



6 September 2023

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**Chief Executive**

Office of the Chief Executive  
Hong Kong Special Administrative Region  
People's Republic of China  
Tamar, Hong Kong

**The Australian Chamber of Commerce in Hong Kong**  
**2023-24 Policy Address Submission**

The Australian Chamber of Commerce in Hong Kong (AustCham) welcomes the opportunity to make the following submission.

This year our theme is **Restore Hong Kong** and we look forward to working with the Hong Kong Government to uphold Hong Kong as a preferred destination for international business, investment and talent.

Our submission makes recommendations across five (5) areas:

1. Restoring Confidence and Increasing Competitiveness of Hong Kong as an International Financial Centre and Global Business Hub
2. Attracting Business, Investment, and Talent to Hong Kong
3. Progressive Development for a Sustainable and Liveable city
4. Promoting the Benefits of the Greater Bay Area for International Business
5. Developing Hong Kong as an Innovation and Technology Hub

AustCham welcomes the opportunity to work with the Hong Kong Government in the development and roll out of initiatives arising from the 2023 Policy Address.

Yours sincerely

**Josephine Orgill**  
**Chair**



cc:

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Financial Secretary, Mr Paul Chan, GBM, GBS, MH, JP

Secretary for Culture, Sports and Tourism, Mr Kevin Yeung, GBS, JP

Secretary for Constitutional and Mainland Affairs, Mr Erick Tsang Kwok-wai, GBS, IDSM, JP

Secretary for Financial Services and the Treasury, Mr Christopher Hui, GBS, JP

Secretary for Culture, Sports and Tourism, Mr Kevin Yeung, GBS, JP

Secretary for Constitutional and Mainland Affairs, Mr Erick Tsang Kwok-wai, GBS, IDSM, JP

Secretary for Financial Services and the Treasury, Mr Christopher Hui, GBS, JP

Secretary for Security, Mr Tang Ping-keung, GBS, PDSM, JP

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Secretary for Transport and Logistics, Mr Lam Sai-hung, GBS, JP

Secretary for Development, Ms Bernadette Linn, JP

Secretary for Housing, Ms Winnie Ho, JP

Secretary for the Civil Service, Mrs Ingrid Yeung, JP

Secretary for Education, Dr Choi Yuk-lin, JP

Secretary for Innovation, Technology and Industry, Professor Sun Dong, JP

Secretary for Home and Youth Affairs, Miss Alice Mak, SBS, JP

Secretary for Labour and Welfare, Mr Chris Sun, JP



**Submission to the 2023 Chief Executive's Policy Address**

**by**

**The Australian Chamber of Commerce in Hong Kong**

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## 1 Restoring Confidence and Increasing Competitiveness of Hong Kong as an International Financial Centre and Global Business Hub

Hong Kong enjoys unique advantages as an IFC and global business hub. These include its proximity to China, free and open markets, ease of establishing and doing business, and strong financial and services sectors.

Hong Kong's role as gateway to China provides not just opportunity for international business but also important capital flows into the Mainland economy. Hong Kong must provide an environment that attracts and regulates to support these capital flows, with transparency, integrity and application of international standards in all aspects of the ecosystem.

The international reputation of Hong Kong has been negatively impacted over the past four years. This is due to multiple factors, including the 2019 social unrest, subsequent implementation of the National Security Law, the prolonged Covid-19 pandemic restrictions, and the slow return of airline capacity.

These combined factors have significantly impacted the ability of Hong Kong to act as a global business hub.

Hong Kong must focus its efforts on reinforcing the benefits to business of the unique status enjoyed under "One Country, Two Systems". A greater substantive emphasis on Hong Kong's independent judiciary, rule of law and well established legal and regulatory frameworks remain critical. Retaining Hong Kong's competitive tax framework will also remain key to maintaining its position as an IFC.

AustCham recommends the Government make the following measures to regain confidence of the international business community.



