

Chief Executive Policy Address 16th October 2019

Policy Matching Exercise by The British Chamber of Commerce in Hong Kong

Contents:

1. Policy Matching Exercise – British Chamber Policy Address Submission

Matching policy proposals from the British Chamber's 19th July 2019 Policy Address Submission, with relevant announcements in the Chief Executive's Policy Address speech and Policy Address Supplement document delivered on 16th October 2019. The content focuses on new initiatives proposed by the administration.

2. Policy Matching Exercise – British Chamber Submission to the Task Force on Land Supply

Given the focus on housing and land supply in the Policy Address, we have included a section matching the policy proposals from the British Chamber from its 30th August 2018 <u>response to the Public Engagement on Land Supply</u> with relevant announcements in the Chief Executive's speech and supplement document.

3. Additional Points of Interest

This section highlights other announcements from the Policy Address speech and Supplement document which may be of relevance and interest to Chamber Members.

Please note throughout the document, **text in black** is taken from the <u>Policy Address speech</u> – numbers relate to the paragraph numbers of the speech. **Text in blue** is taken from the Policy Address <u>Supplement document</u> – numbers e.g. P34) relate to the page the text is taken from.

Additional information is available on the Policy Address website: https://www.policyaddress.gov.hk/2019/eng/policy.html



1. Policy Matching Exercise

Business Confidence; and Hong Kong's International Business Reputation

British Chamber Suggestion/Proposal

The medium to long-term position of Hong Kong as an international business gateway needs to be reinforced and repositioned.

- Government should invest significantly in strengthening the Hong Kong brand internationally.
- A specific senior official should be tasked with this and have the authority to work across government departments.
- Communicate a clear and compelling vision for our city's place in the world.

Proposal in the Policy Address

- **49)** We will continue to explore overseas markets. To assist local enterprises and professional services to explore the B&R markets, we will organise delegations and invite Mainland and Hong Kong enterprises to conduct joint promotional activities in the B&R economies; and seek the policy support of the relevant Central authorities to extend the incentives and facilitations currently enjoyed by Mainland enterprises to Hong Kong enterprises intending to set up businesses in the Mainland's overseas Economic and Trade Cooperation Zones (ETCZs).
- **51)** The violent incidents in the past few months have seriously damaged Hong Kong's international image and undermined its attractiveness to overseas investors. Once peace is restored, we will, in collaboration with the relevant organisations, chambers of commerce and professional bodies, devote more efforts and resources to carrying out promotional work and other effective measures to rebuild confidence in Hong Kong as soon as practicable.

P47) Launch major media and social media campaigns to deepen investors' understanding of Hong Kong.

P50) Through the HKTDC, identify platforms in the Mainland for organising promotional activities to assist Hong Kong enterprises in developing the Mainland market; explore new trade platforms in developed markets outside the US to open up more channels for Hong Kong enterprises to get in touch with overseas buyers; and strengthen promotion activities in emerging markets, including organising trade missions to such markets to explore business opportunities. (CEDB)

- Steps should be taken to reinforce the attractiveness of HK as a location to start, grow or relocate businesses.
- New initiatives and incentives in finance, labour, innovation/tech or taxation, could be introduced.
- **46)** Over the past two years... we doubled the number of free trade agreements (FTAs) signed with other economies... We have also made substantial efforts to attract foreign investment.
 - According to the latest annual survey conducted by Invest Hong Kong and the Census and Statistics Department, the number of business operations in Hong Kong with parent companies overseas or in Mainland China has exceeded 9,000.
 - o 1,541 have set up regional headquarters in Hong Kong, a 9.1% increase over 2017.
 - The number of startups in Hong Kong has seen an even more encouraging growth of 42.8% to 3,184 between 2017 and 2019.



48) ...Government is also seeking the policy support of the relevant Central authorities for, among other things, tax concessions for Hong Kong enterprises wishing to shift from exports to domestic sales and streamlining of the approval process, with a view to enhancing their competitiveness in the Mainland domestic market.

