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**Chief Executive**

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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** **2024-25 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 **Destination 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 six (6) areas:

1. Maintaining and boosting Hong Kong as an International Financial Centre and Global Business Hub
2. Attracting, Retaining and Developing Top Talent
3. Reinvigorating the Food, Beverage & Hospitality Industries to Support Hong Kong's Food Culture and Tourism Ambitions
4. Maximising Hong Kong's Role within the Greater Bay Area and as an International Gateway to China
5. Revitalising the Built Environment and Innovating Construction
6. Supporting Hong Kong's Energy Transition and Sustainability Goals

In the short term, we encourage the SAR Government to focus on initiatives that emphasise Hong Kong as a global destination of choice (items 1-3 of this submission):

- For international business – enhancing our role in global finance and as a hub for global business with a diverse pool of skilled talent, and
- As a leisure destination – supporting the development of the city's food, hospitality, tourism and entertainment offerings.

Ongoing structural change over the medium to longer-term is needed to maximise the city's development in the Greater Bay Area, revitalise the Built Environment and Construction sectors, and to achieve the city's Energy Transition and Sustainability ambitions (items 4-6 of this submission).

AustCham welcomes the opportunity to work with the Hong Kong Government in the development and roll out of initiatives arising from the 2024 Policy Address.

Yours sincerely



**Josephine Orgill**  
**Chair**

cc:

Chief Secretary for Administration, Mr Chan Kwok-ki, GBS, IDSM, JP  
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  
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Secretary for Commerce and Economic Development, Mr Algernon Yau, JP  
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 2024 Chief Executive's Policy Address**

**by**

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

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 the remainder of 2024, we understand that there remain budgetary constraints, while at the same time, we believe that through targeted and thoughtful measures from the Government the development and growth of the Hong Kong SAR can and should continue along a positive trajectory towards a brighter and more prosperous future. We therefore propose the following areas for consideration in the upcoming Policy Address:

#### **I. Maintaining & Boosting Hong Kong as an IFC and Global Business Hub**

Hong Kong has a long-standing history and status as one of the world's top global financial centres. This position has been built up over many years through a proven track record of efficiency and transparency as well as high regulatory standards, free flow of information and a trusted legal system. It is vital that Hong Kong works to not only maintain these standards but to also maximise its unique advantage of sitting within but maintaining a distinct and separate system from the world's second largest economy.

- There remains a lack of understanding and uncertainty in key markets around the world about both the longevity and the functionality of the One Country Two Systems status.
  - We think that there needs to be continued global public emphasis on how the system works, particularly with reference to the common law legal system and data sovereignty. We encourage the Government to consistently highlight the 'Two Systems' advantages of Hong Kong's operating environment to audiences around the world, explaining how they underpin the National Plan and strategic goals for Hong Kong and the Mainland (which speaks to their longevity), as well as opportunities and connecting role Hong Kong thereby presents for international business.
  - It is important to leverage benefits of access to the Greater Bay Area while maintaining a distinctive 'two systems' framework.
  - Further outlining of the two separate operating systems to global markets will help Hong Kong companies be seen as distinctive Hong Kong entities with the benefits that entails, facilitating access to investment in and from overseas markets, such as Australia.

