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Chief Executive's Office
Tamar
Hong Kong

1 August 2022

Dear Chief Executive,

2022 Policy Address Submission

I have pleasure in enclosing the British Chamber of Commerce 2022 Policy Address Submission for your and your Administration's consideration.

Our theme for this year's Submission is "Five Steps to Plan Ahead for a Better Tomorrow", and we have grouped our comments and recommendations under headings as follows :

- Rebuilding the economy and enabling longer term structural change;
- Closer economic cooperation with the opportunities of the Mainland;
- Focusing on change in the public sector;
- Improving livelihoods in a more liveable city; and
- Ensuring that Hong Kong's distinctiveness is maintained and positively promoted.

We believe that a focus on these areas will position Hong Kong strongly as we emerge from COVID and open up to the world again to re-establish Hong Kong as Asia's leading international financial and trading hub, and reinforce Hong Kong's reputation as an attractive place to live and work.

We were greatly encouraged by President Xi's remarks during the 25th Anniversary celebrations, particularly around adherence to 'One-Country, Two-Systems' over the long term, the commitment to maintain Hong Kong's distinctive status and advantages with a particular reference to Hong Kong's Common Law system. These will be critical to Hong Kong's future success and are essential to provide necessary confidence to the international business community as it looks to make investments and grow its activities in the region.

We were also pleased to note your commitments at the recent LegCo meeting to establish four task forces on key livelihood issues, to set policy targets by the end of August and to bring back the Central Policy Unit. Our Policy Address Submission hopefully provides some helpful input as your teams begin their work.

I would like to underscore three key messages :

- As we have said before, and as a short term but urgent measure, we strongly urge you to reopen our international borders as soon as possible. I recognize that this requires a difficult balancing act. Nevertheless, the current isolation compared to the rest of the

world has led to a clear loss of talent, a relocation of senior regional personnel out of Hong Kong, a reduction in business footprints and the postponement of potential business expansion in Hong Kong. The longer this continues, the more damaging and more permanent it may become.

- We share your vision for a more livable, open, vibrant and united city and believe the business community has much to offer in realising that vision. We welcomed your outreach to the international business community in the lead up to your election and hope that this will be a feature of your Administration going forward. We stand ready and eager to help.
- The next five years will be a crucial period for Hong Kong and Hong Kong's business community, requiring long term planning and structured investment by the Government alongside streamlined procedures and efficiency. You have highlighted that your Administration will be result-oriented and solution-driven. We believe the business sector can add a great deal in executing to these standards. In order for us to support your objectives we ask for clear and early communication of future Government planning and investment priorities so that business has a detailed understanding of how it can support the Government's initiatives and the continued growth of our economy.

We look forward to working with you and your Administration and would welcome the opportunity to discuss the attached paper, or any particular aspects of it, with you directly or with your respective Secretaries and bureaux at your/ their convenience.

Yours sincerely,



Peter Burnett OBE, BBS
Chairman

The British Chamber of Commerce in Hong Kong

Cc: Ms Carol Yip Man-kuen, Director, Chief Executive's Office
Mr Daniel Cheng Chung-wai, Permanent Secretary, Chief Executive's Office
Ms Priscilla To Kit-lai, Private Secretary to the Chief Executive, Chief Executive's Office
Mr David Graham, Executive Director, The British Chamber of Commerce in Hong Kong

British Chamber 2022 Policy Address Submission

Five Steps to Plan Ahead for a Better Tomorrow

Following on from the Chief Executive's Manifesto vision for *Starting a chapter for Hong Kong together*, the British Chamber of Commerce in Hong Kong ("The Chamber") is pleased to have the opportunity to provide input for the new Administration and warmly welcomes initiatives led by the Chief Executive himself to reach out to the international business community. We have grouped our suggestions for this year's Chamber Policy Address submission under 5 headings:

- Rebuilding the economy and enabling longer term structural change.
- Closer economic cooperation with the opportunities of the Mainland.
- Focussing on change in the public sector.
- Improving livelihoods in a more liveable city.
- Ensuring that Hong Kong's distinctiveness is maintained and positively promoted.

Rebuilding the Economy

Our recommendations for economic development focus on two main policy objectives, first short-term measures needed to help get the economy moving in the next few months and secondly the long term structural changes necessary to improve our overall competitiveness.

We suggest the following **short-term measures** to take effect in the next 6-9 months. These are critical in showing the public and the wider business community that Hong Kong is 'open for business' again:

- Prepare a mini-budget to be published at the same time as the October Policy Address, including a number of measures to get the economy moving again, in addition to the usual February 2023 Budget. We strongly recommend that the Financial Secretary, the new Deputy Financial Secretary and the Secretary for Financial Services and the Treasury reach out to local and international business chambers with a series of engagements in the next few weeks to solicit proposals from the business sector for the mini-budget. Amongst our suggestions, not detailed here, would be a series of measures to continue to support the small business sector as it gradually recovers from the 5th wave of the pandemic and the extension of further support should a 6th wave appear this autumn.
- Raising awareness of the pipeline of signature infrastructure projects which are "shovel ready" and capable of being funded and developed by the business community – together with

encouragement to invest in funding such projects for the benefit of Hong Kong. This signature programme would act as a catalyst for wider economic recovery. In this context, we recommend that the Deputy Financial Secretary and the Secretary for Development work together to develop a clear programme within the first 100 days of the new Administration. We make a number of suggestions on how such projects can be financed jointly with the private sector in our following section **“Change in the Public Sector”**. Initial supporting development expenditure should be set aside in the next full Budget early in 2023.