Developing and Growing our People as a Priority

British Chamber Suggestion/Proposal

Proposal in the Policy Address

Skills

 Hong Kong should participate in the skills map of Asia... conduct a city-wide survey to understand which skill areas require additional investment. **P64)** Enhance promotion of a series of activities under the theme of "2020 Hong Kong Skills Year" in 2020, including the VPET International Conference and WorldSkills Hong Kong Competition and Carnival, to promote professional skills to young people and raise public understanding and awareness of professional education and skills training. (EDB)

STEM

- The focus on STEM needs to start at primary school.
- Increase the participation and attainment levels of women and girls in STEM subjects – targeted campaigns to encourage female teachers to take up teaching positions in STEM subjects, as role models.
- Performance indicators in both of these areas should be published regularly.

P113) Set up a Science Promotion Unit in the LCSD to promote popular science culture and exchanges of scientific inventions through the use of LCSD network and facilities such as the Hong Kong Science Museum, to popularise the knowledge of science and technology and raise the scientific literacy level of the general public, integrate the concept of popular science into everyday life, and provide the milieu for creativity and scientific innovation. (HAB)

Non-discrimination of Sexual Minorities

- Urgently amend the anti-discrimination legislation to cover discrimination on the grounds of sexual orientation.
- Recommend the Administration adopts an antidiscrimination charter, including sexual minorities, for all public businesses.

P14) We will also establish a communication platform to discuss with stakeholders and implement feasible anti-discrimination proposals based on the findings of the study on the experience of other jurisdictions in implementing measures on anti-discrimination of sexual minorities. (CMAB)

Support the Equal Opportunities Commission in stepping up its sexual harassment prevention effort, which includes studying of related legal protection, setting up a one-stop support platform, promoting the formulation of anti-sexual harassment policies and measures among different sectors, and enhancing public understanding and alertness about sexual harassment through education and publicity campaigns. (CMAB)

Developing a Healthier City

British Chamber Suggestion/Proposal

Proposal in the Policy Address

Disease Prevention and Early Access to Innovative Care

- Raising awareness and adoption of preventive care, especially for mental health and key chronic diseases and cancers, with better promotion encouraging the public to take action in a targeted and action-oriented campaign.
- Health-screening programmes should be significantly stepped up, using a public-private

37) In a bid to shift the emphasis of the present healthcare system and people's mindset from treatment-oriented to prevention-focused.... we will expedite the setting up of District Health Centres in all 18 districts. It is expected that within the term of the current government, DHCs in six more districts and interim "DHC Express" in the remaining 11 districts will be established to provide health promotion, consultation and chronic disease care services.



partnership approach, with subsidies for enhanced
accessibility by all sections of the community.

P84) Pending the setting up of full-fledged DHCs, government will fund NGOs to provide health promotion, consultation and chronic disease management services and enhance public awareness on health management. (FHB)

P86) An ongoing mental health promotion and public education initiative is scheduled to be launched within six months to raise public understanding and concern about mental wellness, and achieve the objective of building a mental health-friendly society in the long run. (FHB)

Data Transparency and Ownership

 Recommend making anonymised clinical and operational data more widely accessible so that others in the health system can develop innovative solutions based on a better understanding of current issues. **38)** Government and the Hospital Authority (HA) plan to implement progressively a series of targeted measures, including examining the setting up of databases for individual uncommon disorders to facilitate clinical diagnosis and treatment, deploying resources to promote relevant scientific research and development, and enhancing public awareness of uncommon disorders.

P86) The Hospital Authorities' Data Collaboration Laboratory will also be enhanced for formally launching the Big Data Analytics Platform by end-2019 to support more healthcare-related research projects and provide selfservice statistical data analysis to further facilitate the work of researchers. (FHB)

A Built Environment Fit for the 21st Century

British Chamber Suggestion/Proposal

How We Design and Build

- A complete overhaul and streamline of the regulatory environment:
 - o Promote and rollout modular integrated construction (MiC).