## 1.1 Improve Brand Hong Kong

- 1.1.1 Develop more targeted marketing campaigns to attract foreign investment and promote the OASES, InvestHK and Talent Attraction programmes.
- 1.1.2 Improve the international understanding of the differences between Hong Kong and Mainland China’s foreign business and investment regulations.
- 1.1.3 Focus messaging on Hong Kong’s character as an international centre, in addition to its role as a gateway to China and Chinese businesses. This should include the benefits to Hong Kong from its diverse investment and business character, free and open markets and the ease with which international business can be established and operate in Hong Kong.
- 1.1.4 Provide detail to international business on the operation and scope of the National Security Law. Upholding the integrity of Hong Kong’s rule of law and ensuring commercial judgements remain impartial to the operation of the National Security Law is critical to international investor and business confidence in Hong Kong. Impact to personal freedoms needs to be better understood, particularly for attracting the best talent.
- 1.1.5 Promote with bold messaging the practical operation of the “One Country, Two Systems” framework, highlighting key differences between Mainland China and Hong Kong, and benefits to international business, in areas such as capital controls, data regulation, digital assets and rule of law.
- 1.1.6 Promote and secure Hong Kong government and business leaders speaking roles at large scale international business forums to showcase Hong Kong opportunities and share on-ground insights on doing business in Hong Kong.
- 1.1.7 Rebuild Hong Kong’s international connectivity by strengthening support for Hong Kong’s aviation sector, with a focus on improving accessibility to Asia and China from long-haul destinations.
- 1.1.8 Strengthen the “Open for Business” messaging internationally to ensure for digital assets and related businesses.
- 1.1.9 Pursue further opportunities to attract businesses in FinTech, Digital Assets and Blockchain to strengthen status as a financial hub.**



## **1.2 Maintain a Level Playing Field**

- 1.2.1 Ensure the principle of commercial fairness and concept of “level playing field” are maintained through the government’s own contracting and purchasing activities. For example, the requirement that a bank offering guarantees for major projects be incorporated in Hong Kong excludes international banks from participating in this area of business.
- 1.2.2 In infrastructure and construction development, encouraging international leadership and participation by focusing on quality outcomes, internationally-leading results and not solely price-driven decision-making.

## **1.3 Protect the International Standing of Hong Kong’s Financial System**

- 1.3.1 Adopting standards for risk management in areas such as AML and sanctions that reflect risk exposure and compliance requirements encountered by international businesses (vs local or China-based business).
- 1.3.2 Increasing scrutiny and regulation of non-banking private credit, lending and funds to protect from failure of non-banking actors and contagion in the wider financial ecosystem.

## **1.4 Deliver Incentives to Support Further Growth**

- 1.4.1 Increase incentives for international (non-China) businesses to locate/relocate their Asia Regional Head Quarters in Hong Kong and address pandemic-era talent loss.
- 1.4.2 Building on tax concessions already issued, the Government can go further to introduce incentives to grow the financial market. Tax concessions have been a positive step. More clarity is required on the application of tax concessions.
- 1.4.3 Provide more details on the eight measures announced to attract family offices to develop the ecosystem of family offices.
- 1.4.4 Capital Investment Scheme – this should be extended to fintech, life sciences, logistics in GBA to align with other development strategies.



- 1.4.5 Development of HK as a global philanthropic centre – we appreciate the government commitment to enhancing the process for charity status but more incentives are required in this area to encourage charitable giving, such as relaxing the deduction cap for donations made by family offices to help support charitable giving.
- 1.4.6 Asset Management sector – the current tax rules are not favourable for investing into private bonds. Tax incentives would support IFC status.

## 2 Attracting business, investment, and talent to Hong Kong

AustCham acknowledges the damage to Hong Kong’s reputation in the international business community as a safe, transparent, and commercial place to do business.

We recognise the efforts of the Hong Kong government in embarking on trade missions and investment promotion visits internationally.

Hong Kong’s unique offering for business remains a compelling opportunity and must be promoted to ensure it continues to build on its traditional strengths while forging a new path into the future.

