

Opening remarks by SLW at HKIHRM Annual Conference and Exhibition 2023 (English only)

Following are the opening remarks by the Secretary for Labour and Welfare, Mr Chris Sun, at the Hong Kong Institute of Human Resource Management (HKIHRM) Annual Conference and Exhibition 2023 today (September 15):

Mr Lawrence Hung (President of HKIHRM), distinguished guests, ladies and gentlemen,

It's my pleasure to be here with you all. I just learned from Lawrence this year's annual conference is one of the biggest with attendance over 500. It is good news to Hong Kong as we reopen and restart for growth and prosperity.

Before I start, I got a bonus track from some of the best rings in town on what the Government should do to retain and attract talent. I heard that loud and clear. While I'm just in charge of a small proportion of the Government's policy portfolio, certainly I will bring it back to colleagues. One is about housing, a common theme. Second is about courses we offer in high schools and higher learning institutions should stay relevant and keep on refining to make sure students are being taught with the latest knowledge and technologies to enable them to progress in their career as they graduate. A clear requirement put to me is about retraining, training and upskilling. I can't agree more so I'm going to take it back. I need your sound advice so please contact through Lawrence and maybe we can sit down and brainstorm what we could do.

I think there's no lack of resources. We have funds, different boards and committees set up to make sure our workforce get the right skills. For those who do not have the skills to upgrade themselves, the key first of all is to have the idea. Please come to me and let's sit down and see how we can make the best out of the resources already available.

I understand you expect me to speak more about talent admission and the problems we are facing. We all know we have a huge challenge. We need a lot more manpower. Even by now after we reopened, clearly a common theme of any conversation I had with friends from the business sector, they all have problems in recruiting people and quite a high turnover rate. If you look at the statistics, our workforce peaked in 2018, and then gradually go down. We are seeing a shrinkage in our workforce. This is what the statistics are.

Telling from your everyday life and conversation with people from different sectors of the business world, they make it very clear. If we want to remain prosperous and vibrant as before, we need a lot more talent and manpower. It's not just a specific level or from a specific sector; it's

across the board. This is a challenge that we fully acknowledge and we are working towards it. Starting with the Chief Executive's Policy Address last year, there were quite a lot of articulations on what we can do to make Hong Kong one of the most preferred destinations for talent from all over the world.

As you know, first of all we introduced a brand new scheme, the Top Talent Pass Scheme (TTPS). At the same time we revised and enhanced quite a number of existing schemes, including lifting the quota of Quality Migrant Admission Scheme for two years. For anyone you think you are good enough and can meet our requirements, please come and apply. For non-local graduates, we give them one more year to stay in Hong Kong as we appreciate that they might need a bit more time in looking for jobs in Hong Kong, so we give them two years.

What might not be very eye-catching but I think is equally important is the pattern of visa approval. They don't have to renew it that many times. In particular for the high-earning and highly sought-after talent, they only have to renew once. After the first two years, we will grant them a six-year stay visa. With one renewal, if they choose to stay in Hong Kong, they will be able to meet the seven-year residence requirement by the time of the second renewal. Putting everything together, while we have the "big things" to attract and sell it to the world, we also do a lot of "small things" to make sure we improve our system.

Of course you would be interested in the outcome of things we have done over the past eight months. We have achieved quite a lot and the statistics are very clear. I'm going to share with you some of the latest figures on how successful we have been in attracting talent all over the world. We introduced the new TTPS and enhanced the existing schemes. Roughly starting from the beginning of January this year, over the past eight months, we have received over 140 000 applications and already approved over 92 000.

Because of the pandemic, we converted a paper system application into a fully online application and I think it makes a lot of difference in enabling talent from all over the world to apply out of Hong Kong. They don't have to come to Hong Kong. We designed a very suitable and user-friendly online system. You can just click into it and get all the information you need. If you don't know which schemes suit you best, you can simply put in some basic bios, your age, where did you graduate, what's your profession and how much you earned. The computer will let you know which scheme suits you best and recommend you to apply along this line.

With all these "small things" to help them, we have improved the speed of application process. By the end of August, we have already approved over 92 000 applications. Then we look at how many people have already arrived here in Hong Kong. The arrival number is around 50 000. We believe the response is a great affirmation of the attraction of Hong Kong as a destination for talent all over the world.