Proposal in the Policy Address

P52) Adopt MiC for designated government buildings such as schools, quarters and offices buildings tendered from 2020 onwards as far as practicable, and encourage or mandate other statutory bodies or non-governmental organisations to adopt MiC for their building projects. DEVB has set up a steering committee to take forward this new construction technology. (DEVB)

Grow an Innovative, Digital and More Sustainable Smart City

British Chamber Suggestion/Proposal

Digitalisation in Logistics

- To increase the efficiency of the flow of goods and people, the Administration should digitise transport and logistics ecosystems by:
 - Linking initiatives like ERP and better traffic flow with a wider Smart City initiative to make it easier to bring more trade through Hong Kong.

Proposal in the Policy Address

P108) Taking forward the study on "congestion charging" to examine the adoption of different toll levels during different time periods having regard to the degree of traffic congestion of other government tolled tunnels.

Taking forward the Electronic Road Pricing Pilot Scheme in Central;

P48) Adopt technologies to improve traffic management and enhance transport efficiency for effective assessment of traffic conditions, better incident response by departments and provision of more real-time traffic information to the public. (ITB/THB)



Lower Carbon City

- Government should:
 - Review its policy to support the introduction of electric private vehicles.
 - Set a timetable for the transition to a zeroemission public bus network and revise the Pilot Green Transport Fund to support bus companies financially to undertake this transition.
 - Provide a long-term roadmap and predictable pathway to allow businesses and the wider community time to support to support decarbonisation in a practical and responsible way.

P110) Prepare for a \$2 billion pilot subsidy scheme to promote installation of electric vehicle charging-enabling infrastructure in car parks of existing private residential buildings. (ENB)

Prepare for the implementation of a trial scheme on electric public light buses. (ENB)

Tighten the emission requirements for franchised buses in low emission zones to Euro V standards by end-2019. (ENB)

Formulate Hong Kong's long-term decarbonisation strategy, taking into account the views collected during the public engagement exercise as well as the recommendations of the Council for Sustainable Development. (ENB)

2. Policy Matching Exercise – British Chamber Submission to the Task Force on Land Supply

Cover Letter

British Chamber Suggestion/Proposal

- A combination of options or parts of options will be needed and it will be essential that a holistic view is taken across a range of options, rather than each be pursued individually.
- Government already has most of the tools it needs to increase existing land supply more quickly – rezoning, land resumption, land swaps, land lease modification – it seems that it could use them more effectively and on a much faster basis.

Proposal in the Policy Address

- **19)** In respect of the policy direction on land supply, I propose a Government-led approach for the planning of land use and infrastructure and to resume the required private land for established public purposes, so that members of the public can see that government is using its full strength to develop land in the short, mediumand long-term for our people.
- **21)** Apart from expediting the planning process, we will compress the time needed for technical studies and streamline relevant procedures such as rezoning, land resumption and engineering design to enable early completion of new housing units.

Public Engagement Response

British Chamber Suggestion/Proposal

Brownfield Land

- More focus should be placed on tackling the large number of brownfield sites as a priority.
- Traditionally, government has been reluctant to use resumption powers except for critical infrastructure projects or in the planning of major new towns. We suggest this needs to change.
- Rezoning and land lease modification can be a long, tedious and difficult processes – changes need to be made to speed these up.

Proposal in the Policy Address

19. 1) about 450 hectares of brownfield sites in the New Territories may have development potential but have not been covered by new development areas (NDAs) or other development projects... The Planning Department will accord priority to the study of 160 hectares brownfield sites that are closer to existing infrastructure and assess their suitability for public housing development, with a view to commencing follow-up technical assessment by the end of this year.

Rezoning government land for housing has been one of the major sources of housing land supply in recent years. However, my proposal to adopt a more focused



approach for rezoning private land for public housing development, and then exercising public power to resume private land for public purpose, is indeed a breakthrough in thinking.

P24) Expedite land use reviews for brownfield sites with higher development potential and certain squatter areas in urban districts, with a view to boosting land supply for public housing development (DEVB).

