



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*

31 January 2023

Budget Consultation Support Team  
24/F, Central Government Offices  
2 Tim Mei Avenue  
Tamar, Hong Kong

Dear Financial Secretary,

## **Submission on The Budget Public Consultation 2023-24**

The Hong Kong Institute of Human Resource Management (HKIHRM) would like to take the opportunity of the above consultation to proffer the following views and recommendations for your kind consideration in formulating the upcoming 2023-24 Budget.

### **1. Post-Covid Recovery: Further Relaxation of Travel Restriction**

- 1.1 The HKIHRM welcomes the Government's recent relaxation of inbound travel restrictions and the re-opening of border-crossing facilities into the Mainland. We are already witnessing a higher level of talent needs amid the increased economic activities between Hong Kong and the Greater Bay Area.
- 1.2 We recommend the Government to work with our Mainland counterparts a roadmap in removing the 48-hour PCR test requirements in the near future as these are a major concern for businesses not only in terms of additional expenses, but also inefficiency in manpower deployment. With almost all economies around the world fully opened up, the Government should consider the complete removal of travel restrictions to pave way for Hong Kong's recovery and competitiveness.

### **2. Attracting Overseas Talent**

#### 2.1 Addressing the Housing Needs of Non-local Candidates

- 2.1.1 Further to the HKIHRM's policy address submission 2022, the talent gap exists in the high, middle and even low-end of the workforce. We are very pleased to see the Government's ambitious plan to attract highly skilled labour, but businesses, especially our SME members, are still unable to attract sufficient applications to fill mid-level managerial, professional, and administrative vacancies.
- 2.1.2 We agree that the fastest way to fill the "mid-tier" talent gap is to recruit candidates from the Mainland and overseas countries. Many of the HKIHRM members are SME employers and they are finding it very difficult to offer an attractive enough package to non-local candidates owing to the high cost of living, especially the expenses on accommodation.

香港九龍觀塘觀塘道378號創紀之城2期18樓1810-15室

Units 1810-15, 18/F, Millennium City 2, 378 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong

T: (852) 2881 5113 F: (852) 2881 6062 E: info@hkihrm.org W: www.hkihrm.org



We urge the Government to consider offering housing subsidies or tax incentives to help make Hong Kong an attractive place for mid-tier management and professional candidates.

- 2.1.3 In certain sectors, for example the residential care homes for elderlies, the labour shortage issue is critical. One possible option is to consider setting aside plots of land for fast-track development of housing quarters for imported labour through the Special Scheme for importing care workers.

## 2.2 SME's Access to Overseas Human Capital

- 2.2.1 The HKIHRM welcomes the proactive talent acquisition approach stated in the Chief Executive's policy address. Many of the major employers may already have established channels in recruiting overseas talents. However, it is often very difficult for SMEs to have access to human capital outside of Hong Kong.

- 2.2.2 We propose the Government to consider undertaking a series of regular roadshows in overseas markets to recruit talents, while the format can be varied, depending on the local setting. The employment needs of SMEs could be accommodated with the help of the Government's strong Economic and Trade Offices presence around the world.

## 3. Youth Development

### 3.1 Mandatory Internship for Tertiary Education Students

- 3.1.1 The HKIHRM welcomes the Government's recent announcement of the Youth Development Blueprint. We want to prepare young people for the world of work and invest in their career training and development. However, identifying the right match is often very challenging and hence we prefer starting the talent search process as early as possible, preferably during their undergraduate studies. Certain professional or industrial programmes (such as hotel, accounting, and architecture) have included internship as part of the graduation requirements, but these certificate or degree holders only make up a small fraction of the workforce.

- 3.1.2 As internship is one of the best ways to bridge the expectation gap between employers and graduates, we propose the Government to exercise its influence through the University Grant Committee and impose internship as a graduating requirement for programmes not governed by professional or industry bodies. For example, the scope of employment for a student majoring in Asian Language Studies can be very broad. Through multiple internship experiences during the four-year undergraduate studies, students can gain a much better understanding of their future career path. The HKIHRM is recommending one semester of compulsory full-time internship which can help enrich young talents' experiences, capabilities, and employability.



