary Labour Scheme” for optimisation. Companies are relying on the scheme to address labour shortages, but many have voiced concerns about the process. Members have reported that it is overly complex, with long waiting times, and that housing arrangements for employees present a significant challenge.
- 2.5 As for the “Sector-specific Labour Importation Scheme” which currently encompasses the construction, transportation, and residential care sectors, HKIHRM recommends expanding the scheme to cover other industries facing severe labour shortages. The relevant policy bureaux should be tasked with developing suitable labour importation schemes to enhance the competitiveness of Hong Kong businesses. For example, the Home Affairs and Youth Bureau could devise pertinent labour importation schemes tailored to the property management industry to adapt more flexibly to industry trends and market demands across various economic cycles. Furthermore, expanding the Vocational Professionals Admission Scheme (VPAS) beyond the current five industries to include sectors such as hotel services, catering, hospitality management, elderly and healthcare services, and environmental hygiene services could help bridge the manpower gap in targeted industries.
- 2.6 In relation to the review of the Statutory Minimum Wage (“SMW”), HKIHRM appreciates the upcoming new mechanisms for reviewing SMW to improve the protection of grassroots employees’ income. Before the enhanced mechanism is launched, HKIHRM conducted a Quick Poll on Review of the SMW Rate 2024 (“Quick Poll”) from July to August 2024 to collect members’ views on the adjustment to the SMW. Out of the respondents from 75 organisations, 59% expressed the view that the SMW rate should be increased. This indicates a majority in favour of an upward adjustment to the SMW rate, which has been at HK\$40 per hour since 2023. 39% of respondents believe the SMW rate



should be maintained, while only 3% suggested a reduction. From the Quick Poll results, 38% of respondents who answered the question regarding the desired increase in the SMW rate stated it should be adjusted to HK\$41-42.9.

### **3. Strengthening Hong Kong's Attractiveness for Talent**

- 3.1 However, companies encountered obstacles in adopting talent admission schemes. According to HKIHRM's survey, nearly 70% of employers expressed a need for the Hong Kong Government to provide guidance in the visa extension process to simplify the process, making it easier for employers to assist non-local talents by facilitating smoother visa extensions. Furthermore, talents coming to Hong Kong encounter challenges related to accommodation, adapting to local work practices, and language barriers.
- 3.2 As non-local talents under the TTPS begin to require visa renewal, it is crucial for the Government to support both talents and businesses through this process. Regular communications with professional bodies and industries are vital to providing the requisite support services. Public release of data on the outcomes of the talent admission and labour import schemes, and measures on "Competing for Talents and Enterprises" can improve transparency and facilitate evaluation of their effectiveness. To protect and prioritise local employment, there should also be a review mechanism to assess their impact and make appropriate adjustments from time to time.
- 3.3 To facilitate the integration of non-local talents into Hong Kong, comprehensive support policies are essential to foster an inclusive environment for talents and their families to settle in the city. In addition to providing career development opportunities, the Government can establish inter-departmental coordination mechanisms to ensure talents and their families receive the necessary support tailored to their needs. This coordination enhances the effectiveness and coherence of talent policies. HKIHRM also suggests that the Government take the lead in implementing further measures to promote a diverse and inclusive workplace culture. This includes enhancing diversity and inclusion in the recruitment process, developing and implementing effective DE&I policies within the workplace, and promoting an inclusive culture in the work environment.

### **4. Expanding the Scope of Mutual Recognition of Qualifications**

- 4.1 Hong Kong is currently undergoing economic transformation with a focus on technological innovation and developing new quality productive forces. The city is actively consolidating its status as an international hub for high-calibre talent and an international financial, shipping, and trade centre. During this transformative period, Hong Kong businesses are redefining their positions, actively seeking new business opportunities and expanding into the Belt and Road and Southeast Asian markets. Government support in attracting talents from emerging markets enables businesses to stay competitive, thereby injecting new vitality into Hong Kong's business landscape and unlocking the potential of global talent pool.