Limited Reclamation Outside the Harbour

- Subject to a full review of the ecological impacts of the proposed near shore reclamation sites, we are open to supporting the five development areas suggested at Lung Kwu Tan, Siu Ho Wan, Sunny Bay, Tsing Yi SW and Ma Liu Shui, together with that needed to support Tung Chung new town extension.
- Near shore reclamation would need to incorporate environmental mitigation measures, both during the process of land formation and by using the concept of an 'eco-shoreline'.
- **25)** We have, accepted the multi-pronged strategy recommended by the Task Force, including reclamation in the Central Waters for developing the Kau Yi Chau Artificial Islands and other options of near-shore reclamation outside the Victoria Harbour.
- **26)** We will continue our efforts to explain the project objectives and directions of the technical studies to the public and establish a platform for various professionals and young people to take part in the formulation of measures in areas such as urban design, land use, and smart, environment-friendly and sustainable development.

New Development Areas

- The Chamber strongly supports the designation of more New Development Areas in the New Territories.
- An early start should be made to maximise the developable land available for the medium term.
- **20)** With works of Kwu Tung North/Fanling North NDAs just commencing, upcoming large-scale development projects in Hung Shui Kiu/Ha Tsuen and Yuen Long South, as well as a couple of public housing and other public works projects in the pipeline, we are given to understand that about 700 hectares of private land will be resumed, of which some 400 hectares is expected to be resumed in the next five years, significantly more than the 20 hectares resumed in the past five years.

River Trade Terminal

- This is an option that should be actively pursued –
 not only the existing land area but also by
 reclamation between the piers. Consideration
 should be given to bringing this forward with
 proposals for early release of the site and
 repurposing for housing or mixed development
 rather than just for industrial use.
- **27)** under which the feasibility of developing the coastal areas including the River Trade Terminal into residential areas will be explored.

Higher Density Village Development

- We encourage Government to bring this proposal forward, based on a full and comprehensive planning approach to ensure that adequate infrastructure and utility services are available.
- In considering all options for increasing housing supply, review of the small house policy clearly should form part of the process.
- Simply raising building height limits on a poorly planned layout is not a good long term strategy.
 Some village areas are close to good infrastructure and could be brought forward for early redevelopment.
- **19. 3)** To resume urban private land in Cha Kwo Ling Village, Ngau Chi Wan Village and Chuk Yuen United Village suitable for high-density housing development, with a view to expediting the development of these seven hectares of urban sites and rebuilding a new community mainly comprising public housing.
- **P24)** To proceed with site identification and feasibility studies for several large-scale transitional housing village projects, including parcels of land on loan and surrendered by developers on voluntary basis. Depending on the progress of relevant procedures and taking into account the around 1 580 units completed/announced so far, around 10 000 transitional housing units can be constructed in three years. (THB)



Private Agricultural Land

- We support the fast-tracking of development options for land which does not have a high ecological or farming value, some of which may be close to Brownfield land in any case.
- Ownership is often fragmented... It can take many years to go through land assembly, providing clear, more uniform contiguous sites... and relevant Government departments need to work more seamlessly to allow faster development.
- There is the opportunity for the development of economic partnerships, perhaps using new financial instruments and thinking, rather than using existing somewhat cumbersome processes... consideration should also be given to a "use it or lose it" time limitation for development to ensure developable land is not being hoarded by a small number of owners.
- An independent mechanism / tribunal process should be used to set land values to avoid any public perception of collusion between Government and developers. A centralised cross-bureaux team should be able to finalise development parameters and prioritise sites for development.

22) The Development Bureau will announce details of the Land Sharing Pilot Scheme (LSPS)... Unlike other development modes of Government-led planning and Government-initiated land resumption, LSPS will tap market force in planning and construction. Government will facilitate infrastructural enhancement to allow higher development intensity and prescribe that at least 70% of the additional gross floor area gained should be allocated for public housing or SH as intended by government... The land owners concerned will be responsible for providing infrastructure and other community facilities necessary to support the housing development projects, and the associated construction cost will be deducted from the land premium.

P24) Announce a proposed framework for the Land Sharing Pilot Scheme and start accepting applications in early 2020. (DEVB)

3. Additional Points of Interest

n.b. This list does not fully capture all proposals from the Policy Address, rather it is a snapshot of business policy related announcements which may be of relevance and interest to Chamber members and its Committees.

