



15 January 2024

Mr. Paul Chan Mo-po, GBM, GBS, MH, JP
Financial Secretary, HKSAR

Financial Secretary's Private Office
25/F, Central Government Offices
2 Tim Mei Avenue, Tamar
Hong Kong

Dear Financial Secretary,

2024-25 Budget Consultation

On behalf of The Australian Chamber of Commerce in Hong Kong (AustCham), I would like to thank you for your invitation to the Chamber to provide our suggestions and views on the 2024-2025 Budget. We were grateful for the opportunity to attend the consultation session you held with other members of the international business community in late 2023. I write below to further outline high level recommendations on behalf of our membership, on which we welcome further discussion.

We recognise that, despite low inflation and unemployment levels, geopolitical and global economic pressures remain challenging for Hong Kong. With only moderate GDP growth forecast for 2024 we understand that there remain budgetary constraints, while at the same time, the development and growth of the economy is a critical goal. We therefore propose the following areas for consideration in the upcoming budget:

Green Finance

- For the development of Hong Kong as regional centre for green and sustainable finance, we recommend government initiatives to attract more international participants to Hong Kong and support growth in the green bond market.
- In addition, we recommend the Government explore the potential for the Northern Metropolis to utilise the resources of the private sector to support Government in financing sustainable infrastructure.

High Property Vacancy

- We encourage the Government to promote adaptive reuse of existing building stock across commercial, industrial and residential, through the incentivisation of retrofitting actions that can contribute to Hong Kong's net zero and green economy goals.
- Given structural and cyclical issues we recommend further consideration of mechanisms to improve liquidity such as further reductions on stamp duty to increase property transactions.

Talent

- We welcome the initiatives such as the Top Talent pass scheme that have so far been implemented to attract highly educated people to work here but there are certain areas such as the food and beverage sector, that have not benefited from these schemes.
- The government should consider other measures that would support this sector and we recommend the targeted expansion of the apprenticeship scheme, developed with representatives from the sector to understand how the training and recruitment can be developed to most effectively address the skills shortage.
- To maintain Hong Kong's advantage as an international city in Asia, we recommend the prioritisation of English language skills for high-level talent.
- Broadening the recognition of reciprocal skills from other jurisdictions such as Australia for technical fields in construction, design and infrastructure development to support quality and delivery goals.

Promoting Hong Kong to an International Audience

- Financial services remains the dominant engine of the Hong Kong economy. We recommend that the Government support consistent and strong messaging of one country two systems and Hong Kong's unique role as an International Financial Center.
- Hong Kong remains an important market for many Australian businesses operating throughout Asia and its role as the international gateway to the mainland is vital. We urge the government to continue to maintain dialogue with the Australian government offering to start negotiations on a Double Tax Agreement to provide greater incentives for Australian businesses to look to Hong Kong as a base.
- 2023 saw a return of some key Hong Kong events. These events attract international visitors and support Hong Kong's growth as a vibrant, dynamic city. We recommend better promotion of sporting, music, arts and other events to international audiences to highlight Hong Kong as a destination and attract more people to come and visit Hong Kong.

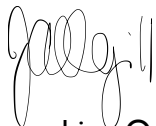
Asset Management

- We recommend that the Hong Kong Government provide tax clarity to maintain Hong Kong's competitiveness as an alternative asset management centre. We note that in the last budget speech the Financial Secretary noted that the government would review existing tax concessions for this high-growth area.
- Targeted incentives with clear conditions can be effective in attracting funds. It is important to remove any uncertainty around current incentives and give greater clarity about the conditions that need to be satisfied – this can address concerns of global asset managers about domiciling funds and SPVs here.

The Australian Chamber of Commerce in Hong Kong is, as always, ready to work with you and the Hong Kong Government to implement these and other initiatives designed for the progress of Hong Kong. I would therefore like to extend an invitation to you to meet with our members, at a time of your choosing, following the budget address for a private briefing and discussion on the measures that are announced.

Your office may contact the AustCham Secretariat through Caroline Emery, Committees, Government Relations and Communications Manager, (caroline.emery@austcham.com.hk) to make arrangements for the event.

Yours sincerely



Josephine Orgill

Chair