

19 December 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,

2025-26 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 2025-2026 Budget. I write below to 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 a recently downgraded GDP forecast and Hong Kong's deficit due to be higher than originally estimated for the 2024-25 financial year 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:

Building the Hong Kong Brand

- Co-ordinate and direct spending efficiently across relevant departments to maximise positive media engagement and promotion of Hong Kong as a business and tourism destination. This should include making best use of international public relations and branding consultants, commercial & business expertise to promote the Hong Kong brand and ensure it sits in city top 10 lists alongside others such as London, New York and Singapore.
- Prioritise the understanding of Two Systems, HK's ongoing role as an International and regional commercial centre, its unique role and access to the GBA, as well as the potential in the GBA itself. This needs to be better understood in international markets to attract offshore entrepreneurs, talent and investment.
- Hong Kong's safe and vibrant environment along with mega sport and entertainment events need to be better promoted to attract visitors back to the city. This means that core tourism infrastructure needs to be up to date, good quality and attractive.

Attracting Enterprises and Capital

- Clarify the offering and vision for the asset and wealth management sector for international participants leaning into existing strengths and infrastructure to promote HK as a global hub. This requires an internationally aligned regulatory framework that balances investor protection with promotion of market participation and development.
- Expansion of providers and products within the Wealth Connect Scheme
- Modernise and digitise the lodgement systems at both Inland Revenue Department and Companies Registry so corporate documents can all be filed electronically – this will bring Hong Kong in line with other global financial centres, providing an easy and simple system for companies to use as well as promoting Hong Kong as a modern, smart and environmentally friendly city for business.
- Facilitate easier opening of bank accounts
- Consolidate the numerous government funding schemes available to businesses into one, easy to navigate, service particularly to facilitate progress of HK's innovation and technology goals. The Australian government's central portal to government grants from both federal and state governments is an example that could be emulated: www.grants.gov.au

Food, Beverage & Hospitality

- Create solutions and active assistance for the hospitality, food and beverage sector including the promotion of the waterfront promenade and other public spaces for outdoor dining through a simple and easy to access regulatory system. This will be attractive to residents and visitors alike.

Talent

- The government should consider specific measures such as employer incentives that would target certain sectors within the required skills agenda including I&T, ESG, hospitality and logistics to ensure the success of employment schemes.
- Focus on recruiting international top-level talent into the Hong Kong Court and judiciary system including the CFA. This would help to reaffirm and promote positive perceptions of the Hong Kong legal system and would encourage international investment.
- Work with companies to understand talent needs and create a programme of incentives for those that create openings for Top Talent scheme entrants and international employees with top level English language skills.
- Develop an apprenticeship scheme with representatives from the food, beverage & hospitality sector to understand how training and recruitment can be developed to most effectively address the skills shortage.

- Make use of Hong Kong's vocational training facilities to particularly suit the needs and demands of the food and beverage sector ensuring that overseas students are able to access vocational training courses to promote Hong Kong as a centre of excellence within the region for hospitality training.
- Prioritisation of English language skills in education, the workforce and new talent acquisition. To maintain Hong Kong's place as an international city English language proficiency remains vital. In Education First's 2023 English Proficiency Index,¹ Hong Kong was ranked 29th worldwide and 4th in Asia behind Singapore, the Philippines, and Malaysia for English skills.
- Mainland multi-entry permit cards be extended to all non-Chinese Hong Kong residents
- Reduce requirement for permanent residency by 1-2 years.

ESG – Green Future

- Greater emphasis on green buildings including retrofit & prioritisation of green elements in planning process; improve energy efficiency of commercial buildings and increase greening of public space development. This would provide important clarity around the contribution of infrastructure to achieving Hong Kong's net zero target.
- Adopt a mandatory built environment rating system to promote transparency and positive competition amongst the sustainable building industry.

These two points help to ensure HK's office space is built to modern sustainability requirements as increasingly required by corporate tenants in line with international standards.

- Provide greater clarity around the transition finance framework and build on the green bond offering
- Further extend tax concessions for electric vehicles and continue to waive electric vehicle tax for commercial vehicles as well as further detail around the provision on charging.

Built Environment: Land, Housing and Transport

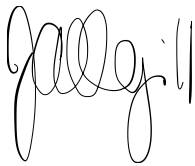
- Procurement efficiency: working with industry to understand difficulties and identify solutions within the pipeline of major projects especially around improving transparency and increasing rate of digitisation of the procurement system. This would help to increase and promote investment from international companies and SMEs

¹ <https://www.ef.com/assetscdn/WIBlwq6RdJvcD9bc8RMd/cefcom-epi-site/reports/2023/ef-epi-2023-english.pdf>

- Clarity and government stimulus required to promote and encourage private investment for major capital projects including the Northern Metropolis which will need substantial social infrastructure.
- Facilitation of generous loan packages to incentivise the building of needed social infrastructure.
- 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

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.

Yours sincerely



Josephine Orgill

Chair