### 3.2 Re-defining Job Creation Scheme for Internships

- 3.2.1 As mentioned above, if all undergraduate students are required to go through one semester of mandatory internship before graduation, the number of students seeking placement opportunities will grow exponentially. In order to balance supply and demand, the Government can consider offering incentives for employers, especially to the SMEs, to create sufficient opportunities to satisfy such demands.
- 3.2.2 One possible source of funding is via the redefinition of the Job Creation Scheme. Currently, applications are open to industries heavily hit by COVID-19 and fresh graduates. With the economic impact of the pandemic slowly subsides and the lowering of unemployment amongst young people, we propose the Government to make use of this fund (i.e. Job Creation Scheme for Internships) for stimulating the economy where such subsidies can become an investment into future talents.

## 4. **Optimising Existing Workforce in Hong Kong**

### 4.1 Female Participation in the Workforce

- 4.1.1 Further to the HKIHRM's policy address submission in 2022 on encouraging female to re-join the workforce, we would like to reiterate the importance of narrowing the gender pay gap. We believe the Government is already setting a good example by becoming an equal-opportunity employer, but there is room for improvement in the private sector, as women in managerial positions in Hong Kong are paid one-fifth less than their male counterparts, according to data from the Census and Statistics Department in 2022. Female workers in managerial positions earned HK\$9,800 less each month than their male counterparts of the same rank in 2022. The pay gap between women and men widened to 19.6%, from 15.8% last year, and 6.98% five years ago<sup>1</sup>.

### 4.2 Gender Pay Equality for Government-funded Projects and Contracts

- 4.2.1 In addition to being Hong Kong's largest employer, the Government is also the largest client in terms of outsourced government-funded projects and contracts, providing enormous job opportunities in the private sector. We propose the Government to include a "gender pay gap" disclosure requirement in the tendering documents as part of the selection criteria to send a strong signal to the private sector that the Government values pay equity as an integral principle.

### 4.3 Gender Pay Gap Disclosure via Corporate Governance Code

- 4.3.1 As an advocate of Diversity, Equity and Inclusion (DEI), the HKIHRM believes that businesses, especially publicly listed companies, have an obligation to disclose their

---

<sup>1</sup><https://www.scmp.com/news/hong-kong/hong-kong-economy/article/3192092/workplace-disparity-widens-women-holding-top-jobs>



workforce's gender pay ratio to the public as well as their investors. Such disclosure can help employers identify problems and implement improvement strategies. As this piece of information is often included in the DEI section of the ESG report, investors will want to see continuous improvement.

- 4.3.2 The United Kingdom (UK), for example, recognises that equalising women's productivity and workforce participation rates can fuel economic growth, and has made it a priority to tackle the gender pay gap issue<sup>2</sup>. In particular, we would like to highlight the UK gender pay gap disclosure requirement for organisations with 250 or more employees on an annual basis. The HKSAR Government may consider borrowing this idea by engaging stakeholders such as HKEX, HKIoD, CHKLC and the academia to look at ways to improve the relevant section in the corporate governance code.

#### 4.4 Re-training Workforce: Flexibility in Continuous Education Fund

- 4.4.1 HKIHRM recognises that employers have an obligation to train and re-train the workforce in response to the changes in technology or business environment. Certain skills can be developed internally, yet others need to be acquired through external capacity. We have, therefore, welcomed the Continuous Education Fund (CEF) since its inception in 2002.
- 4.4.2 Many of our employees have acquired additional skills, languages, professional and academic qualifications through this scheme. While it is a very good opportunity for employees to pick up skills in anticipation of the future business landscape, our question is whether changes to this scheme can help motivate more people to learn, thus utilising this opportunity to its full potential. In the period from the launch of CEF on 1 June 2002 to 31 May 2022, WFSFAA approved 721,209 reimbursement claims, representing less than 10% of Hong Kong's population<sup>3</sup>.
- 4.4.3 As this funding is made available to every Hong Kong citizen, can the policies be amended to cater for greater flexibility? For example, based on a convenient sample amongst a few of our members, we learned that retirees tend not to use their CEF to attend classes, not even for interest courses. If the parents and grandparents can transfer their CEF allowance to their children and grandchildren, such flexibility may be a strong enough incentive for people who are still active in the workforce to pursue a diploma, a degree, or a new qualification. Indeed, changing existing policies would require careful deliberation to avoid any potential abuse or misuse of public funds.
- 4.4.4 The HKIHRM noted a list of recommendations from the HKSAR Audit Commission on ways to improve the effectiveness of CEF. In particular, we want the Government to "go back to the policy objective" which is to encourage Hong Kong citizens to engage in life-