Talent remains a critical issue restricting growth aspirations. Diversity of local and international talent has long been Hong Kong’s strength and a unique position attractive to international business. The Government must ensure talent attraction programs attract diversity in applications, including country of origin.

Based on feedback from our members and international stakeholders, we offer the following recommendations to further enhance Hong Kong’s business, investment and talent attraction efforts.



## **2.1 Collaborate to Promote Hong Kong's Benefits Internationally**

2.1.1 Focus on the foundations of Hong Kong's benefits for business and career. We recommend a sophisticated communications campaign that works in collaboration with international business to regain global confidence in the city.

2.1.2 Work with Chambers of Commerce and other bodies to invite and host international government, university and industry delegations to visit the city, as well as engaging in proactive outreach to universities and their alumni in home countries

## **2.2 Establish an Economic Development Board**

2.2.1 Consider the development of an economic development board as a 'one-stop-shop' to promote and facilitate business looking to expand into Hong Kong, as well as devise new business and investment attraction schemes that provide tangible and immediate impact for new business.



## **2.3 Support Hong Kong's Development as an International Destination for Food, Arts, Tourism, Sports and Culture**

- 2.3.1 Form a dedicated taskforce to create a strategic plan for optimally leveraging Hong Kong's world class facilities, including attraction of large-scale international sporting events with broad international appeal (such as football, soccer, athletics, tennis, golf etc, to bring diverse international visitation to Hong Kong and lift its international recognition and standing.
- 2.3.2 Focus future tourism promotion programs on the uniquely Hong Kong food and beverage experiences, including its international restaurant and bar business.
- 2.3.3 Comprehensively review outdoor dining regulations to support the development of an alfresco/curbside/outdoor dining, drink and entertainment experience.

## **2.4 Pursue Talent Attraction Across Priority Industries**

- 2.4.1 Convene a talent planning taskforce in consultation with business to address Hong Kong's workforce planning, talent pipeline needs and to address gaps.
- 2.4.2 Promote Hong Kong's talent needs internationally, with a focus on target industries poised for growth and Hong Kong's competitive advantage in accessibility to schools, quality of life, and safety (for example).
- 2.4.3 Expand the working holiday visa term and criteria to enable more entrants to support the Food and Beverage industry.
- 2.4.4 Give priority focus on talent programs for general labour and high-level technical skills that draw from diverse international markets, in particular to support Hong Kong's pipeline of construction and infrastructure projects, lean into traditional areas of strength such as financial services, and support areas of aspirational growth - fintech, digital assets, innovation and technology sector, sustainability and green finance.



- 2.4.5 Consider funding schemes through organisations such as Chambers of Commerce to promote study opportunities and post-graduation visa schemes in international home markets
- 2.4.6 Focus on schemes and subsidies to attract Hong Kong students studying in overseas markets, like Australia. These could include housing or rental incentives to ease the cost of living.
- 2.4.7 Provide tax incentives specific to Australian citizens that can assist with minimising any Double Tax implications and retain talent.
- 2.4.8 Invest further in technology education programs, to support career change and retraining.
- 2.4.9 Consider government partnerships with financial services companies, offering management trainee and fresh graduate programs with a career guarantee.
- 2.4.10 Develop local talent pipelines by supporting collaborations between international education providers in Hong Kong (international schools) and local universities.

### 3 Progressive Development for a Sustainable and Liveable city

AustCham welcomes the Hong Kong Government's commitment to carbon neutrality by 2050. ESG and Sustainability are important drivers of growth internationally, while at the same time presenting challenges and opportunities as the transition to net zero progresses. Partnerships between business and government will be critical to ensuring sustainability goals and net zero aspirations are achieved.

We support the development of clear plans for business, government, and community sectors to contribute to and achieve this goal. Many businesses worldwide have made a commitment to adopting ESG standards and committing to net zero carbon emissions. The development of ESG standards for business and government by sector, as well as a transition plan to net zero developed in consultation with industry, will enable business to be an active contributor to solutions in this space.

