

Speech by SLW at Hong Kong Management Association Award for Excellence in Training and Development seminar (English only)

Following is the speech by the Secretary for Labour and Welfare, Dr Law Chi-kwong, at the Hong Kong Management Association Award for Excellence in Training and Development seminar today (June 26):

Anthony (Chairman of the Hong Kong Management Association Award for Excellence in Training and Development Organizing Committee 2018 and Regional Head of Learning, Asia Pacific, Human Resources, HSBC, Mr Anthony Rushton), Bianca (Member of the Hong Kong Management Association Award for Excellence in Training and Development Organizing Committee 2018 and Regional HR Head Asia of Hilti Asia, Ms Bianca Wong), ladies and gentlemen,

Thanks for the invitation to this event for the Award for Excellence in Training and Development 2018.

The Hong Kong Management Association has a long history in the promotion of training and development. As far as I remember, I had attended two training courses organised by the Hong Kong Management Association back in the 1970s – one was on critical path method and the other was on form design.

There are many human resource challenges that Hong Kong would be facing in the coming years. While there are both qualitative and quantitative challenges, I would like to take this opportunity of speaking to the leaders here on some of the quantitative challenges and how the private sector can help to face these challenges.

Manpower challenge

Owing to the low fertility rate in Hong Kong and the expected decrease in the number of new arrivals from the Mainland via the One-way Permits in the coming year, we are expecting a reduction in the labour force in Hong Kong in the near future.

A couple of years ago, the projected peak of labour supply would be in 2018 and then it would start to shrink.

Owing to the relative increase in wages in Hong Kong, the price effect has increased the supply of labour considerably, and the current projected peak of labour supply is postponed to 2022.

You all know that we have a very tight labour market with the unemployment rate at only 2.8 per cent. There is a possibility that the

unemployment rate will drop even further, though we are not very sure of the possible impact due to the imminent risk of a global trade war on its way.

If the tightness of the labour market continues, wage rates will continue to grow over and above their historical trend, and which in turn may also increase the supply in labour and will postpone the peak of labour supply even further beyond 2022, but it will not be very long before the labour force will eventually begin to come down.

We can tackle this quantitative issue of labour force on two fronts: one is on the extension of retirement and the other is on the reduction in the dropping out of the labour market. I will not talk about another politically sensitive issue today – importation of labour – though we are still doing it in a small scale in the Supplementary Labour Scheme, i.e. in terms of thousands, and in a much larger scale in foreign domestic helpers, i.e. in terms of hundreds of thousands. We have already close to 380,000 foreign domestic helpers already and I am expecting this to increase further to something around 600,000 in the next 30 years.

Extension of retirement

In the past 40 years, our average life expectancy has increased by 10 years. In 1978, it was 74 and now it is 84. This trend will continue and I don't really know when we will reach an average life expectancy of 120 years old. One basic reason for the increase in average life expectancy is the improvement in health.

Most of our retirement policies are quite ancient. It was only a couple of years ago that the HKSAR Government had increased the retirement age from 60 to 65 for new recruits, and just recently extending it to all those recruited after 2000. The last time was 30 years ago back in 1987, extending from 55 to 60. The average life expectancy back in 1987 was 77. By 2017, I would say that we could have increased the retirement age to at least 67. Anyway, the HKSAR Government has just increased it to 65.

What I would like to ask the private sector to consider is:

Please take a look at the current retirement policy of your company. If your company still has a retirement age, please see how long it has not been changed and whether the time to extend the retirement age has come.

Furthermore, please consider if your company can have a re-employment policy and how job design and flexible human resource management practices can help to maximise the contribution of the human resources of these retired colleagues.

If your company does not have a formal retirement age, then better keep it this way.

Reduction in the dropping out from the labour market

The most common reason for dropping out from the labour market is child rearing after the birth of the first or second child.

In recent years, it is becoming more and more common for senior colleagues to retire early for the reason of taking care of their parents or even spouse.

What the Government will do to reduce this dropping out from the labour market includes the increase in statutory maternity leave; the increase in child care facilities, particularly for those aged 0 to 3; and the increase in elderly home and community care services.

Policy research and evaluation in other places has clearly shown that the increase in maternity leave will reduce the dropping out from the labour market. Unfortunately, in Hong Kong, we have only 10 weeks of statutory maternity leave. Another problem we have in Hong Kong is that all these statutory leaves (no matter sick leave, maternity leave or paternity leave) are all paid by the employers. In many other developed parts of the world, most of these leaves are financed by some kind of social labour insurance. We do not have such a system and it is probably too late for us to do so. Yet, the 10 weeks of statutory maternity leave in Hong Kong is well below international standard and is lower than the 14 weeks recommended by the International Labour Organization. We are currently studying the possibility of extending the statutory maternity leave to 14 weeks with the Government financing the additional four weeks. We hope that we can come out with a clear position before the end of this year.

However, statutory maternity leave is just the minimum. I would always hope that the private sector can provide better terms to keep their staff.

As for the issue of child care facilities, there is no debate that we do have a very acute shortage, particularly for those aged 0 to 3. We are still keeping our child care policies in the 1970s and 1980s. Back in those days, the Hong Kong Government believed that parents should bear the full responsibility of looking after their children. While I still believe that the primary responsibility still rests with the parents, there is some kind of shared responsibility between the parents and the community. It takes a village or perhaps a whole city to raise a child. I would also say that this shared responsibility of raising a child between the parents and the society will gradually shift in the years to come, more and more to a balanced position between the society and the parents.

To increase our child care facilities is a bit late now but it is never too late.

For home and community care services for our elderly, we still have a long waiting list and it is the aim of the present administration to increase the supply of services so as to reduce the waiting time to zero in the long run.

For the private sector, there are a few things that can be done:

For big companies, do seriously consider the possibility of setting up either child care or elderly day care centres in your office buildings.

For all companies, do seriously consider implementing more family friendly policies to enable your staff to take care of their dependent family members.

I have heard the complaints from employers in most industries about the difficulty of recruitment. Everyone is trying to attract the younger generation to join their industry. I would say yes and we should all try very hard, but this is a zero sum game and after all there are fewer and fewer young people in Hong Kong anyway. Let's work together to see how we can retain our female and senior labour force in the market.

Thank you.