The British Chamber of Commerce in Hong Kong
香港英商會

Mr Paul MP Chan, GBM, GBS, MH, JP
Financial Secretary's Private Office
Tamar, Hong Kong

23 December 2024

Dear Financial Secretary,

2025-26 Budget Submission by
The British Chamber of Commerce in Hong Kong

I am delighted to present the British Chamber of Commerce in Hong Kong's 2025-26 Budget Submission for your and your team's review.

Hong Kong's unique position under the "One Country, Two Systems" framework offers substantial opportunities. This status has enabled Hong Kong to develop distinct political, economic, and legal systems from the Mainland, enhancing its status as a global business and financial hub. The Chamber is fully committed to supporting Hong Kong in embracing these opportunities and addressing any challenges that may arise.

The global environment is rapidly transforming, driven by geopolitics, increasing protectionism, innovative technologies, and climate change. These elements present Hong Kong with the chance to both capitalise on its strengths and mitigate vulnerabilities strategically. The Chamber is confident that a proactive approach will be crucial for Hong Kong to secure its future, shaping it through strategic initiatives rather than external influences.

We commend the Government's initiatives to boost connectivity within the Greater Bay Area (GBA) and the Mainland, as well as emerging markets like ASEAN and the Middle East. By reinforcing Hong Kong's Superconnector role, the City can protect its local and national interests, benefit from global efforts to diversify market connections, and contribute positively to economic stability and growth.

Below, we have proposed strategies to enhance Hong Kong's position and image. This will positively influence the business landscape, foster an ecosystem to attract and retain talent, and advance more sustainable development. We must concentrate on Hong Kong's unique liveability, which is a key factor in its appeal to individuals and families. In gathering expert opinion from our members, there is one overwhelming "success factor" cited; the presence of a professional communication body to drive the consistent theme and programming in telling the Hong Kong story.

We acknowledge the challenges posed by the growing need for recurrent expenditure to tackle social issues and believe that a timely discussion on long-term alternatives to reliance on land premiums is essential. The Chamber is enthusiastic about participating in a reform process to consider new revenue sources and help rebalance our economy. We welcome the opportunity to contribute a wide range of expertise to this process and hope to collaborate more frequently with the Government to build Hong Kong together.

Yours sincerely,

Jeremy Sheldon, FRICS
Chairman
The British Chamber of Commerce in Hong Kong
Cc: Paul McComb, Executive Director, The British Chamber of Commerce in Hong Kong
Christy Ng, Head of Government Relations, The British Chamber of Commerce in Hong Kong

Improving Hong Kong's Image

Budget to invest in services from PR or advertising professionals on rebuilding Hong Kong's image

1. The Chamber strongly believes that Hong Kong has everything it takes to truly be 'Asia's World City,' but there is much to do to overcome the negative sentiment towards Hong Kong that has built up over recent years. We appreciate the Government's establishment of the Mega Events Coordination Group early this year, but publicity efforts for mega events might not cover the full image of Hong Kong. We understand that various bureaux and departments devise their own advertising and communications programs on different schemes/projects. However, the Chamber recommends that, instead of decentralising tasks, it could be more efficient and impactful to hire or establish a separate professional body, with representatives from private and public sectors, to proactively develop and oversee implementation of a campaign to establish and align on a consistent message across Government bodies. The same capability would assist in timely identification and response to any negative perceptions, to ensure consistency in managing Hong Kong's image as Asia's World City.

Improving Business Landscape

Easier access to development and growth for businesses through

2. **Stock market reforms:** Though the Hong Kong market has had a tough few years, thankfully after initiatives launched in the Mainland economy, we have seen a rise in the benchmark indices and an increase in market liquidity (including a record trading day at over HKD600bn).

3. Throughout this period, there has been much reflection on the strengths and challenges of our market framework and how it may be enhanced. A "one size fits all" approach to regulation has ensured that consumer protection and market quality matters have achieved consistent standards, however in doing so, the implications for businesses at different stages of their maturity, may have been lost.

