

**The Chartered
Institute of Logistics
and Transport**

22nd February 2014

By post and email

Secretariat of the Steering Committee on Population Policy,
26/F, Central Government Offices,
2 Tim Mei Avenue,
Tarmar, Hong Kong

Dear Sir,

Public Engagement on Population Policy

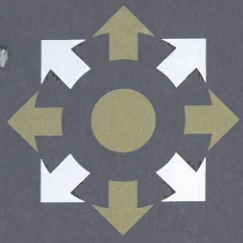
The Chartered Institute of Logistics and Transport in Hong Kong (CILTHK) is the professional body for those engaged in various sectors of transport and logistics, including air, sea and land, for both passengers and freight transportation. Currently, the membership of CILTHK is around 1,800 and broadly ranges from experienced senior managers to junior staff in the industries of shipping, logistics, airline, railway, road, public transport, government, educational institutes and consultancy. Without exception, manpower shortage is one of the problems faced by the logistics and transport industries in Hong Kong. Taking the opportunity of the public engagement on Population Policy, CILTHK would like to contribute towards this important issue of Hong Kong.

CILTHK predicted that manpower shortages would likely become increasingly acute in the sector due to the ageing population, growing manpower requirement and untapped labour force. The situation would deteriorate as a result of some logistics companies' drawing on the Hong Kong skills pool for building their Mainland businesses. In addition, the staff employment, in particular for frontline operation, could be adversely affected by the low unemployment rate, increasing statutory minimum wages and possible enactment of standard working hours.

To address the problems, CILTHK had made a submission to the Secretary for Labour and Welfare in June last year. For easy reference, a copy of the submission is attached. In the submission, CILTHK proposed, among others, the following measures for improving the situation.

General

- To review the comprehensive social security assistance scheme with a view to introducing measures for encouraging unemployed yet capable workers to return to the employment market
- To encourage people who have reached the age of retirement yet still being employable to continue working



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Regulation and control

- To review, ascertain and predict manpower shortages at all levels periodically
- To influence through the economic mechanism for efficient manpower redistribution
- To optimise operating environment thus improving operators' affordability on staff remuneration
- To consider importing labour as and when warranted

Education and training

- To intensify training policies so as to deepen and strengthen logistics manpower pool
- To encourage learning through academic, vocational and continuing educations
- To enhance, refine and promote the Qualification Framework
- To ensure timely introduction of training courses so as to suit different skills in particular those taking specialised functions
- To promote vocational rehabilitation and retraining for workers to improving productivity and meeting changing operational environment

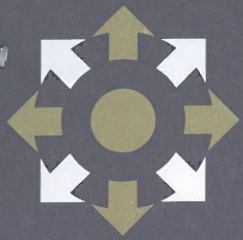
Fiscal measures

- To allocate adequate funding for training of logistics workers similar to the support given by the Government to the construction industry
- To ensure balanced fund allocation for manpower training across the board
- To offer incentive scheme including vocational development programs for unemployed workers to join the logistics industry
- To provide financial support for overseas studies where appropriate
- To offer subsidies like the travel allowance etc. to attract public members to work at the more remote areas

In a way, the proposed measures are in line with some of the measures proposed for managing the population challenges in P. 10 of the Report on Population Policy i.e.

- Increasing the quantity of the labour force by removing the barriers to work and drawing more people into the labour market
- Enhancing the quality of the labour force by improving education and training and minimising skills mismatch
- Building up Hong Kong's human capital with a more proactive policy and targeted approach to attract more talent from overseas and the Mainland without jeopardising the interests of local workers

For short term relief, CILTHK considers that the encouragement for non-workers and retirees with capability for employment the more effective approach. In addition, measures should be developed so as to improving the competitiveness of local employments and reinforcing the sense of belonging of local workers.



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While importation of labour is politically controversial, continual efforts should be made to consider the broader picture. On the one hand, the sectors should be carefully selected for fulfilling the requirement of publicly recognised needs of urgent relief of labour shortage. On the other hand, the barriers for doing so, like the terms and conditions should remain reasonable so as to make the measure operationally and financially feasible.

As a long term strategy, CILTHK supports the proposal to raise birth rate and measures to remove barriers to childbearing and assist care-giving responsibility of families by government and community efforts.

In recognition of the contributions made by the senior citizens, CILTHK also supports the proposal to tap the valuable pool of elderly resources to create new impetus to the economic and social development of our community through building an age-friendly environment, promoting active ageing and developing the silver hair market.

We hope that the above comments are useful for considering the way ahead.