The development of the Northern Metropolis area has the potential to radically transform the city, addressing the long-standing issue of housing shortages and unlocking new commercial opportunities. As a long-term development precinct, it also provides a unique





opportunity for Hong Kong to implement green and sustainable infrastructure, and pursue the city's net zero agenda.

Quality management leads to improved built environment, business and community outcomes. The focus on quality management within the Hong Kong construction industry has increased in recent years with key industry stakeholders actively engaged in the review of current practices and the development of improvement initiatives.

This adoption of quality practices across the Hong Kong construction industry can only result in improved built environment outcomes when all developers, including government, prioritises quality in the tendering and contracting process.

AustCham has received concerning reports of international companies leaving Hong Kong or significantly downsizing their presence. Much of Hong Kong's iconic skyline was developed in partnership with international expertise over many years. Hong Kong's future development can benefit significantly from the continued involvement of internationally-experienced construction, design and property companies. AustCham urges the government to ensure a level playing field when undertaking tendering and contracting processes for public infrastructure and development. Hong Kong has the opportunity to both import and export innovation and best practice when international involvement is strong.

Hong Kong has the opportunity to position itself as the leading construction and infrastructure hub for Asia Pacific and potentially globally – capturing the full range of social, economic and environmental development opportunities for our citizens for many years to come. However, greater resources and efforts are needed to accelerate the implementation of Construction 2.0 initiatives across its three pillars: Innovation, Professionalism, Revitalisation.



### **3.1 Develop Net Zero Roadmaps and Transition Plans across Hong Kong Industry**

3.1.1 Create a framework to support the development of transition finance for business.

3.1.2 Develop a roadmap for the introduction of e-taxis and electric vehicles, including clarity on the infrastructure required to support the rollout of e-vehicles.

3.1.3 Develop future talent plans linked to Net Zero and Transition Roadmaps, with clear signposts for ESG / sustainable talent needs.

3.1.4 Provide guidance for SME's on how to comply with ESG requirements. This should include incentives, subsidies, and better understanding of which subsidies/access to financial support for SME's.

**3.2 Clarify the Hong Kong government's link with the national policies on carbon neutrality and net zero to strengthen confidence.**

**3.3 Prioritise driving waste reduction and to make a serious and urgent commitment to accelerating and promoting critical recycling initiatives, including for property renovation waste.**

**3.4 Pursue quality in construction and infrastructure to improve Hong Kong's built environment.**

3.4.1 Continue to work with industry to build on the cornerstones of quality management – leadership and culture; innovation and technology; systems and solutions; pride and professionalism – to meet the future needs and challenges for Hong Kong's built environment delivery.

3.4.2 Further embrace digital design and construction – BIM, project management, site supervision, data analytics, AI, mega-project data feedback loops for lessons learned and implementing initiatives that encourage greater levels of construction research & development in Hong Kong;

3.4.3 Ensure modern methods of construction including DfMA and MiC – in particular are a mandatory feature of major high-profile public sector construction projects going forward and incentivise project tenderers to embed this into their design and construction methodologies through more progressive procurement methodologies.

3.4.4 Increase emphasis around consistent safety policy and practice – particularly on small to medium size projects where data transparency around site performance is mixed.

3.4.5 Increase efforts to channel graduates into the workforce and closer alignment with tertiary institutions to attract people into STEM related educational courses and programs that feed construction and infrastructure employment.

**3.5 In public sector infrastructure and construction development, encourage international leadership and participation by focusing on quality outcomes, internationally-leading results and not just price-driven decision-making.**

3.5.1 Develop a centralised coordination office or processes for public sector infrastructure and development tendering and contracting, similar to those in other jurisdictions.