- The travel and logistics sector is an economic pillar of the Hong Kong economy: trading and logistics accounted for 19.8% of the city’s GDP and provided some 673,700 jobs in 2019. It is vital that Hong Kong’s international borders are swiftly re-opened with the minimum of inconvenience to travellers. Our unique advantage of a freeport (airport and port) is underpinned by the free movement of passengers, freight, capital and information with the rest of the world. We understand that the Mainland may wish to follow a slightly different approach to avoid COVID transmission. However, a differentiated ‘One-Country, Two-Systems’ approach will benefit not only Hong Kong which is dependent on an open economy and freedom of movement but could also offer the Mainland economy vital support. It may also provide an opportunity to evaluate the effects of a different approach to COVID transmission control nationally.
- In this respect, the Chamber believes that the publication of a clear and firm roadmap for the post-COVID environment, to help us all prepare for the planned and carefully considered resumption of “back to business as usual” is essential. Many highly skilled individuals have left Hong Kong, retired or have permanently moved into other sectors which will severely hamper the recovery of the most COVID-impacted sectors such as tourism, travel and retail and this will create a talent shortage in other key areas, such as financial services. Once a roadmap is in place, both individuals and businesses as a whole will be able to develop future expansion and investment plans with more confidence.
- It will be critical that Hong Kong attracts back major sporting and cultural events and major conferences to Hong Kong as we emerge from the pandemic. These have been an important aspect of business life in Hong Kong in the past and should be again in the future. Financial and other incentives may be needed in the short term to bring such international events back to Hong Kong, particularly those which have relocated to other jurisdictions in recent times.
- The airport and port of Hong Kong are amongst the top in the world. Since 2012, the Hong Kong International Airport has been the busiest cargo airport in the world (except 2020 when it was the second busiest cargo airport after Memphis). It was also consistently amongst the top 15 busiest passenger airports until the pandemic. Our port was the eighth busiest in 2020. Following the splitting of the Transport and Housing Bureau, something the Chamber has argued for over a number of years, we strongly recommend the new Secretary for Transport and Logistics to build on the opportunity to apply a more strategic focus on this sector and work with the boards of key corporations in these two ‘ports’ and put together a strategic plan to rebuild their competitiveness

before the end of 2022, for launch early in 2023. The Chamber has a number of experts in the transport and logistics field and would be pleased to be involved in this process.

- Rebuilding confidence to attract people back to or to take up residence in Hong Kong is critical to ease skills shortages in the city. Government should consider both enabling measures, such as inward migration visas/ one way permits, open city access, ensuring schools remain open on a permanent basis, focussed vocational training for older former workforce participants and young people to join the workforce in areas with critical skill shortages (including in the technology space) to name a few, as well as fiscal measures, such as financial incentives for highly qualified individuals to relocate to Hong Kong and tax support for employers to bring in critical staff back into Hong Kong as a regional management centre, international I&T and education hub.

We also suggest a focus on enabling ***longer term structural change*** in rebuilding the economy. Besides the infrastructure development programme mentioned above, we choose to highlight three main areas here for consideration: a cooperative market-led strategic central planning approach for long term economic growth, digital transformation and financial markets.

- The business sector routinely uses strategic long-term planning to great effect in focussing on areas of competitive advantage, to guide investment, lead growth and deliver strong results over many years. The Chamber has in the past strongly recommended the development of a strategic planning unit at the heart of Government, to work on a cross-bureau basis and with the active involvement of the private sector and reputable think tanks. In that context, the Chamber was pleased to note the Chief Executive's comments at the recent Legislative Council meeting in relation to the revival of a Government think tank – the Chief Executive's Policy Unit. We fully support this and look forward to establishing an early dialogue with the Unit once established.
- As Hong Kong's economy grows closer to the managed and centrally planned Mainland economy, such a planning unit may seem a natural development. However, we are not suggesting a direct replication of the NDRC¹ on the Mainland, but rather our suggestion is to get ahead of the planning needed for the Fifteenth and later five-year planning cycles with a strong examination of the place that Hong Kong can play not only in National development but in a successful global economy. The focus should be on developing a uniquely local Hong Kong institution that can bring together the drive for closer economic cooperation with this city's tradition of 'big market-small Government', including representation from international businesses to provide an open and international outlook. In the tradition of 'One-Country, Two-Systems', modified key elements of the first two¹ core functions of the NDRC could be adopted as follows:
 - To develop and help implement planning strategies to strongly support successful longer term economic growth in Hong Kong, preparing annual, medium and long-term investment and development frameworks for private and public cooperation to develop the local

¹ [Main Functions-National Development and Reform Commission \(NDRC\) People's Republic of China](#)

economy, focussing on our city's unique advantages. To coordinate input to GBA and state-level special economic plans, as well as initiatives to facilitate the Mainland's opening up to the outside world.