Yours sincerely,

Prof Becky Loo
President

The Chartered Institute of Logistics and Transport in Hong Kong

Encl: CILTHK's former submission to Secretary for Labour & Welfare dated 20th June 2013

20th June 2013

Mr. Cheung Kin Chung, Matthew, GBS, JP
Secretary for Labour & Welfare
10/F, West Wing
Central Government Offices
2 Tim Mei Avenue
Tamar
Hong Kong

7/F Yue Hing Building
103 Hennessy Road
Wanchai Hong Kong

Dear Mr. Cheung,

Manpower Problems of Logistics Industry in Hong Kong

Projection of Population Distribution

According to the "Projection of Population Distribution (2013-2021)" published by the Planning Department, the population with age 65 or above will increase significantly. On the other hand, the population with between 15 and 64 will remain stable.

Year	Broad age group			
	0-14	15-64	65+	Total
2011	823400	5305700	941200	7070400
2021	880700	5330400	1450700	7661800
Change	57300	24700	509500	591400
	7%	0%	54%	8%

From the projection, it shows that the working population will remain stable without any significant increase.

Manpower Requirement Projection

According to the report on "Manpower Requirement Projection to 2018 by Economic Sector" published by the Census and Statistics Department, the overall manpower requirement, covering employed Hong Kong Resident Population but excluding foreign domestic helpers, is projected to grow over the medium term, from 3.28 million in 2010 to 3.60 million in 2018. This represents a net increase of 311 800 persons or an average annual growth rate of 1.1% between 2010 and 2018. This is mainly attributable to:

- Growth in various facets of the economy, such as financial services, professional services and tourism
- Further development of information technology and e-commerce in the economy
- Economic recovery from the global financial tsunami
- Implementation of large-scale infrastructure and development projects

With regard to the manpower requirement for **"transportation, storage, postal and courier services"**, it is projected to grow at an average annual growth rate of 0.9% from 2010 to 2018. More details are shown in the following table:

Industry group	Employment		Change	
	2010	2018	2018 / 2010	Annual growth
Freight transport	167800	178100	6.1	0.7
Miscellaneous transport services	128800	144000	11.8	1.4
Warehousing storage	6400	7800	21.8	2.5
Postal and courier	18300	15900	-12.8	-1.7
Total	321300	345800	7.6	0.9

While the increasing direct sourcing and shipment from/to the Mainland with further development of Mainland's ports will have impact on our freight transportation services, the competitive edges of Hong Kong's air transport services, the continuous improvement in transportation network and infrastructure as well as the demand originating from the Pan-Pearl River Delta region will still provide growth momentum to the manpower requirement of the sector as a whole.

Wastage Rate

According to the "Transport Logistics Industry Manpower Survey Report 2010" published by the Vocational Training Council, the trend of the wastage rate was calculated to be 2.98%. Yet, it was found that some of those workers who departed took up another job or started their own business again in the logistics industry.

Future Challenges

Due to the aging population, growing manpower requirement and continual wastage, it is apparent that manpower shortages are likely to become increasingly acute in the sector, in particular that logistics companies building Mainland businesses would draw on the Hong Kong skills pool to facilitate this growth. The staff employment, in particular for frontline operation, could be adversely affected by the low unemployment rate, increasing statutory minimum wages and possible enactment of standard working hours. On the other hand, the increasing popularity of e-logistics and e-commerce could help to streamline the processes and reduce the manpower requirement. Yet, on balance, the manpower shortage problem is expected to deteriorate. Ultimately, this would lead to an increase in the operating costs and hamper the competitiveness of the logistics industry in Hong Kong.

Proposed Improvement Measures

There is a need to tackle the problem of manpower shortage through a concerted effort by different stakeholders. It is important that the Government could take the lead while the other concerned parties to render their support as and when required. In general, measures for improve operating efficiency, job attractiveness, staff capability and manpower availability etc. can be effective in relieving manpower shortage problems. The following are some suggestions

General

- To review the comprehensive social security assistance scheme with a view to introducing measures for encouraging unemployed yet capable workers to return to the employment market
- To encourage people who have reached the age of retirement yet still being employable to continue working

Logistics industry specific

Regulation and control

- To review, ascertain and predict manpower shortages at all levels periodically
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Efficiency and effectiveness

- To promote advanced technological applications in place of labour intensive operations
- To encourage productivity enhancement through operating system revamp
- To support the pursue of mechanization and automation

Education and training

- To intensify training policies so as to deepen and strengthen logistics manpower pool
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Fiscal measures

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Public propaganda

- To promote image of logistics industry
- To alleviate the general public's resistance with a view to encouraging them to join the industry

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We hope these comments are useful as you consider the way ahead.

Yours sincerely,



Prof Becky Loo
President
The Chartered Institute of Logistics and Transport in Hong Kong

cc: Mr Tsang Chun Wah, John, GBM, JP, Financial Secretary
Prof Anthony Cheung, GBS, JP, Secretary for Transport and Housing
Hon. Frankie Yick Chi Ming, Legislative Councillor
Ms Tse Ting Ting, Anny, Chairlady of Transport Logistics Training Board
Ir Dr Ho Chi Shing, David, Chairperson of Logistics Industry Training Advisory Committee

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