AUSTCHAM
HONG KONG
A MEMBER OF AUSTCHAM GREATER CHINA

17 November 2026

Dear Members,

I hope your week has begun more smoothly than the last one ended. Around midnight on Thursday, Hong Kong time, Microsoft 365 went down and took Outlook, Teams and SharePoint with it. The queues had begun to move again by late Friday afternoon, but it was Saturday evening before Microsoft could say the last of its customers had been restored.

The company has apologised. Its explanation is that a fault introduced during an earlier network upgrade surfaced after a later change, leaving the servers still online to carry traffic they were never meant to handle alone. Problems were reported from 74 countries, reaching the email of the US Congress and Australian government agencies, the courts in Singapore and the airline help desks of India. It is a reminder of how much of the world's working day now passes through a single company's servers.

Then, as Hong Kong was waking on Saturday, a telecommunications failure at the centres directing aircraft between American airports led the FAA to halt every departing flight in the United States for a little over four hours. By Saturday evening the Airport Authority had counted at least 16 Hong Kong–US flights cancelled or delayed, with two Cathay Pacific services held overnight. Nearly 2,000 more flights were cancelled on Sunday, and Washington conceded it would be Monday before schedules were truly normal. The cause, it now says, was a botched replacement of old copper communication lines on a network that still relies in places on 1960s radar, and the Transportation Secretary has asked Congress for US$50 billion to modernise it.

The two incidents were unrelated, but they share a lesson: in each case a system that had worked quietly for years was asked to carry more than it was built for, and it was the work meant to improve it that exposed the strain. That applies to this city as surely as to a server farm or a control tower, which is why I want to spend the rest of this message on something that was easier to miss last week. Hong Kong, too, is a system built for a particular kind of load, and the load it now carries is a different one.

A few years ago, the conversation about talent in this city was about departures, and the schemes that followed, the Top Talent Pass among them, were pitched as a recovery. Most of us have read the figures since as a question of whether we are back to where we were. We are not, and I have come to think that is the more interesting story. At the Financial Secretary's quarterly International Business Committee meeting last week, Talent Exchange presented on the city's talent programmes, and the picture that emerged was not of a city refilling its old roles so much as filling new ones.

Hong Kong issued 31,278 work visas to foreign nationals last year, more than double the figure of five years ago, but the growth is not coming from the places that used to fill the arrivals hall. The fastest increases are from Japan, Korea and Britain, and visas for financial services were up 17 per cent. JLL reports that eight in ten fund managers now put their Asia office in Hong Kong, up from two in ten at the start of last year. Earlier this month IMC, the Dutch quantitative trading firm, said it would double its Hong Kong headcount over two years and run the office in tandem with Sydney. For the Australians who call this city home, Hong Kong and Sydney as two ends of one desk is a picture worth noting.

People are also planning to stay longer. A St James's Place survey in July found three in four respondents intend to remain at least eight years and two in three hope to retire here. The market says the same: new tenancies to non-Chinese residents are up 30 per cent on a year ago, rents in the usual districts have followed by 5 to 8 per cent, and Central's Grade A vacancy is falling for the first time in years. I have spent much of this year telling Australia that Hong Kong is doing well, and it is encouraging to have the numbers bear it out.

So the city is not getting its old self back; it is getting a different one, and that is where the planning gets harder. Hong Kong's international infrastructure, the schools and the housing stock in the Mid-Levels and on the south side, was laid down over decades for a particular kind of arrival from a particular set of countries on a particular kind of contract.

Mercer still rates Hong Kong the most expensive city on earth for an international assignee, and Robert Walters finds that 81 per cent of professionals want a 10 per cent rise to move here while 83 per cent of employers plan to offer less than 6. That gap used to be closed by a housing allowance and a school debenture. The founders, quants and Top Talent Pass holders now filling the visa statistics generally have neither, and they ask the questions a local family asks: where they can live and where the children will go to school.

On paper Hong Kong is not short of international school places. This school year there are 53 international schools, about 44,700 students and some 3,700 unfilled seats, and the Education Bureau's consultants forecast 4,400 spare places by 2028/29. But no family chooses a city on a forecast, and an empty desk in Pok Fu Lam is of no use to a parent whose job is at the Science Park. The Government has said it will allocate sites in the Northern Metropolis or other districts in 2027 for international schools, and where those places go will matter more than how many there are.

That is why the Northern Metropolis Development Bill, which the Legislative Council passed last Thursday, belongs in a message about talent rather than land. The plan covers a third of Hong Kong's territory, will eventually house 2.5 million people and promises 70,000 homes in its first five years, with sites reserved for international schools so that schools and transport arrive alongside the homes rather than after them. If the people in last year's visa figures are the load this city now has to carry, that is where the capacity to carry them will be built, and there is a real opportunity for this Chamber and its members to contribute as the plans take shape.

That work has a home at AustCham. Our Talent Committee has kept questions of people, leadership and the future of work on the Chamber's agenda and in its conversations with government, at a time when it would have been easy for talent to slip down the list behind trade and tax. Much of the credit belongs to the committee's co-chairs, **Eileen Burnett-Kant of CLP and Kaine Williams of Woolworths**, who will both be handing over the reins to new co-chairs. On behalf of the Board and the membership, I thank them warmly for the energy, judgment, and dedication they have brought to the role. I am grateful too, to **Ambition**, the committee's partner, whose support has made that work possible, and I look forward to introducing the committee's new leadership very soon.

Finally, the Prime Minister travels to Shenzhen for the APEC leaders' meeting tomorrow and Thursday, before going on to Beijing for the Annual Leaders' Meeting with Premier Li. Two-way trade with China was $326 billion last year, and Australia has had a free trade agreement with Hong Kong since 2020. The Chamber will be following the week closely, with a particular interest in services trade and in Hong Kong's role as the natural base for mainland companies expanding overseas and Australian companies doing the reverse. The talent figures above are the other half of that trade. Goods cross the border in containers, but the people who arrange them cross on a work visa, and more of them chose this city last year than in any year since the border reopened.

A week that began with two systems failing under loads they were never designed to carry also showed us a city that can see its new load arriving and still has time to build for it. The homes, schools and railways of the Northern Metropolis are some years away, but the people who will need them are already clearing immigration. If last week taught us anything, it is that the time to ask whether a system can carry what is coming is before it has to.

One last thing, because the weekend did deliver one system that performed exactly as designed. On Sunday night in Brisbane the Kangaroos beat New Zealand 32-12 before a sold-out Suncorp Stadium to lift a fourth consecutive Rugby League World Cup, their 13th from 17, with Liam Martin and Jack Bostock scoring two tries apiece. To our New Zealand members, who have waited since 2008 for the Kiwis' turn and must now wait a little longer, my commiserations, along with my admiration for a haka that promised rather more than the 84 seconds it took Australia to score.

I hope to see many of you at our events as we enter the festive season, and in the meantime I wish you a productive week, with email that arrives and flights that leave on time.

Warm regards,
Mary Simpson, AustCham Hong Kong Chief Executive

The Australian Chamber of Commerce in Hong Kong
Room 703, 7/F, Lucky Building, 39 Wellington Street, Central, Hong Kong
Tel: (852) 2522 5054 Fax: (852) 2877 0860

austcham@austcham.com.hk www.austcham.com.hk