- The Government should formulate targeted action to bring back companies that relocated either in part or wholesale to Singapore through actively looking at who they are and what specific benefits would attract them back. Similarly, it is important to retain those large multinationals that are currently based here through understanding and examining specific benefits that can be offered to encourage retention, such as tax incentives.
- Finetune and improve the promotion of Hong Kong overseas through a targeted and sophisticated communication campaign in conjunction with international business including working with international Chambers to help bring delegations on visits with Officials.
- Continue to emphasise the importance of English language and address any residual language barriers in official documents and communications. English is the lingua franca of global business; to maintain Hong Kong's status as an International Financial Centre, stronger English language standards should be maintained in both schools and the civil service: at present Singapore's English language skill levels are extremely high and Hong Kong should be looking to emulate and exceed this.
- Build on Hong Kong's connection to South East Asian countries both as a trusted financial hub for professional services and capital markets, but also as a base to access the Mainland markets.
- Connectivity - Maximise Hong Kong's positioning and proximity to the Mainland and north Asian markets by utilising the Airport Authority to work with airlines to formulate a clear strategy to improve frequency by air transport as well as a reduction in flight costs to and from Hong Kong. Look to formulate a new port authority to work on a strategy to improve Hong Kong's maritime connectivity, leveraging the efficiency and technology of the ports in the GBA region.
- We acknowledge and support the work of both the HKMA and SFC towards a joined up and forward-thinking strategy on regulation for key fintech areas including tokenisation, virtual assets and green bonds and would encourage continued further developments to maintain a strong forward position and reinforce Hong Kong's status as an International Financial Centre.
- We welcome the ongoing development of the mutual market access schemes and in particular Wealth Connect, which has the potential to further enhance Hong Kong as an asset management hub by continuing to expand eligible providers and products to investors in the GBA. Development of wealth and asset management also serves Hong Kong's growth in Family Offices, who in turn build a local investor base.
- Support for Start-Ups and SMEs – Hong Kong provides generous funding and incubation programmes for SMEs and particularly those within the technology space but with more than 45 different funding schemes available for SMEs the system can often be complex to navigate, particularly for companies with the fewest resources and capacity constraints. We recommend a simplification of the system including a central application system that can give greater clarity to businesses and reduce their administrative burden, while also ensuring support for businesses and entrepreneurs that will contribute to Hong Kong's economy and strategic goals.

## **2. Attracting, Retaining and Developing Top Talent**

Attracting, retaining and nurturing a pool of top talent is crucial to the success of Hong Kong businesses and its status as a top financial centre and global hub.

The Government has successfully launched a number of initiatives and schemes to facilitate access to Hong Kong for overseas talent that we support but there are still areas and sectors where more can be done and we make the following recommendations:

- Keeping people in Hong Kong – work with businesses and universities to nurture Hong Kong graduates, ensuring a pipeline of skills in STEM & English language and a match to business needs.
- Expansion of Talent List – further enhancement and expansion to include skilled trades and vocational skills.
- Widen sector-specific labour import scheme and introduce new sector-specific schemes to address acute shortages in labour heavy sectors, such as food, beverage and hospitality.
- Establish a system to ease manpower import for SME enterprises from areas such as SE Asia. Accredite existing large manpower supply agencies operating in Philippines and SE Asia to supply labour to Hong Kong.
- Facilitation of talent integration – Cantonese and English language training and working with businesses to tailor sector specific training such as safety training and relevant Hong Kong industry standards.
- Promote a balance of skills and experience (especially international experience) to maintain Hong Kong’s role as an international gateway. To be a truly international city it is important to have a diverse talent pool.
- Perception of Hong Kong is key to attracting talent: effective promotion of Hong Kong as a welcoming and attractive place to live is vital.
- Sustainability and ESG talent – Continued support for training and upskilling as well as integrating ESG skill requirements into board director and management roles (Taiwan governance regulation is a good example)
- Promote gender equity and pay-gap disclosure reporting, as well as financial literacy training and education for women to promote women’s financial inclusion, participation and contribution to the workforce to meet global standards and ongoing aspirations.

## **3. Hong Kong as a Destination: Food, Beverage and Hospitality**

Since the lifting of pandemic related travel restrictions Hong Kong has struggled to regain the levels of inbound tourism last seen in 2018. This has been coupled with a significant trend of Hong Kong residents visiting GBA cities. As a result many businesses within the food, beverage and hospitality sector have continued to endure losses or slow growth. We make the following recommendations in this area:

- Improve and streamline the licensing application for outdoor dining including overhauling outdated regulations. As a tourist destination one of Hong Kong's most unique offerings is food. With the highest density of restaurants in the world and 79 of those holding Michelin stars alongside world renowned and highly rated bars the Government should be looking to pivot away from Hong Kong as a 'shopping destination' and instead towards promoting the

SAR as a 'food destination'. The Government should look at tackling obstacles to the development of Hong Kong's dining scene including facilitating the use of prime waterfront areas for outdoor dining use.