Of course one of the most popular schemes is the TTPS. We have three categories for this scheme. To recap to you all, there is a "high-earner

category" for those earning over HK\$2.5 million annually. We welcome them all to Hong Kong, no quota. We don't ask about your qualification or academic background. By virtue of earning such a high level of salary every year, you must be a very talented person. We called these Category A.

For Categories B and C, they are more or less the same. We are targeting those who graduated from the top 100 universities in the world. The only difference is for Cat B, they should have more than three years of work experience in the five years prior to application. For Cat C, they can be fresh graduates or graduates with less than three years of work experience. For Cat B, we have no quota; the more the merrier. For Cat C, we set a quota of 10 000 a year to protect our local graduates to make sure they have the first bite and get the priority. However, we recognise that given we have around 50 000 local graduates every year, it's not adequate to meet the annual demand for talent here in Hong Kong. If the quota is fully utilised, it accounts for about 20 per cent of our local graduates. We think it's a very fine balance. On one hand we take care of the needs and concerns of our local graduates, and at the same time we have to make sure we have sufficient number of young and fresh graduates from over the world to meet our manpower needs.

For this scheme alone, over the past eight months, we have received over 45 000 applications with over 34 000 applications approved. Because of the design of the scheme, it's going to attract a lot of young, highly talented, well educated people into Hong Kong. Looking at the statistics, this is exactly the case. About three quarters of all TTPS applicants are aged 40 or below. Mind you, our median age is 46, so all these people are below our median age. If you look at those aged 50 or below, they account for more than 90 per cent. That means around 90 per cent of all TTPS applicants are at or below our median age. These are the young talent we all need.

Nearly 40 per cent of the approved applicants under Cat B and Cat C, i.e. those who graduated from the world's top 100 universities, are from universities in Australia, Canada, the United Kingdom and the United States. I know people are concerned about those other than from the Mainland because the TTPS is targeting the whole world. We have overwhelming response from those who graduated from top Mainland universities, but if you look at those who graduated from top universities in Europe, America, Australia, there is a large number as well.

Since March this year, every applicant under the TTPS is required to provide information about the past employment. We want to know what their employment status is by the time they made their applications. Around 70 per cent of applicants are being employed outside Hong Kong in financial services, commerce and trade, information and communication technology, innovation and technology, engineering and construction as well as manufacturing industries. All these are people we need; they are in the right employment categories. That means by the time they enter Hong Kong, they will be important asset for our companies and enterprises to make use of.

Of course we cannot be just complacent as it is just the start of the scheme, and we know the next challenge is while we have been very successful

in attracting talent into Hong Kong, we have to work even harder to keep them here in Hong Kong. This is also the comments earlier made by our distinguished panellists. Number one is housing. We have to provide the right housing to them. Education is another concern. These people are not just coming alone. Under every talent admission scheme, at the same time or afterwards, they can apply for their spouse as well as their dependent children to come to Hong Kong. While we are attracting talent, we also have an equally large number of dependents coming into Hong Kong. For those who have young children and kids, they have their education needs. On that front, we are providing facilitation to them.

One is through our dedicated website (www.hkengage.gov.hk). We are teaming up with a lot of education consultants to provide advice to them. And the second one is, for both international schools and also local schools, these children are welcome to be a part of our education systems. They are not just bringing in their talent, they are also bringing a lot of very young children into Hong Kong. So looking at high-income talent, I think we have to work hand in hand with you all. Through you, if possible, please just let us know what their very specific needs are, what we have to do to keep all these talents in Hong Kong. I think this is an evolving process – their needs will change, and we have to make sure that they feel at home here in Hong Kong and feel welcome. This is what we have to do. But at the same time, I just want to emphasise that outside talent is just complementary to our larger local talent pool. Hong Kong by far, what is most important to us is the very diverse and vast local talent pool we have. This is what makes Hong Kong what we are today.

