



To: Mr Keith Newton, Secretary General, CILT International
From: Ir Dr Vincent Fong, President, CILT Hong Kong
Date: 21st December 2020

Dear Keith,

Background

In line with the CILT International objectives for attracting more young members to join the Institute, CILT Hong Kong (CILTHK) has been exploring and executing various measures to boost the number of student membership since 2014.

In the last meeting among you, Joseph and Harriet on discussion of the international membership administration, Joseph had voiced out a request on behalf of CILT Hong Kong to exclude the number of Student Members in the calculation of the Annual Fee payable to CILT International. We now would like to detail a formal submission as appended for the consideration of the Council of Trustees.

Measures taken

The first move of CILTHK Council adopted was a waiver on membership application fee on 1st Oct 2014 resulting more than a double of new applications were received in 2014/2015 as compared with previous year. However, it was only 3% of total students (the average number is around 2500 in total) joined our Student Membership, reflecting that the waiver of membership application fee is sensible but the main hurdle for recruitment of Student Members is the Membership Fee.

CILTHK had further explored the business model adopted by other Territorial Organisations through introducing CILT recruitment programme to enrol Student Members and to collect membership fees from their tuition fees. However, as advised by some course organisers, it is legally impossible to levy the student membership fee as part of the tuition fee. In addition, as there are 12 universities/tertiary academic institutions offering 27 accredited degree and sub-degree accredited courses in Hong Kong, the offering of CILT certificate courses is **less attractive and difficult for implementation under the Hong Kong context**. Hence, it is a non-starter for CILTHK to adopt the above business model.

As a sustainable and growing organisation¹, it is important to attract more new blood who are important and essential for the healthy growth and future development of the Institute. Having reviewed the result of our first move and in view of the importance for securing more students to join the Institute even at time when pursuing their professional study, a total FREE Student Membership Scheme had been introduced since 1st Oct 2017 for those

¹ In fact, the CILTHK has been facing an ageing profile in our membership with an average age of our membership stands at 51 years of age.



students taking up CILT/CILTHK accredited programmes in Hong Kong and thus there is a steady growth of student member as detailed in the Table 1 below:

Table 1: Membership number by year by membership grade from 2014 - 2020

| Mem Grade | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| OM | 28 | 31 | 30 | 33 | 33 | 35 |
| FCILT | 112 | 127 | 138 | 137 | 145 | 142 |
| CMILT | 1,041 | 1,037 | 1,021 | 1,021 | 1,006 | 963 |
| MILT | 296 | 289 | 271 | 258 | 237 | 214 |
| Affiliate | 132 | 133 | 142 | 137 | 123 | 117 |
| Grad Mem | 21 | 19 | 18 | 18 | 27 | 28 |
| Student | 104 | 104 | 162 | 352 | 318 | 367 |
| TOTAL | 1,734 | 1,740 | 1,782 | 1,956 | 1,889 | 1,866 |

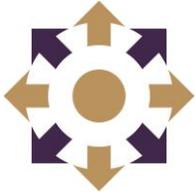
Financial Analysis

Admittedly, heavy subsidy² to Student Members will be incurred under the Free Student Membership Scheme given the average cost per member is about HK\$1,300/130 sterling pounds (i.e. HK\$477,100/ 47,710 sterling pounds for 367 students in 2020). But CILTHK has decided to go ahead of the Scheme to attract more Student Members. In 2015, a further revenue generating measure was introduced to charge course organisers the accreditation fees for programmes under the CILTHK accreditation system but the average annual accreditation income is in the region of HK\$50,000/5,000 sterling pounds per year which could barely cover the revenue foregone as a result of the waiver of Student Membership Fee but is far less enough to cover the cost of providing services to Student Members as well as the payment of the Annual Fee. Details of revenue foregone and the accreditation income are shown in table 2 below:

Table 2: Accreditation Fee Income versus Revenue Foregone and Annual Cost

| Year | Accreditation Fee Income | Number of Student Member | Revenue foregone as a result of free student membership scheme | | Annual cost per student member (HK\$1,300) |
|------|--------------------------|--------------------------|--|----------------------|--|
| | | | Application Fee: @HK\$150 | Annual Fee: @HK\$120 | |
| 2014 | Nil | 80 | HK\$12,000 | HK\$9,600 | HK\$104,000 |
| 2015 | HK\$10,000 | 104 | HK\$15,600 | HK\$12,480 | HK\$135,200 |
| 2016 | HK\$18,000 | 104 | HK\$15,600 | HK\$12,480 | HK\$135,200 |
| 2017 | HK\$159,000 | 162 | HK\$24,300 | HK\$19,440 | HK\$210,600 |
| 2018 | HK\$18,000 | 352 | HK\$52,800 | HK\$42,240 | HK\$457,600 |
| 2019 | HK\$54,366 | 318 | HK\$47,700 | HK\$38,160 | HK\$413,400 |
| 2020 | HK\$49,366 | 367 | HK\$55,050 | HK\$44,040 | HK\$477,100 |

² The average cost per member is about \$HK1,300 and the total subsidy to student member is in the region of HK\$477,100 or 47,710 sterling pounds.



**The Chartered
Institute of Logistics
and Transport**

Suffering by CILTHK in 2020

= Accreditation Fee Income - Foregone from Student Membership (Service Fee for Student Members, Member Fees and Admission Fees for Student Members and Annual Fee payable for Student Membership)

HK\$49,366 - HK\$1,300 x 367 - HK\$150 x 367 - HK\$120 x 367

= **HK\$526,824/ 52,682 sterling pounds**

Our proposal

The Council of CILTHK believes that it is an effective measure to attract young students to join CILTHK by offering Free Student Membership as demonstrated by the past recruitment results. In fact, the need of recruiting more young members is our response to the appeal from CILT International. However, the main financial income of CILTHK is from Membership Fees. It is a substantial burden for CILTHK to paying Annual (Capitation) Fee on our Members to CILT International amounting HK\$69,753 (6,975 sterling pounds) while we offer free membership to our Student Members. Especially, during current economic environment, our other sources of income, like donation or sponsorship from the Industry are minimal if not impossible. In accordance with to the latest annual invoice from CILT International, we are required to pay £1,291.84 on the current number of 367 Student Members. The economic environment caused by the COVID-19 has driven a very high unemployment rate in Hong Kong, we worry some of our Members will be unable to pay their membership fees in the near future which will further worsen the financial position of CILTHK. We thus would like to request the kind consideration of the Council of Trustees for waiving the part of CILTHK Annual Fee in relation to our Student Members. Your approval from the Council of the Trustees will be of great help for the healthy growth of CILTHK and its Members, especially the young Members!

Regards,

Ir Dr Vincent Fong
President, CILTHK