



The Chartered
Institute of
Management
Accountants®

1 June 2021

Mrs Carrie Lam, GBM, GBS
Chief Executive
The Government of the Hong Kong Special Administrative Region
Central Government Offices
2 Tim Mei Avenue
Tamar, Hong Kong
Via email ceo@ceo.gov.hk

Dear Mrs Lam,

Suggestions to Improve Employment in Hong Kong

We are writing to you from the Association of International Certified Professional Accountants, regarding economic recovery and increasing employment in Hong Kong.

The Association of International Certified Professional Accountants® (the Association), representing AICPA® & CIMA®, advances the global accounting and finance profession through its work on behalf of 696,000 AICPA and CIMA members, students and engaged professionals in 192 countries and territories. Together, we are the worldwide leader on public and management accounting issues through advocacy, support for the CPA license and specialised credentials, professional education and thought leadership. We build trust by empowering our members and engaged professionals with the knowledge and opportunities to be leaders in broadening prosperity for a more inclusive, sustainable and resilient future.

The American Institute of CPAs® (AICPA), the world's largest member association representing the CPA profession, sets ethical standards for its members and U.S. auditing standards for private companies, not-for-profit organisations, and federal, state and local governments. It also develops and grades the Uniform CPA Examination and builds the pipeline of future talent for the public accounting profession.

The Chartered Institute of Management Accountants® (CIMA) is the world's leading and largest professional body of management accountants. CIMA works closely with employers and sponsors leading-edge research, constantly updating its professional qualification and professional experience requirements to ensure it remains the employer's choice when recruiting financially trained business leaders.

Our members work across all sectors and businesses of all sizes and have spoken to us about the challenges they are facing in securing the businesses financial security and keeping cashflow going within the business and thus the wider economy. They are advising their businesses and clients right now on actions to take to deal with the ongoing effects of Coronavirus and on how keep their businesses both viable and profitable.

Firstly, we would like to congratulate the Hong Kong government on their fast response to creating strong economic stimulus packages. We would also like to commend the government for continuing to evolve the packages as new data emerges. This flexibility is much appreciated by business.

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After consultation with our members in Hong Kong, we have some suggestions for your consideration with regards to how the ongoing employment stimulus package could be changed to support more businesses and create more employment.

We believe that to drive productivity businesses need to have a workforce that is continuously improving their skills. As part of any proposals to improve productivity and skills in Hong Kong we urge the government to consider how upskilling and reskilling the labour force can be part of future measures of support for businesses and the economy.

1 Cost pressure – Introduce a plan to support employment and adaption of new technology

Many businesses have increasing pressure to reduce their cost base. One of the mechanisms that they turn to, is increased mechanisation and automation and the expense of increased headcount and labour. This puts lower skilled jobs at risk. Higher skills levels will be required to work in a more technology driven environment. We would welcome the government introducing a plan across all sectors for how to support employment while businesses drive their business to be more profitable and productive by use of new and emerging technologies.

The cost of introducing new technology and processes is usual upfront and can be very high. Alongside a plan for supporting employment while businesses introduce new technology, we believe if the government could help support small businesses with these upfront costs it would mean more Hong Kong businesses would invest in new technology and become more competitive. One way this could be achieved is by Government providing tax relief on SMEs adoption on new technology such as AI, automation, cloud computing and spending on cybersecurity to name a few.

2 Introduce Skilled and Professional Apprenticeships

We recommend that the government look to apprenticeship and traineeships schemes run by countries, with economies similar to Hong Kong's, such as the United Kingdom and United States. In these countries, apprenticeships and/or traineeships are beyond traditional trade apprenticeships and have been redesigned to include occupations and professions. They have proved a valuable resource for both companies and school leavers and graduates to access the labour market. The Hong Kong government should look to introduce such a programme which takes account of the market, economic and education system and structures here.

3 Reskilling for existing staff

Existing staff will need to reskill themselves in order to remain competitive and employable in the face of increasing technology and artificial intelligence changes. In order to promote staff and job retention we would suggest the government introduces tax incentives for companies who are retaining and investing in skills development. This could be through micro-credentialling.

Another way this could be achieved is by creating a Lifetime Skills Fund/Guarantee that post-graduation Hong Kong residents can use while they are of working age to fund retraining and upskilling. This could be funded by either tax breaks for employees or via a loan system where those who decide to use the fund have a top-up on their taxes to pay back what they have spent on skills training.



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This could also be achieved by modifying the Continuous Education Fund (CEF) that already exists in Hong Kong to motivate more people to engage in upskilling and reskilling training and education. One way this could be achieved through the CEF scheme is allowing for 100% claims through the scheme.

4 Support for women

Hong Kong has, like the rest of the world, from a gender disparity and research has shown that women have been disproportionately harder hit by the economic effects of Covid-19. We would recommend increased incentives to companies to employ and re/upskill female employees. Incentives into Science, Technology and Finance professions where there is already a shortage of senior women would make a huge difference.

We would be happy to have a call with you or your officials to discuss our suggestions and wider support for enterprise and businesses in Hong Kong to manage this crisis.

Thank you for your consideration.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Andrew Harding', with a stylized flourish at the end.

Andrew Harding FCMA, CGMA
General Secretary, Chartered Institute of Management Accountants (CIMA)

Cc

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Mr. Paul CHAN Mo-po, GBM, GBS, MH, JP
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