- To formulate overall objectives on accelerating the establishment of a highly competitive, internationally open, modern economic system, leveraging the wide range of international skills available in our city, boosting its competitive advantages and promoting high-quality development; to set major tasks and relevant policies for major Government bureaux. To organise better assessment and monitoring of major strategic plans, major policies and projects, and to put forward proposals for adjustment.
- The Chief Executive election manifesto recognised the pressing need to provide more and higher quality housing through better identification of land, faster planning approval and use of modern construction techniques. There is a welcome understanding that for this objective to be achieved there must be much better coordination between Government departments, institutions and the private sector. We welcome this initiative and strongly support an acceleration of housing developments and detail some additional ideas below.
- President Xi envisages Hong Kong as China's international Innovation and Technology hub. Digital transformation is clearly a priority relevant to all aspects of our personal, social, business, economic and political lives, and creating a smart and digitised vision for a small highly urbanised international city like Hong Kong is a very natural opportunity. However, we need to move faster to ensure we do not fall behind regional and international competitors. We elaborate on the key areas where this needs to take place in later sections of this submission.
- In relation to Financial Markets, there have been very significant developments in our city over the term of the last Administration, many of them very welcome as we develop closer economic ties with the Mainland, such as the introduction of the "Connect" schemes. However, we are falling behind in a number of key areas, both nationally (for example in the nature and scale of digital payment systems) and internationally (for example with the latest trends in fintech, digital currencies and blockchain). In addition to our comments in the following section on "**Ensuring Hong Kong's Distinctiveness**", we make a number of suggestions here to accelerate progress:
 - Hong Kong should move forward to establish itself as a centre for scaling voluntary carbon trading. We have noted the recent announcement by Hong Kong Exchanges and Clearing Limited (HKEX) of the International Carbon Market Council in which it is partnering with a number of leading corporates and financial institutions to explore carbon opportunities in the region. A number of those organisations are members of the Chamber. It is important that this initiative moves forward quickly and concrete plans are developed, along with an appropriate regulatory framework.
 - The "Connect" schemes should continue to be developed beyond the recent ETF Connect and the upcoming Swap Connect. This would include expanding the stocks included in Shanghai and Shenzhen Stock Connect and expanding the scope to include primary offerings



(IPO Connect) and not just secondary trading.

- Following on from the simplification exercise undertaken recently by the HKEX in relation to the rules for overseas issuers, a significant exercise should be undertaken to attract foreign issuers to list in Hong Kong to reinforce its status as an international financial centre. This will need to involve not only HKEX but also the Government, regulators and may require some further streamlining of requirements. In this context, we have noted recent statements by HKEX in connection with opening offices in the US and Europe and we would support those initiatives.
- An urgent review of the GEM market needs to be undertaken in relation to its positioning, market perception and viability as an alternative to the Main Board. Currently it is largely dormant as a market for raising new capital. Our suggestion is that this should be repositioned as a market for much earlier stage companies with a lighter regulatory regime (both at initial listing and in terms of ongoing regulatory requirements).
- In order to facilitate net zero targets, it is critical that Hong Kong further develops as a centre for green and sustainable finance, and creates further investment products. In that context, the Chamber has noted the work of the Green and Sustainable Finance Cross-Agency Steering Group, including the development of a common Green and Sustainable Finance qualification framework, and believes that this needs to be accelerated and coupled with greater training on sustainability.
- Whilst there are current uncertainties around crypto currencies, it is nevertheless likely that they will continue to develop as a significant asset class. Hong Kong needs to continue to develop and modernise its regulatory framework in relation to this asset class, so that it is well-positioned to benefit from future growth.
- The Chamber has noted the recent focus on attracting family offices, especially through Invest HK, which the Chamber supports. Government should consider more competitive tax concessions for family offices. Additionally, the 2022 Budget was silent on privately offered funds investing in fixed income and credit strategies which struggle to enjoy the unified profits tax exemption for funds under the current regime. Measures to address this issue will enable further development of the Hong Kong bond market and the asset management industry as a whole.
- We strongly support our city's application to become a member of the Regional Comprehensive Economic Partnership (RCEP) and would be happy to join efforts to promote this outcome as representatives of the international business community in Hong Kong. As a member of RCEP, we should be able to consolidate its position as a regional business hub offering exceptional trade and investment access to both the Mainland and other RCEP members. RCEP does not currently have a permanent secretariat and we believe that Hong Kong would be well positioned to take on this role.

Closer cooperation with the Mainland Economy

The Chamber sees significant advantages for our economy in moving forward with GBA integration. In that regard, we make the following policy suggestions:

- Further align tax rules and regulations with the policy objective of encouraging Hong Kong businesses to invest into and expand within the GBA. This includes lobbying Mainland authorities to allow the set-up of branches of Hong Kong entities in the GBA with a unified Hong Kong tax rate at 16.5% (instead of 25%), for a period of at least 5 years, providing tax depreciation allowances on fixed asset investments located in the GBA and enhanced tax deductions to cover R&D activities undertaken there.
- To allow effective labour mobility and the development of a broader living area for Hong Kong people in the GBA, proposals could be brought forward, for example, to:
 - Provide enhanced financial and other support for Hong Kong talent working in the GBA and for talent of other GBA cities working in Hong Kong.
 - Enhance the recognition of more Hong Kong qualifications, particularly in the legal, construction and insurance sectors, broadening out the current CEPA process.
 - Approach Mainland authorities to enhance the existing China IIT treatment for Hong Kong people working in the GBA (e.g. expanding the current scope of China IIT subsidy to young graduates working in the GBA under the Youth Employment Scheme).
 - Enhance the GBA Youth Employment Scheme to allow flexibility for employment contracting arrangements to minimise the current administrative burden.
 - Establish an employment matching programme for local STEM graduates with potential employers in Hong Kong and the GBA.
 - Allow the payment of dependent parent and grandparent allowances even when individuals are residing in the GBA rather than in Hong Kong.
- For the healthcare sector, the GBA presents a very significant economic opportunity. We make the following specific proposals:
 - Further extend tax incentives for the purchase of private life and health insurance for both Hong Kong residents and our citizens living the GBA.
 - Increase the number of GBA cities and designated healthcare institutions covered by the Hong Kong policy to meet urgent clinical needs. In particular, the policy should be extended to cover more tier-three hospitals providing advanced or specialised care to meet the strong need for patients to receive life-saving treatments.
 - Be more transparent in the Government's collaboration and communication with the Guangdong Provincial Medical Products Administration (GDMPA) and take a more proactive approach in information sharing for GBA healthcare policies and facilitate medical insurance (including private insurance and voluntary health insurance scheme) to cover Hong Kong citizens resident in the GBA.