- Access to talent – The hospitality and food and beverage sector continues to suffer from difficulties in accessing talent; international restaurants need to be able to employ staff who can speak English. The Government should ensure that English language skills are taught as an integral part of all vocational hospitality courses and works with industry to facilitate the importation of lower-skilled, English-speaking labour on a large scale.
- Creative promotion of Hong Kong as a destination – As the new Kai Tak Sports Park nears completion it is vital that there is a joined up departmental and strategic approach in both attracting and promoting events, acts, sports and entertainment that will contribute to elevating Hong Kong to a world class destination using best practice examples from other countries. We acknowledge the announcement of the Government's Mega Events Strategy and would welcome engagement on this to contribute to its appeal to an international audience and ultimate success.
- Discuss with Mainland authorities the possibility of adding more Chinese cities to the two-way permit entry system to help increase tourist numbers.

#### **4. Maximising Hong Kong's Role within the GBA & as a gateway to China**

Hong Kong has a valuable part to play in both helping China realise its modernisation ambitions and in helping to connect international companies with the vast opportunities within the Mainland markets. There is potential for Hong Kong to benefit hugely from this role as a 'super connector'. We therefore recommend:

- Further steps for residents to integrate within and beyond GBA whilst maintaining the integrity of the two systems. We welcome the new multi entry permits for non-Chinese permanent residents and strongly suggest this initiative be extended to all non-Chinese Hong Kong residents. This would serve as an excellent incentive to overseas companies looking to base employees in Hong Kong for easy access to the Mainland.
- Reduce the need for businesses to be licensed in China once they are licensed in Hong Kong, this would also act as a powerful incentive for international companies wanting to access the Mainland market but utilising Hong Kong's regulatory and registration systems.

- Work with GBA authorities to understand and learn best practice and adoption techniques in technology & digitization in key areas vital to Hong Kong's sustainable development, such as the construction industry and waste management.

## **5. Revitalising the Built Environment and Innovating Construction**

The property market has long played a pivotal role within the Hong Kong economy but increasing economic and modernisation pressures mean that greater policy focus and attention needs to be paid to this sector. We recommend the following:

- Construction Productivity – Work with GBA authorities and companies to understand how Hong Kong can bring on the best ideas from the Mainland especially around digitalisation, construction technology and waste management.
- Procurement – Ensuring efficiency & streamlining of processes, tackling bottlenecks and delays in planning applications. Actively work with industry to understand key difficulties and identify solutions.
- Address commercial vacancies – Co-ordinate with stakeholders including retail representatives, landlords and developers to work out a sustainable plan to tackle the large number of vacancies to ensure a vibrant, cohesive and productive city.
- Prioritise the quality of architecture and planning in the approval process with much higher emphasis given to safety, usability and green aspects of new buildings.
- Publicise, prioritise and incentivise retrofit of the existing building stock both to improve the well-being of building users and contribute towards attaining the SAR's carbon reduction goals.
- Look to increase and improve 'greening' in all public space development. Singapore has made significant steps in this area and Hong Kong should utilise their examples and best practice to improve the living environment for the SAR's citizens.
- Formulate a trajectory for improved energy efficiency of commercial buildings by enforcing a common rating system, mandatory energy consumption disclosures and working on an incentives package to increase the pace of compliance, referencing examples in countries such as Australia.

## **6. Supporting Hong Kong's Energy Transition and Sustainability Goals**

Strong credentials in sustainability are increasingly important for world leading financial centres. The energy transition and net zero economy provide important opportunities for Hong Kong to capitalise on.

- We support the new climate related mandatory disclosure requirements for issuers under the HKSE and believe this is a good opportunity to help drive innovation in climate-related technologies and business models allowing Hong Kong to be at the forefront of the move towards green financing and the transition economy. The Government should explore

opportunities to provide incentives  
enhanced levels of managing climate risks.

to companies who can demonstrate

- Green Finance: strengthen work towards becoming the world leading green financing hub
- Climate is a bilateral focus for Australia and China. With a long history of investment by Hong Kong companies in Australian energy, we encourage the Hong Kong Government to leverage Hong Kong's green finance capabilities and corporate knowledge, as well as attract and foster climate innovation, to leverage Hong Kong's role as a super connector in this space.
- Encourage greener lifestyles and enhance sustainability features within all public facilities including prioritising pedestrian access and facilities for cycling where practicable.
- Proactively work towards reducing the numbers of emission producing vehicles and marine vessels.
- Better recycling infrastructure and facilities – actively work with building managers and recyclers to understand difficulties in the recycling pipeline and how to overcome them.