Foreword

Recurrent expenditure of the HKSAR Government has increased by \$79.2 billion (21.9%) from 2017-18 to 2019-20. Total government expenditure, including infrastructure and other non-recurrent expenditure, is estimated to be \$607.8 billion in 2019-20, an increase of 29.1% from that of 2017-18. The fiscal reserve is in excess of \$1,100 billion.

Economic Development

43) In the first half of 2019, the Hong Kong economy grew modestly by 0.5% year-on-year, the worst performance since the 2009 recession... Since July this year, there have been sharp reductions in visitor arrivals and retail sales, a continued decline in exports as well as deeply dampened business, investment and consumption sentiments... We consider that the Hong Kong economy has already slipped into a technical recession since the third quarter. In mid-August, government lowered the economic growth forecast for 2019 to 0-1%.

Good Governance

P13 - Boosting Implementation Capabilities:

Roll out electronic record-keeping system to all government bureaux/departments by end-2025 to enhance efficiency in preserving and managing government records. (CSO)

P14 – Protection of Human Rights:

Government and the Office of the Privacy Commissioner for Personal Data are actively reviewing the Personal Data (Privacy) Ordinance (Cap. 486). The directions of amendments include establishing a mandatory data breach notification mechanism and strengthening the regulation on data retention period. (CMAB)



Housing

12) I hereby set a clear objective that every Hong Kong citizen and his family will no longer have to be troubled by or pre-occupied with the housing problem, and that they will be able to have their own home in Hong Kong.

P24 – Housing Policy:

Invite HKHA to explore ways to accelerate the sale of the some 42,000 unsold flats in the estates under the Tenants Purchase Scheme (TPS) so as to meet the home ownership aspiration of PRH tenants, and solve the problems in the management and maintenance of TPS estates arising from mixed ownership. (THB)

To meet the community's keen demand for public housing, we will invite HKHA to examine the feasibility of redeveloping industrial buildings for public housing development. (THB)

Land Supply

18) After the Task Force on Land Supply (Task Force) launched a public engagement exercise on land supply and submitted a comprehensive report at the end of last year, government announced the full acceptance of the Task Force recommendations.

23) LSPS will cover a period of three years and the area of private land to be approved will be capped at 150 hectares.

Diversified Economy

P38 – International Asset Management:

With effect from 1 April 2019, different types of onshore and offshore privately offered funds can enjoy profits tax exemption under the Inland Revenue Ordinance (Cap. 112). (FSTB)

P47 – Greater Bay Area:

Explore measures with relevant Mainland authorities to support the development of the GBA, including further expanding the scale and scope of cross-boundary use of Renminbi and enhancing the connectivity among the financial markets in the GBA, including considering measures to facilitate cross-boundary wealth management. (FSTB)

Plan to extend the operating hours of the Shenzhen Bay Port to 24 hours. (SB)

Actively explore with the relevant Mainland authorities measures to attract overseas visitors to visit the GBA on a multi-destination basis, which include pursuing the optimisation of the existing 144-hour Facilitation Visa measure to facilitate overseas visitors' travel to the Guangdong Province via Hong Kong. (CEDB)

P47 – Innovation and Technology:

Extend the coverage of the Technology Talent Admission Scheme to companies outside the HKSTPC and Cyberport and to cover new technology areas. (ITB)

Introduce the Streamlining of Government Services Programme to identify and implement measures to streamline government services involving applications and approvals with a view to improving their convenience, efficiency and transparency. (ITB)

P48 – Smart City:

Introduce an "iAM Smart" platform to provide one-stop personalised digital government services. (ITB) *n.b. this is a policy the Chamber proposed in previous Policy Address submissions.*

P48 – Transportation and Logistics:

Plan to introduce a bill into the LegCo to amend the Inland Revenue Ordinance (Cap. 112) in 2020 to provide tax concession for qualified ship lessors and qualified ship leasing managers so as to attract companies to develop ship leasing business in Hong Kong. (THB)



Plan to introduce tax concessionary measures to encourage more commercial principals of the maritime industry (such as ship managers, ship brokers and ship agents) to set up presence in Hong Kong. (THB)

P50 – Trade and Investment:

Integrate the services of the Support and Consultation Centre for SMEs under the Trade and Industry Department, the SME Centre under the HKTDC, the SME One under the Hong Kong Productivity Council and the TecONE under the HKSTPC by adopting design thinking and user-oriented principles. Redesign the workflow of SME support services, standardise and enhance the scope of integrated services, and strengthen value-added services to provide SMEs with more convenient and tailored one-stop services and support. To enhance promotion, a dedicated service team will also be established to reach out to SMEs by visiting local trade and industrial associations to provide support service on funding applications. (CEDB) *n.b. this is an area where the Chamber and its Startup and SME Committee has been working closely with the CEDB to push this agenda over several years.*

P51 – Legal Services:

Discuss with the Hague Academy of International Law the proposal to organise annual capacity building courses in Hong Kong for the GBA and the neighbouring jurisdictions, and actively explore collaboration opportunities with international bodies to promote rule-based trading system

Launch an initiative in 2020, namely, "Vision 2030 for Rule of Law" for the promotion and education of the rule of law. As a long term commitment towards 2030, a dedicated inclusive platform will be established for stakeholders, including youth, practitioners and experts, to take forward the initiative through academic and professional exchanges, research, capacity building and activities to promote and reinforce the rule of law. (DoJ)

P52 – Creative Industries:

Support and sponsor, through the CreateSmart Initiative, non-profit making organisations and government departments in applying design thinking to improve and enhance the quality of public services and facilities. Pilot projects include enhancing support and services for SMEs. (CEDB)

Nurturing Talent

P65 – Supporting Students with Different Needs:

Enhance support for students with autism spectrum disorders (ASD) by assisting public sector ordinary primary and secondary schools to deploy a 3-tier intervention model with proven effectiveness in phases from the 2020/21 school year, which is expected to benefit about 10,000 students with ASD. The support will also include the provision of tier-2 support by non-governmental organisations on school-based small group training on social adaptive skills. (EDB)

Improving People's Livelihood

P85 – Enhancing Healthcare Services:

To complement the HK Cancer Strategy, government will develop an online resource hub to provide health information related to cancer. HA plans to enhance the quality of cancer services... diagnosis and treatment, transitional care, etc. Initiatives include piloting streamlined cancer-specific diagnostic services, extending the Cancer Case Manager Programme, and continuing to introduce advanced medical technology for cancer treatment and expand the coverage of cancer drugs in its Drug Formulary.

The HA will establish a sustainable service model to improve quality of life of cancer survivors and develop a structured rehabilitation and supportive care programme to ensure timely provision of support and care to cancer survivors. (FHB)

P86 – Sustainable Development of Healthcare System:

The results of a new round of manpower projection exercise are expected to be published in 2020 to update the demand and supply projections of healthcare professionals. (FHB)

P87 – Occupational Safety and Health:

Launch the Construction Safety Ambassador Pilot Scheme to encourage construction workers to report unsafe working conditions. (LWB)



Liveable City

P107 - Transport:

Request in the coming year the MTRCL to commence the detailed planning and design for the Tuen Mun South Extension, Northern Link (and Kwu Tung Station) as well as Tung Chung Line Extension as recommended under the Railway Development Strategy 2014. (THB)

P109 – Enhancing Waste Management:

Fully promote a "plastic free" culture with a view to reducing the use of single-use plastics and creating a circular economy for these materials... government will: consult the public on the way forward for the producer responsibility scheme on plastic beverage containers, and launch a pilot scheme on the application of reverse vending machines.

Develop centralised recycling facilities for handling government yard waste and turning it into solid fuels, composts, mulch, etc. Production of biochar from yard waste will also be explored with a view to turning yard waste into energy and useful products. (ENB)

Embark on a study on how to promote recycling and proper disposal of batteries from new energy vehicles. (ENB)

Deploy resources to co-ordinate relevant Government departments in expediting clearance of abandoned construction waste. (ENB)

P111 – Climate Change and Energy:

Formulate the first ever Green Energy Target for the whole Government, covering the use of electricity and other forms of energy in all government buildings and infrastructure facilities, and taking into account both energy efficiency enhancement and RE development. (ENB)