We are going to invest heavily in our own local human capital, including very large investment we make every year in education, and also after they graduate, as they become a part of the workforce, how we make sure their skills remain relevant, how we will help them upgrade and upskill all these people in Hong Kong. Bear in mind, even by now, just around 40 per cent of workforce have post-secondary education. That means around 60 per cent of workforce are just having a secondary-or-below education. These tend to be the older ones, so we have to find a way to help them upskill themselves. Only by upskilling them, by enhancing their capabilities, then they will be able to find a better job, and to earn more. This is what I am going to do together with you all. I just want to make sure, while the theme of my speech today is over the attraction of outside talent, it must be seen against a backdrop of what is most important. The key part of the Government's policies is to make sure that we have a much larger and stronger local talent pool. This is what makes Hong Kong one of the most competitive places in the world.

Apart from talent attraction, one more thing I would like to share with you all is about the manpower projection. We have already started the exercise, and actually my colleagues have already shared what we are going to do with Lawrence and his team. This is what we believe a very important mapping exercise. If we want to know what kinds of talent we need, what are the skills we need, we have to have a big map about what Hong Kong will need as a whole – breaking down into different industries, different sectors, maybe by education levels. We have been conducting that kind of manpower

projection exercise for quite a long time, but it used to be at a very macro level, so while it has some sort of usefulness to the Government, but say for the trade, for the universities, or even for people on the street, they might not find it very useful because there is not a lot of granular breakdown.

This time round, when conducting this round of manpower projection exercise, we have adopted what we call a more enhanced methodology. What we want to do is to make it more granular, with more breakdown. Also, we hope to be more forward-looking. For this, we need the support from you all. What we want to do is, by the time we complete the exercise, apart from all the statistics, all the breakdown, we want to articulate through that exercise to the whole Hong Kong community: What are the jobs we expect them to come forward for in the years to come? What will be the most popular, the hottest jobs we need? I'll just give you an example, the ESG (Environment, Social and Governance). If we anticipated the need for more ESG experts, more ESG manpower several years ago, we could start the training much earlier. This is what we have in mind. If we can identify some of the areas – it could be AI, it could be ESG, it could be anything – just through you all, and then we can tell the whole community, these are the hottest jobs, and this is where the future will be. If your children are looking for education, if they have to decide where they want to go, these should be the areas they should dedicate themselves to in the future. This is more to shape people's behaviour. I think it's going to be very important. It cannot be 100 per cent science, but I think we can make the best use of focus groups, big data from the trade, and then we can just sit together and come up with hopefully a consensual view – these are the jobs that could be needed in the coming five years or so.

And for the manpower projection exercise, it won't be a one-off exercise. We will do it regularly, so I am not afraid of making a wrong projection because by doing it again and again, I think we are going to make it more precise and more accurate. But the key is, let's be a bit more aggressive, be more forward-looking, and make sure that after investing so much into the exercise, the outcome will be useful to the whole community, to the business sector, and also to the educators, so they can make use of the findings to plan what they want to offer to people. For young people, they can plan their future based on the findings of this exercise.

We have already started the sector-by-sector consultation. Our plan is to conclude the exercise in around the third quarter of next year. It is going to be huge as it covers 2.8 million jobs, 80 per cent of our total workforce. It is a lot of work so this is what we have in mind, and hopefully by early 2025, we will be able to publish it. This is what we have in mind, but this exercise is hugely important because this is going to be for us, as you said, this is going to be the blueprint, so we have a mapping blueprint and this is a collaborative exercise. I am sure with the support of the HKIHRM, we are going to complete the exercise with flying colours.

Ladies and gentlemen, given the uncertainties in the global environment and also as we have just been over the global pandemic, the change on societies in the world and also enterprises is going to be huge and far-

reaching. As a small and open economy, Hong Kong, we just have to be flexible and make sure that we are nimble enough to go forward despite all the uncertainties and challenges ahead of us. But I am sure what is most important to Hong Kong is in so far as we will be able to attract and to keep talent here in Hong Kong, we are going to succeed. Despite all the challenges and uncertainties, if Hong Kong remains the hub in this part of the world for talent, we are going to prosper and thrive. In particular, with "one country, two systems" in place, we all know this is a very unique one. We are the only unique city in our country that benefits from "one country, two systems".

Looking ahead, we look forward to working hand in hand with the whole community, and of course with the HKIHRM and all the enterprises here, to put Hong Kong once again on the growth path and to make sure that we will be as prosperous as before. With this remark, I would like to wish the HKIHRM every success in your annual conference and exhibition.

Thank you so much.