4. We continue to see rising requirements from global investors for better disclosure around ESG matters, and commend the work done by the Green and Sustainable Finance Cross-Agency Steering Group (CASG) to aid implementation of the International Sustainability Standards Board (ISSB) standards, however to impose all of these measures on a short time line to all constituents of the market may seem somewhat blunt and, in many cases, a waste of scarce resources. Similarly, for the proposed Corporate Governance reforms, some are probably more appropriate to large, liquid and widely-held enterprises (e.g. the Senior Independent Director), than to all companies. On the flip side, there are many parts of the rule book that are less relevant to such liquid, widely-held enterprises, and where simplification of the rules is overdue (e.g. connected party transactions rules).

5. At the other end of the market spectrum, there are often wishes for a venture board, where a combination of professional investor only/ prospectus-lite regulatory framework, combined with a bulletin board style of market (rather than order matching). Such a board would allow for both the funding of early stage and smaller companies as well as acting as a potential offramp for companies which have faced challenges (for example allowing retail investors to exit suspended companies).

6. As with any multi-board market, this needs to be combined with effective transition mechanisms. We would encourage such measures especially where they give credit to members for time served and quality of compliance, and seeks to reduce the burden of moving between markets to take account of good behaviour. We celebrate the work of the Taskforce on Liquidity, and look forward to more of the matters suggested to them being implemented.

7. **Expand the scope of the Capital Investment Entrant Scheme (CIES):** The Capital Investment Entrant Scheme (CIES) currently contains seven Permissible Investment Asset Classes. The Government is

recommended to expand the scope e.g. including long-term life insurance products. It will provide more options for potential global investors and attract additional talent and capital to Hong Kong.

8. **Support for SMEs:** The Government measures announced in the Policy Addresses to strengthen support for the existing SME Loan Schemes are welcomed, as is the increased funding for marketing and promotional activity to help them grow their business. However, as global economic conditions tighten, many of the smaller SME trading businesses may well be impacted by geopolitical developments. The Chamber calls for specific programmes to help the affected SMEs to diversify into new markets, amongst ASEAN nations in particular. Government should take the lead through support for promotional campaigns and also more trade offices and in-country consular support, engaging SMEs directly in the process.

9. Existing SME funding schemes (including TVP, BUD Fund, SME Export Marketing etc.) require SMEs to pay for vendor services and claim the amount back afterwards, while SMEs may find it difficult as their budget is relatively tight, this may slow down their innovative developments or expansions. We recommend providing some flexibility around the procedures of application for funding, for example, SMEs can submit their proposal with costs outlined including proposals from vendors, the Government then approve the proposal and provide upfront funding to the SMEs to complete the project, and the project can be audited by a third party to ensure funds are used as planned. Another suggestion is to review the definition of SMEs as it is currently defined as any company having less than 50 employees, consideration could be made based on their turnover.

10. **Digitalisation:** Many government processes are still analogue. Digitalisation is a key enabler for cost savings in government operating expenditure, therefore we suggest Regulatory Impact Assessments for new legislative proposals to reduce burdens on business and the economy as a whole. Consideration for developing a cross-border framework for digital tokenizable trade assets to facilitate businesses of all sizes to reap the benefits from the fast-growing nodes of global trade. Other areas for digitalisation include: Phasing out cheques for payments of Government related bills; and digitalisation of government procurement (e-procurement).

11. We note that the Transport and Logistics Bureau had submitted a paper to Legislative Council recently to require all taxis to fit electronic payment options by the end of 2025 to enhance overall quality of taxi services. We are grateful that an initiative that the Chamber has been proposing in the past few years has been heard and implementation will now take place. We look forward to more unified electronic payment methods in all forms of public transport.

Furthering international connectivity

12. **Expansion of Double-Tax Treaties to more jurisdictions:** Alongside building a stronger network with Middle East, Belt and Road (BRI) countries, and (non BRI) ASEAN countries, the Government should continue to explore negotiations with more jurisdictions to expand double-tax treaties, and engage relevant business chambers in the advocacy with other governments.