- Increase mobility by establishing a clear code of practice and medical indemnity coverage for healthcare professionals practicing across the border.
 - Expand the use of Hong Kong drugs and medical devices in the Greater Bay Area to include more than those for “urgent clinical use” and make these available under approved and transparent guidelines.
 - With patient consent, extend electronic health record sharing systems to cover top tier hospitals in the GBA to ensure continuity of care across the border for Hong Kong citizens living or working there.
- For the construction sector, the GBA presents the opportunity to promote Hong Kong as the arbitration centre for construction disputes, a wider range of qualifications to be mutually recognised to help with the movement of specialist expertise across the boundary and for the GBA to serve as an MiC manufacturing hub.
 - The Chamber also welcomes the new Administration’s focus on the development of the Northern Metropolis as a way of more closely linking the Hong Kong and Mainland economies. We strongly suggest that private capital is utilised in PPP projects as part of this development (reference to [the Chamber’s recent PPP submission](#)). Government should ensure that incentives provided to encourage businesses to move to the area are relevant and easy to apply for and that the project can be used as a means of furthering Hong Kong’s ambition to become a regional centre of excellence for green infrastructure finance. Communications, logistics and transportation links across the boundary will be key to its success.
 - The GBA will prove most effective if the closer economic cooperation allows the freest movement of Goods, People, Capital and Data across boundaries. For the first, a suite of measures are in place, although this could be significantly improved by further digitalisation and the alignment of processes and systems. For the second, this is currently constrained by COVID and, as mentioned elsewhere in this submission, a roadmap for careful opening needs to be quickly developed in the coming months. Further development of additional ‘Connect’ schemes is important to facilitate cross-border capital movement but it is the free movement of data that is currently exercising the concern of many Hong Kong businesses looking to invest in the GBA. Restrictions on transfer of personal data across boundaries within the GBA provides a challenge for international institutions to transfer personal data of clients to and from Hong Kong, to the Mainland, and also for international transfer or secondment of staff where healthcare records need to be accessed for insurance purposes. The Chamber recommends that the new Secretary for Innovation, Technology and Industry engages with the international business community to try and find a pathway for companies and institutions to navigate this increasingly complex environment.

Change in the Public Sector

We believe the new Administration can become a key catalyst for change in how Government and the public sector is structured, following the last 25 years of mixed progress in the delivery of increased efficiency and effectiveness in the local economy. Whilst strong improvement has been made in many areas, in particular by the Financial Secretary and the FSTB together with the inward investment sectors of Government, over the last few years performance elsewhere seems to have faltered. For example, more decisive action to use existing legislative powers could be undertaken to assemble enough land for an increase in the public housing development pipeline, to push ahead with measures to support Hong Kong's port industry or to subject the huge Hospital Authority to more direct and transparent Government supervision and accountability. More effective and efficient public service delivery is important – we are very much in favour of the drive to “reduce unnecessary or redundant procedures, improve efficiency and modernise Government” noted in the Manifesto. The development approaches for land, buildings and infrastructure in the Mainland and in Hong Kong are in stark contrast – in speed, the degree of regulatory complexity, the construction approach used and in development costs.

We suggest the following for active consideration to move forward:

- Strengthen the outreach programme on policy development and service delivery with local and international business Chambers for all Government bureaux and statutory authorities. The business community has much experience to share in effective and efficient operation and service provision.
- We believe that the reorganisation of the Government now being introduced will help and we particularly welcome the separation of Transport from Housing, with the appointment of a Secretary for Transport & Logistics. We call for the early creation of a properly funded and vested Port Authority for Hong Kong.
- To provide more land supply for public housing and more flexibility in land use, we recommend that the new Administration actively uses all of the existing measures available to it in law, such as land resumptions, land swaps and other development tools to clear barriers to the development of a more effective land bank. We strongly support the establishment of task forces on public housing projects and land for improving housing supply, and welcome the recent announcement that the Financial Secretary will lead a task force on land supply. The Chamber is willing to contribute its considerable sector expertise to these task forces.
- Hong Kong has made some advances in liberalising the repurposing of industrial real estate. However, where theoretical flexibility exists, for example through waivers from the Lands Department on designated use, a disconnect between commercial reality and bureaucratic procedures often prevents active development. The Lands Department has said that a waiver can only be applied for, at unknown cost in land fees, after a lease has been signed. In

practice this impedes waiver applications by potential new tenants, given the considerable risk of an unknown cost and unknown outcome in such a leasehold situation.