- 4.2 Under the framework of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), several agreements have been signed for mutual recognition of professional qualifications or the establishment of exemption arrangements for professional qualification examination papers. Eligible Hong Kong professionals, including accountants, architects, engineers, lawyers, doctors, and others, can obtain corresponding professional qualifications in the Mainland through mutual recognition or examinations. To address the talent gap and promote talent mobility in the Greater Bay Area (GBA), we propose that the Government expand the scope of mutual recognition of qualifications to include technology professionals and other fields.
- 4.3 HKIHRM suggests developing a training cooperation framework among GBA cities and creating a mutually recognised qualifications framework to facilitate talent mobility within the region. This initiative could start with sectors facing significant labour shortages, such as hospitality, hotel management, and property management. Training institutions from the region can lead in establishing a cooperative mechanism, supported by collaborations with Government departments to promote mutual recognition. Upon completion of training programmes, individuals receive certification enabling them to work in the GBA with recognised professional credentials.

## **5. Empowering Local Youth, Women and Young Retirees**

- 5.1 Industries in various sectors are currently facing talent shortages or extending retirement ages to address manpower gaps. To supplement the local workforce in Hong Kong, we recommend harnessing the untapped potential of local youth, women, and young retirees. It is suggested that the Government enhance policies and initiatives to encourage the re-entry of local women, and young retirees into the workforce, and to attract youths to join the workforce.
- 5.2 For women with caregiving responsibilities, HKIHRM proposes enhancing support measures for working families in childcare, incentivising women to rejoin the workforce. Existing family support programmes primarily target preschool and young children, with inadequate quotas to meet societal needs. For example, the Government can consider increasing quotas and expand after-school care services for school-age children. Moreover, as the largest employer, the Government can take the lead in creating more part-time positions, promoting a flexible work environment. This may also yield the side benefit of attracting young retirees to re-enter the workforce.
- 5.3 The declining birth rate and the increasing number of young individuals obtaining degrees have posed challenges for enterprises in recruiting young talent for frontline roles like hospitality & catering, and property management & real estate development. While reversing this trend is a complex task in the short term, HKIHRM emphasises the importance of encouraging individuals to re-enter the workforce after a mid-career break. Although the Re-employment Allowance Pilot Scheme is a positive step, enterprises require further support to attract and retain mid-career workers who often seek higher remuneration than fresh graduates. HKIHRM calls upon the Government to design a short-term incentive scheme to motivate organisations to create job opportunities tailored to the needs of this demographic.



5.4 HKIHRM has been a strong advocate of a diverse, equitable, and inclusive (DEI) workplace environment. Some of our members have actively formulated programmes to recruit individuals from various backgrounds, including students with special educational needs (SEN), people with disabilities (PWD) and individuals with different religious beliefs. By promoting an inclusive and diversified corporate culture through these initiatives, we aim to cultivate a more diverse and harmonious working environment. The Government can take the lead by recruiting more individuals from diverse background to enhance their representation and ratio within the civil service. In the long run, the Government can explore offering tax incentives to employers who meet a specified percentage of their workforce comprised of PWDs.

## **6. Promoting Lifelong Learning**

6.1 In a fast-changing business landscape, the Government needs to re-examine the policies and investment for lifelong learning needs. While a market-driven approach has served the people of Hong Kong well in the past, there may be a need to be more strategic. For example, according to the strategic positioning emphasised during the Third Plenary Session of the 20<sup>th</sup> Central Committee of the Communist Party of China, Hong Kong should consolidate its status to serve as “three centres and a hub” and contribute to the country’s new quality productive forces. HKIHRM is deeply concerned as to whether Hong Kong is nurturing talent equipped to effectively contribute to these objectives.

6.2 Last year, HKIHRM suggested measures to improve the Continuing Education Fund (CEF) scheme, including allowing fund transfers within families. We continue to call for the Government to consider tangible KPIs for the CEF, which involves the need for an overall vision and strategy based on skills that will be in high demand in the future. In addition, we recommend prioritising accreditation and allocating more generous subsidies to courses that align with skills required in new quality productive forces, “Eight Centres” in the 14<sup>th</sup> Five-Year Plan as well as the 51 professions listed on the Talent List. The aim is to reskill and upskill the local workforce to adapt to emerging trends and meet the evolving needs of these sectors. Furthermore, a proactive approach can be considered to ask academic or professional institutions to be the service provider for these CEF courses.

6.3 Building on the basis of the Re-employment Allowance Pilot Scheme launched by the Labour Department earlier, HKIHRM suggests the Government take the scheme one step further to offer skills enhancement training courses to enable young retirees to learn new emerging roles and tech skills. For instance, the Employee Retraining Board (ERB) could offer suitable courses for these young retirees, who may be holders of bachelor degrees or above qualification. By developing comprehensive support services tailored to them, covering employment and further education, recruitment, job matching, and assisting them in re-entering the workforce, we empower prospective employees from different backgrounds to acquire the skills and knowledge needed to bridge the prevailing talent gaps in the job market.