3.5.2 Promote quality outcomes as a differentiator in assessing public sector infrastructure and development projects.



- 3.5.3 Ensure an equal playing field and transparency in decision making for public sector infrastructure and development projects.
- 3.5.4 Promote incentives to attract international contractors to participate in Hong Kong's development priorities.
- 3.5.5 Enhance transparency on public infrastructure decision-making and expenditure by providing a roadmap for critical decision points and public reporting.
- 3.5.6 Adopt progressive methods of procurement to drive greater public value – a “procure for value” mindset and policy framework will be a big step forward to drive this change.
- 3.6 Increase communication with the international investment and property sector on the Northern Metropolis development plans, including opportunities for green and sustainable infrastructure projects.
- 3.7 Develop a clearer strategic focus for Hong Kong's positioning as a Smart City.
- 3.8 Embrace initiatives to drive greater levels of gender diversity at all levels – junior through to senior. This includes greater level of maternity and paternity support, clearer and more structured career pathways, removing barriers to females and minority gender groups from rising through the professional ranks and other initiatives that drive greater diversity and inclusiveness.

## 4 Promoting the Benefits of the Greater Bay Area for International Business

AustCham strongly supports the continuing development of the Greater Bay Area, which leverages Hong Kong's unique strength within the GBA. Our members are keen to continue building business opportunities for the benefit of Hong Kong and for bi-lateral trade and investment into the Greater Bay Area.

Australian businesses are keen to expand long-standing business relationships into new areas of strategic mutual benefit, such as climate and green technology, bioscience and other areas. AustCham is committed to leveraging Hong Kong's unique relationship with the Greater Bay Area to facilitate increased two-way investment between China and Australia.



We offer the following recommendations to accelerate the business benefits from the Greater Bay Area:

#### **4.1 Focus on cross-border harmonisation across priority areas – Travel, Funding, Talent and Employment.**

- 4.1.1 Implement a GBA travel pass to ease cross-border travel for international residents of Hong Kong and international visitors.
- 4.1.2 Prioritise greater alignment of regulatory policy across all areas of the Greater Bay Area so that, for example, both the Hong Kong Monetary Authority and People’s Bank of China support a common approach towards account opening.
- 4.1.3 Provide greater tax incentives on dividends or tax rates on profit to attract international companies and investors and equalise the tax difference between jurisdictions.
- 4.1.4 Continue to support the flow of talent to GBA cities, as part of the longer-term plan for growth across the region.
- 4.1.5 Further support and ease of movement of people for cross-boundary work in the GBA, including clarity on taxation at the individual level.

#### **4.2 Promote benefits and provide clarity for international business and investment.**

- 4.2.1 Provide greater support to new businesses to set-up in GBA cities from Hong Kong, including one-stop-shop for assistance with access to visas, tax incentives, hiring, office establishment etc.
- 4.2.2 Promote incentives offered by GBA local governments to international companies based in Hong Kong
- 4.2.3 Provide greater clarity to business on data sovereignty and government access to corporate data where information is shared cross-border.

## **5 Developing Hong Kong as an Innovation and Technology Hub**



AustCham recognises the enormous potential for Hong Kong and international business with the development of the city as an Innovation and Technology Hub.

We welcome opportunities for bi-lateral engagement and exchange and encourage the Hong Kong government to facilitate greater research and industry collaboration through international partnerships.

Hong Kong's incentives to attract and support innovation and technology investment are a step in the right direction. A focus on opportunities in innovation and technology jobs in schools and tertiary education, as well as support for industry training programs would contribute to a sustainable sector.

- 5.1 Provide stronger government oversight and coordination of the two main organisations in this area – HKSTP and Cyberport – to promote a cohesive and comprehensive approach to attraction, incubation, funding and commercialisation of I&T businesses.
- 5.2 Develop partnerships between schools and technology and innovation hubs in order to develop long-term interest and expertise in the wider community.
- 5.3 Expand existing talent attraction programs to focus on globally leading industry and research expertise.
- 5.4 Provide financial, technical and promotional support to research institutions seeking commercialisation opportunities to enable a greater ability to match local and international projects and facilitate cross-border collaboration.