- Land supply for modern industrial and logistics buildings needs to be expedited to capture business opportunities for Hong Kong from e-commerce and the online economy and to take advantage of our duty-free status and world-leading position in logistics. While there are potential issues with land resumption, the quickest and probably optimal way to free up land is the utilization of brownfield sites without reclamation or taking over land from the periphery of country parks.
- Prioritising the use of Design for Manufacture and Assembly (DfMA) as a proactive design approach which focuses on enabling offsite manufacture of high-quality construction components and efficient assembly of the components on site is essential. This should be coupled with Modular Integrated Construction (MiC), whereby free-standing integrated modules (completed with finishes, fixtures and fittings) are manufactured in a prefabrication factory and then transported to site for installation, giving a new focus on best practice modern construction techniques in Hong Kong.
- Develop a “whole of industry” approach to security of payments by Government for the construction sector, as well as an adjudication service for handling construction disputes. In this regard, we would recommend that the draft Construction Industry Security of Payment Bill be released for public consultation and placed before LegCo and promulgated as soon as possible.
- Significantly streamline and remove red tape for applying and processing Government grants for SMEs, for those small businesses with under HK\$8M turnover which are requesting a grant under HK\$250K from Government schemes.
- Host Government sponsored forums to encourage communication and knowledge exchange of the latest health developments and demand in both the public and private sectors, laying the groundwork for the development of an overarching and quickly evolving digital health strategy.
- Fast track citizen-centric smart city digital implementation innovations in the transportation, healthcare and construction sectors, as well as the greater use of open data and data platforms. Improve Government to citizens and businesses digital services (G2C and G2B). Specifically, we recommend the Government pursue initiatives to make open data more accessible to businesses for open innovation, by improving on the measures of open data currently deemed ‘poor’ according to the Hong Kong Open Data Index (<https://opendata.isoc.hk/view-index/index-2021-2022>). This includes:
 - Releasing datasets under an open license which is presented in an explicit manner, granting permission to access, reuse, and redistribute work ([open license](#)). An example of this is the Open Data Commons Open Database License ([ODbL](#)), which is published by the Open Knowledge Foundation and provides clear guidelines on the use, attribution, and sharing of open data; and
 - providing metadata and documentation to explain the context of the data for analysis

([metadata](#)).

- With the development and use of Government apps for individual use (such as iAM Smart), we would like to see an improvement in the way the Government offers businesses digital services. For example, access to many government facilities, or public tenders to Government, require the use of almost obsolete forms of technology, such as CD-ROMs, or facsimiles (fax).
- The Chamber welcomes the specific Manifesto remit to explore the options for PPP models and financing options relating to the Northern Metropolis and other infrastructure projects and would welcome further dialogue with the Financial and Development Secretaries on this point.

Improving Livelihoods in a More Liveable City

For the vast majority of Chamber members, Hong Kong is our home. We strongly support the Administration's vision for a more liveable, open, vibrant and united city and so in this submission we wish to place great emphasis on a range of measures under seven core themes, perhaps not always seen as a focus of business organisations: making our city **more liveable**; **more sustainable**; **improving healthcare and education**; boosting **diversity and inclusion**; helping people up **the housing ladder**; and **preparing for a more ageing society**. Only if these existing and emerging issues are addressed do we see an opportunity for a more vibrant and united city to move forward strongly under the new Administration.

Improving liveability

- Globally there is an increasing awareness of city residents wanting more from the limited space available to them and with less priority accorded to private vehicles. This is good for people, society and for the climate by building a sense of local community in key shopping and leisure districts through redesigning the use of public space for pedestrians, implementing better traffic management and parking enforcement as well as using the harbour for more transport links.
- Hong Kong has a world leading public transport system and we should make this more prominent in the current Transport Review, which should help identify and address key challenges such as data sharing or taxi regulatory reform. The further greening of urban areas should be a priority, with more trees along urban paved areas and car-free roads in Central and other districts.
- Real time data should be available for border / harbour crossings and key roads, with status / congestion updates to enable better transport choices for users.
- We would like to see progress made on citizen-centric smart city digital implementations, across transportation, healthcare, construction, and the use of open data and data platforms. According to the Hong Kong Open Data Index, provided by the Internet Society Hong Kong Chapter (<https://opendata.isoc.hk/view-index/index-2021-2022>), Hong Kong remains 'poor' in providing an open license to data, and 'average' to 'poor' in making the data searchable and accessible through the use of metadata and human readable format.