---

<sup>2</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/500087/Government\\_response\\_-\\_Closing\\_the\\_Gender\\_Pay\\_Gap.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/500087/Government_response_-_Closing_the_Gender_Pay_Gap.pdf)

<sup>3</sup>[https://www.aud.gov.hk/pdf\\_e/e79ch01sum.pdf](https://www.aud.gov.hk/pdf_e/e79ch01sum.pdf)



long learning. It is also worrying to see a substantial decrease in the number of registered reimbursable courses after 31 March 2023 as 3,174 (43%) courses that were not registered in Qualification Registrar (QR) will have their CEF course registrations expired by then. The HKIHRM urges the Government to review and streamline the HKCAAVQ's application, renewal and amendment processes, so as to propel service providers in generating courses that match the learning needs of the Hong Kong population.

#### 4.5 Re-employing Retirees: Insurance Affordability

4.5.1 Members of the HKIHRM are supportive of re-employing retirees, especially those who are still socially active (i.e., 60-70 years of age), as their job knowledge is often very valuable. In practice, some businesses do offer part-time positions or consultancy roles for a small group of young retirees, but we feel that more can be done as they can be part of the solutions to Hong Kong's talent gap situation. The insurance premium on older employees being unaffordable could be a critical concern for employers, especially SMEs.

4.5.2 With 29% of the Hong Kong population being 60 years old or above, the HKIHRM urges the Government to unleash the potential of retirees<sup>4</sup>. If insurance premium is the hindering factor, we recommend the Government to study the costs and benefits in using public funds to address this issue. In our view, if even a small percentage of retirees return to the workforce, the increased economic activities may potentially become a strong stimulus to the local GDP, and thus justifying the investment.

#### 4.6 Addressing the Issue of Mental Fitness

4.6.1 According to a survey by City Mental Health Alliance in 2020, over 1 in 4 workers (27%) in Hong Kong experienced mental problems. Even if disregarding the COVID-19 factor, Hong Kong is still one of the most stressful and overworked cities in the world, ranking 45<sup>th</sup> out of 50 countries in a survey of work-life balance. The HKIHRM welcomes the CE's 2022 Policy Address' acknowledgement of mental health being a key factor to happiness. In our view, mental health conditions have a significant impact on employee productivity and absenteeism.

4.6.2 From a legal perspective, employers may be found liable for psychiatric injuries caused by work-related stress. There are already court cases in other jurisdictions awarding damages to employees. Instead of addressing the potential legal gap, the HKIHRM is of the view that prevention is always the preferred option. As mental fitness is now a key factor in Hong Kong's competitiveness, the Government should consider reducing the percentage of the workforce with mental problems as one of the KPIs in future policy agenda. With this in mind, resources and funding should then be made available to employers in implementing mental wellness programmes and initiatives for their employees.

---

<sup>4</sup> <https://www.censtatd.gov.hk/en/EIndexbySubject.html?scode=600&pcode=D521210>



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*

We hope you will find our recommendations useful. Should you wish us to elaborate on them, please do not hesitate to contact Ms Kandy Lui, our Executive Director ([kandy.lui@hkihrm.org](mailto:kandy.lui@hkihrm.org) / 2837 3838); or Ms Winnie Chong, our Senior Manager of Corporate Communications and Events ([winnie.chong@hkihrm.org](mailto:winnie.chong@hkihrm.org) / 28373821).

It would be our pleasure to organise a forum for you to engage interactively with members of the HKIHRM to understand the challenges and concerns they have in managing human capital, and more importantly what they have in mind that might help you in formulating future policies. My colleagues in the HKIHRM will be in touch with your office to extend this invitation soon.

May I also take this opportunity to wish you and your colleagues a prosperous Year of the Rabbit!

Yours sincerely,

Lawrence Hung  
President  
Hong Kong Institute of Human Resource Management

c.c. Budget Consultation Support Team

香港九龍觀塘觀塘道378號創紀之城2期18樓1810-15室

Units 1810-15, 18/F, Millennium City 2, 378 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong

T: (852) 2881 5113 F: (852) 2881 6062 E: [info@hkihrm.org](mailto:info@hkihrm.org) W: [www.hkihrm.org](http://www.hkihrm.org)