6.4 HKIHRM welcomes the initiatives undertaken by the ERB in exploring future development directions. The education level of Hong Kong’s workforce has climbed significantly since the inception of ERB. To address the ever-changing needs of the business community and the employees, HKIHRM agrees





over the need for ERB to review its position and contribution in local training. However, the expansion of its service scope requires careful consideration. Regarding the relaxation of eligibility criteria for ERB programme offerings to include university graduates at the degree level or above, HKIHRM maintains that ERB's resources should be primarily focused on targeted areas that are most needed. For example, HKIHRM suggests that ERB may refer to the Talent List, which displays the professions and talent that Hong Kong needs the most. For target groups such as young retirees, HKIHRM welcomes the idea of making exceptions as they are individuals we aim to entice back into the workforce. Given this context, ERB could contemplate expanding these pertinent training programmes to encompass university graduates and providing complimentary courses in emerging fields.

- 6.5 For undergraduates, last year HKIHRM suggested constituting a mandatory internship period of 6 to 12 months as a completion requirement for undergraduate degrees funded by the University Grants Committee. We continue to call for the implementation of this programme. The Government should work in collaboration with employers and universities to develop a clear roadmap that outlines the phased implementation of mandatory internship, taking into consideration the needs and capabilities of different sectors. At the same time, the Government may consider providing subsidies to small and medium enterprises (SMEs) for internship programmes to create more internship opportunities, this would enable graduates to gain solid work experience and effectively plan their career paths.

## **7. Embracing Silver Economy**

- 7.1 Advancements in healthcare have increased life expectancy, leading to an ageing population that presents challenges to the labour force. However, the silver economy offers abundant job opportunities tailored to the needs of older individuals. Industries catering to this demographic, such as healthcare, eldercare, leisure and wellness, technology solutions for seniors, and financial services for retirees, are experiencing a surge in job openings. This trend not only creates employment prospects but also fosters innovation and entrepreneurship as businesses adapt to serve the silver market. Embracing the silver economy not only generates job opportunities and skills development but also stimulates economic growth, benefiting individuals and the wider community.

- 7.2 To prepare the existing workforce for the opportunities within the silver economy, a longer-term vision, objectives and strategies must be in place. HKIHRM urges the Government to consider the establishment of a dedicated executive branch office, or at least a Steering Committee, to study the gaps in policies, talents, and resources. As industries evolve to meet the demands of an ageing population, job seekers need to acquire new skills and competencies for the emerging roles in healthcare, eldercare mental care services, active ageing community, technology solutions for seniors, and financial education for retirees. Through investment in educational initiatives and access to relevant resources, training institutions play a vital role in equipping the workforce with the necessary knowledge and expertise to thrive in a rapidly changing economic landscape. This proactive approach not only benefits individual workers but also strengthens the workforce as a whole, driving innovation, productivity, and sustainability in the silver economy.



## **8. Enhancing Collaboration with the Government in Labour and Talent Areas**

8.1 HKIHRM highly values our collaboration with the Government, as demonstrated by our active participation as Strategic Partner in the Global Talent Summit hosted by the Labour and Welfare Bureau, in May 2024. We strongly support the continuation of this close collaboration between HKIHRM and the Government. By leveraging our extensive frontline recruitment experiences, we can provide valuable and unique insights to assist the Government in formulating strategies to address manpower shortages and enhance the local talent pool. As an institution that engages different sectors and stakeholders, we believe we can go further and play a bigger role within other relevant governmental bodies, such as the Minimum Wage Commission and the Labour Advisory Board.

8.2 HKIHRM is pleased to contribute further to the Advisory Committee on Attracting Strategic Enterprises or the Human Resources Planning Commission chaired by the Chief Secretary for Administration. We are open to engaging with representatives and would like to explore the possibility of serving on the Committee to provide valuable insights and expertise.

We hope you will find our recommendations useful. Should you wish us to elaborate on them, please approach our Executive Director, Ms Marian Lam who can be reached at [pr@hkihrm.org](mailto:pr@hkihrm.org).

Yours sincerely,

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cc. Policy Address Team