A more Sustainable city

- Climate Change adaption is a critical task facing a sub-tropical coastal city like Hong Kong. We understand that the Hong Kong Observatory has conducted some detailed modelling of the projected impacts of global warming and we recommend that detailed assessments / maps are published by Government for each District on the impact on stormwater drainage, coastal and riverine flooding, landslips, as well as projected windspeeds in the case of stronger typhoons. Working with public and private sector building / infrastructure owners and developers, Government is recommended to prepare a long-term roadmap to collaboratively seek to future proof the city as much as possible.
- Government's roadmap for electric vehicles in March 2021 laid out the ambition and overall timescales for decarbonising transport. Hong Kong has an excellent public transport system but further efforts to optimise route / options / efficiencies of operation in order to work towards further decarbonising the public transport fleet. The Chamber believes progress could be faster with a scaling up of technical trials for electric Public Light Buses and e-Taxis involving both the private and public sectors. In addition, the synergies between transport modes and charging infrastructure should be examined (e.g. fast chargers for both Taxis and PLBs / franchised buses in locations that are sensible), as well as establishing charging points for last mile delivery vehicles. Zero emission zones should be progressively introduced, so that the commercial sector can plan to adopt zero-carbon technologies, thus supporting a market-driven solution. We also suggest to broaden the scope of Green Transport Fund to cover non-road vehicles, heavy vehicles and construction plant to further reduce emissions.
- Like other transport sectors, the commercial aviation industry is under pressure to decarbonise. As zero-carbon energy and technologies such as electric and hydrogen fuel cell are not yet aero market-ready, especially for medium- and long-haul operations that account for almost three-quarters of the industry's CO₂ emissions, the up-scaling of the use of sustainable aviation fuel ("SAF") is crucial. The Chamber strongly recommends the Government to put in place resources to create an environment conducive to the development of SAF infrastructure and supply in Hong Kong, including financial incentives to the private sector and funding for R&D in SAF production, which will help local aviation companies meet their decarbonisation targets, as well as assisting Hong Kong businesses to reduce their Scope 3 emissions, all strengthening Hong Kong's position as the aviation hub in the GBA.
- We recommend that Government construction and development contracts be restructured so that the procurement process requires, where at all possible, full consideration of ESG factors, with an integration of lifecycle carbon assessments into projects and designs.
- We have a large stock of ageing buildings in Hong Kong which will need retrofit solutions in order to improve their performance. There are some examples of best practices in Hong Kong which we encourage others to emulate and improve upon. These examples are; Planning Department –

revamp procedures – change of use of buildings to allow brown sites to be used; Building Department – revamp of requirements around re-use of old buildings, design and speed up procedures.

- Major investment projects like the Northern Metropolis and the Reclamation in Central Waters should be shaped in a way that helps promote Hong Kong as a regional centre of excellence for green infrastructure financing, by using these developments as high profile opportunities for new procurement and delivery models that utilise the resources of the private sector and which help with access to housing for marginalized or vulnerable communities in a way that is environmentally sustainable.
- Enhance the sorting and treatment of both municipal and construction waste with automated and robotic sorting, to support increased recycling and the better reuse of recovered raw materials.
- Food production accounts for a significant proportion of global GHG emissions and we import the vast majority of our food. Government should encourage more local food production, as other international cities like Singapore are doing through vertical farms and new agri-tech, to encourage greater food security, reduce emissions and enable healthier diets for citizens.

Improving Healthcare

- The Chamber believes that the Administration should set out clearly delineated, funded and time dependent objectives for a sustainable, accessible and equitable healthcare system, including more focus on primary care, oncology, mental health for the young and the old, digital health and including the further extension of tax incentives for purchase of life and health insurance.
- A digital health strategy needs to be clearly articulated and integrated into the health policies across Government, both internally in bureaux across the Administration and into planning for the GBA. We believe the sharing of real-world clinical data for R&D and anonymised patient generated data to be consolidated and shared with public and private hospitals is important, whilst it is also being held by patients digitally to achieve self-management of health and preventive care. The Hospital Authority should expedite the collaboration with Hong Kong Science and Technology Park on sharing real-world data in an ethical way with the industry to empower R&D and health technology development. Benefits will include improved prevention, lower healthcare costs, augmented self-management of chronic diseases by patients and precision medicine.
- Hong Kong should aim to become a global digital exemplar, achieving and retaining Healthcare Information and Management Systems Society (HMISS) level 7, as well as promoting the use in a standardised format / content for disease registry in both Hong Kong and the GBA.
- Government should support the development of new industries by bringing together proven technologies, such as using IoT medical devices in home settings for measuring and monitoring the health condition of patients (including an alert system when monitored values are outside safety margins), robotics for self-care and companionship and extending policy and regulatory support for telemedicine to further enable remote consultations.

- The Government should give higher priority to real-world evidence in new drug registration, approval and reimbursement, in a range of applicable scenarios such as rare diseases, clinical practice localisation and outcome-based pricing, producing detailed guidelines on the data sources, analytical methods and evaluation criteria of real-world evidence in the decision-making process. Adoption of new and proven methodologies for drug approval and evaluation such as indication-based pricing and one Certificate of Pharmaceutical Product (CPP) for registration of unmet medical needs (such as Breakthrough Therapy, Orphan Drug and Advanced Therapy Designation). We strongly recommend an increased meeting frequency for the Drug Management Committee (DMC) and relaxing the clinical criteria for drug reimbursement. E-Prescription and delivery should become mainstream to ensure the continuation of medicine supply to patients, especially those who may have limited personal or cross-border mobility or who are in quarantine.
- For oncology we suggest to significantly enhance cancer screening programs to make up for time lost through COVID, utilising District Health Centres (DHC) to run PPP mammography programs and quickly explore the feasibility to run other cancer screening programs such as for lung cancer (the leading cancer in prevalence and death) and liver cancer (aligning with Hong Kong's Viral Hepatitis Action Plan 2020-2024 [https://www.hepatitis.gov.hk/english/action_plan/intro.html]) to reduce death rates. We also recommend improving the Cancer Registry, adding in more information such as the stage of diagnosis, route to diagnosis, survival and treatment data, etc. to bring it in line with global standards.
- As a Chamber, we have long championed a greater focus on primary care, expanding the scope of DHC to include more early screening / health assessment for conditions such as dementia and eye disease.
- Improvements in the provision of mental health treatment are urgently required, introducing PPP practices to address the extremely long waiting time in the public sector for both adult and paediatric mental health related consultations, including consideration for the increased utilization of allied services (e.g. clinical psychologists and psychotherapists), given the rapid escalation of cases during COVID. From April 2021 to March 2022, there were 50,191 new case bookings at Psychiatry Specialist Out-patient Clinics in Hong Kong, with the *longest waiting time of up to 98 weeks*. Facilitating health insurance to include and improve mental illnesses insurance policy coverage and encouraging more employers to include mental illnesses in their health insurance package will support patient movement to the private sector from the heavily overloaded public sector.
- We strongly recommend modernisation of the hospital construction process, promoting and adopting further the use of digital technology in the design, construction, logistics, operations, maintenance, and management of healthcare buildings that have digital technologies at the core. The use of BIM throughout the whole design and construction process and other construction management and integration technologies should also be embraced, which would also give the

potential to create collaboration across the GBA, by blending Hong Kong's property management skills with Shenzhen's technology expertise.

Improving education and young people's lives

- The lack of social interaction caused by attending school lessons online has had a major detrimental effect on children and young people – particularly on those who may be more susceptible to mental health issues. Whether that is increased depression, or more subtle signs of mental ill health such as self-harm, eating issues, panic attacks etc, for younger children the loss of social interaction has resulted in them having to re-learn social boundaries, how to interact with peers, how to share things, how to control their moods – all those skills which are normally learned through normal interaction with peers and teachers. We recommend providing more capacity for accepting specialist referrals without long waiting times, together with more generic training for mainstream teachers on how to deal with counselling situations in schools.
- The Chamber suggests that the Administration considers creating the role of a Children's Commissioner with a specific remit to represent and advocate for increased support access to social and health services, specialist education and counselling services, recreational activities and dedicated play space, etc.
- High quality international education is essential for the competitive future of Hong Kong, so a clear commitment to its continued provision is vital for reassuring both current and potential future residents that their children will be able to follow the curricular set by international and overseas education authorities.
- To take full advantage of the growing technology and innovation start-up hubs within the GBA and to ensure Hong Kong has sufficient home-grown talent to be at the forefront of technological evolution, the Chamber suggests that there should be an increased focus on STEM education in Hong Kong in addition to the development of creative thinking and problem solving in the curriculum. The Chamber recommends that the Administration forms a dedicated team in the Education Bureau to consider how to increase students' awareness of STEM's importance in society and to encourage more females to specialise in STEM subjects at secondary school and in higher education. The Chamber also suggests that the Administration may wish to incentivise women to take up teaching positions in STEM subjects at all levels of the school system; introduce grants for women that elect to study STEM degrees at university in Hong Kong; and donate resources and funding to encourage women and girls into STEM subjects at all levels of education, beginning at primary schools.

Boosting diversity and inclusion

- The Chamber recommends that the Administration forms a working group to take a broader and more holistic review of its legislation regarding family-related leave. This group should consider, inter alia, the introduction of shared paid parental leave to be taken by parents irrespective of

gender and whether or not they gave birth or adopted. This would encourage society to start considering parenting as an equally shared responsibility. At a minimum, statutory adoption leave should be introduced to recognise and give rights to those who choose to have a family in that way.

- Hong Kong has made important progress in the legal recognition of same-sex marriage. However, the Administration is encouraged to consider taking further steps to ensure that same-sex couples enjoy all the same benefits and rights as other couples.
- In the Chamber's own surveys of accessibility for disabled people, there are virtually no wheelchair friendly fully accessible gyms, studios etc in Hong Kong to allow them to fully enjoy recreational facilities. Government should urgently conduct a survey of the Leisure and Cultural Services Department's (LCSD) own sporting facilities to improve accessibility and offer grants to enable easier access to private facilities.
- In recent years there has been an increased international focus on gender pay equality in the workplace, driven in part by the UK Government's introduction of mandatory annual reporting obligations in respect of the gender pay difference since 2017. The Chamber would recommend that the Administration reviews its approach on this topic to keep up with international equality standards and, at a minimum, considers strengthening its existing anti-sex discrimination legislation by expressly creating the right to equal pay for equal work and in that context, consider the issue of pay secrecy clauses in employment contracts.
- Hong Kong is no different from other OECD economies in undergoing rapid population ageing with people aged 65 years or above already amounting to almost 20% of the population. Amongst this background, we would encourage the Administration to consider its approach to both the expectation of retirement at 60 for many companies in Hong Kong and to mandatory retirement clauses in employment contracts, which have already been banned in a number of jurisdictions. The operation of such clauses potentially discriminates on the grounds of age and could lead to the exclusion of an important and experienced element of the talent pool.
- In relation to boardroom and leadership diversity, the Chamber welcomed the HKEX's recent changes to the Listing Rules to improve the diversity of listed Boards. We understand that in the next three years, as a result of these changes, a potential 2,000 seats on Boards in Hong Kong will become available, representing a significant opportunity to diversify the composition of Hong Kong issuers going forward. In order to capitalise on this, the Administration should consider establishing a tripartite working group with HKEX and business representatives to develop guidelines and a structured approach to improving Hong Kong's Board talent pipeline and ensuring that this is suitable over the longer term to meet diversity goals.

Helping people up the housing ladder

- Hong Kong has been declared the world's most expensive property market for the 12th consecutive year, according to the 2022 Demographia International Housing Affordability report.

More than 1.65 million people are living below the poverty line, and affordable housing is the city's most prominent social issue. Land supply and current residential building developments are unable to meet the high demand for affordable housing. According to the Housing Authority, as at the end of March 2022, the average waiting time for public rental housing for general applicants in the past 12 months was 6.1 years. Transitional Housing projects are challenged by remote locations with poor public transportation and inadequate provisions of community spaces and social services.

- Government should take early steps to encourage the development of a housing delivery model that leverages the role of the private sector in providing affordable housing which is integrated with private sector units. Overseas models (for example in the UK) provide a good reference point for doing so and have been successful in promoting greater social integration and upward mobility. In the UK, the National Policy Planning Framework says where major development includes the provision of housing, at least 10% of the housing provided should be for affordable home ownership, subject to some exceptions. These types of inclusive housing models could be tested in the Northern Metropolis area, which provides an excellent opportunity to test and gather data on different types of housing solutions and social rental models appropriate for the city.
- In the interim, as we learn to live with COVID for the longer term, should some of the thousands of isolation units recently developed be repurposed for the homeless? With around \$20 billion being spent on facilities at Penny's Bay and other isolation units, we urge Government to study ways to adapt, renovate, remodel and relocate these isolation facilities to provide additional transitional housing units.

Preparing for a more ageing society

- The number of elderly care home residents who have contracted COVID and have passed away in the epidemic, exposes significant flaws in both the level of primary care and outreach vaccination provided for the residents of such facilities. Government should quickly learn these lessons and provide significantly improved levels of support for primary care in the community and significantly increase outreach for specific needs such as vaccination on site, a lesson learned far too late in the recent pandemic. Deployment of digital platforms would significantly support the efficiency of such programmes.
- Following the World Health Organization (WHO) guidelines on age-friendly cities, embracing age-friendly communities would create active ageing opportunities for older adults through health, participation, and security, enhancing their quality of life as they age. The WHO has identified housing as one of the eight domains² necessary to provide a comprehensive view of the age-

² The eight domains are (1) Outdoor spaces and buildings; (2) Transportation; (3) Housing; (4) Social participation; (5) Respect and social inclusion; (6) Civic participation and employment; (7) Communication and information; and (8) Community support and health services.

friendliness of a community. In Hong Kong, a study³ shows housing the second lowest of the eight domains.

- Preparations for the ageing population could include the adaptation and modification of existing public housing units and provision of age-friendly private housing units in new residential developments. Applying Universal Design principles to all new public and private housing construction could dramatically improve the quality of life for both the elderly and people with disabilities.
- More generally, the focus of ageing in society, as demonstrated on the Mainland and in Australia, for example, should be on improving quality of life, reducing the burden on the health system and avoiding a proliferation of elderly care homes.

Ensuring Hong Kong's Distinctiveness

The Hong Kong SAR provides a unique series of benefits for the Nation. Whilst we support closer economic cooperation with the Mainland economy, it will be essential for Hong Kong to maintain its distinctiveness if it is going to continue to add value in this way. We were pleased to see support for Hong Kong's unique features in President Xi's recent speech commemorating the 25th anniversary of the handover including support for 'One-Country, Two-Systems' in the long run and common law principles. In this respect, we include a number of policy proposals here:

- The Chamber believes that early and significant steps should be taken to open up international borders and make the city much easier to access for both the international business community and overseas leisure travellers. The Chamber also believes that a clear roadmap should be put in place to re-open the boundary with the Mainland, with a series of prospective timelines to allow an early restart to travel (and daily commuting), as we seek to regain our position as Asia's World City.
- It will be essential for Government to proactively be seen to support the free flows of capital, people, goods and data with the rest of the world.
- Hong Kong should continue to ensure that our city remains the preferred conduit for inward investment into the rest of China and the main route through which Mainland businesses go out to the world.
- Encourage the deployment of dedicated MPF funds to fund certified green and sustainable infrastructure in Hong Kong (and in due course the GBA), thereby unlocking a new funding source for infrastructure that effectively allows all Hong Kong residents to own infrastructure and share in future value growth.
- We understand that the Government plans to start the legislative process for BEPS 2.0 in the second half of 2022 with respect to the implementation of a global minimum effective tax rate of

³ [Cross-district Report of Baseline Assessment on Age-friendliness \(2018\)](#)

15% for large multinational enterprises (MNEs) by 2023 and that it is also considering the introduction of a domestic minimum top-up tax for these MNEs starting from 2024/25. Hong Kong must continue to maintain a simple tax system, including the territorial source principle, in order to minimise the impact on SMEs. We hope that the Government will maintain effective communication with affected MNEs to understand their practical concerns in designing a simplified and effective administrative process to alleviate any potential compliance burden.

- In order to support Hong Kong's role as a regional financial and trading hub, we strongly support Hong Kong's application to join the Regional Comprehensive Economic Partnership (RCEP) to further enhance its connectivity with the South East Asian economies and other RCEP members. This will ensure Hong Kong is more fully able to function as the "super connector" between RCEP members and the GBA.
- Government should take steps to encourage higher quality and increased longer stay tourism spend through protecting and promoting our natural and historical heritage whether it be country parks, outstanding natural beauty, cultural icons or historical sites which will ultimately increase tourist numbers.
- We recommend Government expand the immigration arrangements for the non-local graduates (IANG) scheme run by the Immigration Department. For example, by expanding the number of students that Hong Kong universities can take from the Mainland and overseas, extending the period of stay after graduation so that it is easier for graduates to find jobs here, as well as extending the scheme to first degree level for at least for some areas of study where demand for talent is highest.

1 August 2022