13. **Extension of existing investment schemes to enable corporates and family offices to invest into the Chinese capital markets:** Currently, there are limited RMB investment products available offshore (outside of the Mainland) and hence the onshore China Bond and equity markets are still very critical for the development of RMBI. To further enhance the RMB ecosystem, facilitate RMB circulation across boundaries, and in particular, leverage the increasing usage of offshore RMB as a trade and settlement currency, it is worthwhile to consider allowing corporates and family offices to invest into the Chinese capital markets via the existing schemes made available to institutional investors, such as Northbound Bond Connect as an example.

14. **Increase connectivity with the GBA:** Further enhance the Wealth Management Connect (WMC) scheme by allowing the participation of insurance companies and the inclusion of investment-linked insurance products. Continued enhancement will strengthen the financial connectivity between Hong Kong and Guangdong. Cross-border marketing and sales of financial products between the Mainland and Hong Kong should be looked into to allow recognised qualified professionals to conduct relevant activities.

Local economy revival

15. **Increase commercial building uptake by referencing the concept of 'Destination City':** According to various information from the property sector, the Hong Kong office market is facing unprecedented challenges, with record high vacancy rates and an overall decline in rents compared to 5 years ago. Prime business districts are the most affected, with vacancies reaching a net area of 2.2 million square feet. The City of London introduced the concept of 'Destination City' to help rebuild the local economy after Covid. This initiative has revamped itself by delivering a seven-day-a week "Square Mile" that aims to attract businesses, residents, visitors and employees. It supports a first-class culture, leisure and hospitality offering that enables employees to have work-life balance more easily, ensuring that the CBD is no longer only about business but also lifestyle, which has successfully brought technology companies back to the City and has been driving footfall improvement.

16. The Chamber suggests that the Government work with developers and property owners to explore opportunities of converting vacant spaces/offices into entertainment areas, or to encourage them to consider offering the spaces at more affordable prices to organisations in need of space. This will require more flexibility in the regulations of the use of commercial buildings but members were encouraged to learn that the Secretary for Culture, Sports and Tourism has recently promised to remove barriers to help landlords convert their commercial or industrial premises into performing venues to enhance Hong Kong's arts development. Similar flexibility should be given to wider uses, and not limited to arts scene. This approach aims to make sure most spaces are taken up in the longer term. If high vacancy rates in prime commercial areas continue over the long term, negative sentiment about the economic outlook for Hong Kong may linger.

Improving Livability

Enhancing Infrastructure

17. **Engage private sector at early stages for planning and financing of infrastructure projects:** The Chamber always stresses that public-private-partnerships (PPP) are not only essential to financing Hong Kong's economic and infrastructure development, especially for the large scale projects like the Northern Metropolis (NM) and Kau Yi Chau Artificial Islands (KYCAI), but specifically, early engagement of the private sector allows professionals in relevant fields to provide necessary expertise in planning infrastructure projects in terms of its financing, execution and procurement etc. Leveraging the role of the private sector in developing social infrastructure, including the Hospital Development Plan, will mean that the private sector can play a comprehensive role in terms of provision of capital and technical skills, which then unlocks investment and operational excellence for the benefit of patients.

18. **Publish a 5-10 year infrastructure plan:** To build the appetite for investment in Hong Kong among the infrastructure and development community there is a need to provide insight into relevant government plans and priorities so they may better understand and assess opportunities in an on-going manner. As such, we believe a longer term infrastructure plan (5-10 years) needs to be published. Hong Kong has the potential to be a regional centre for infrastructure finance, particularly in relation to the energy transition. For example adopting a standardised approach to appraisal and establishing business case studies for major public works that are socio-economically and environmentally inclusive, will provide greater transparency. In terms of Northern Metropolis, consideration should be made for an expansion of the Retail Infrastructure Bond Issuance Programme to prioritise investment in sustainable infrastructure.

19. **Provide more flexibility in the zoning and regulations of all sites:** This aims to encourage more mixed-used schemes and enable investors to assess financial viability with different use-case scenarios. For new development sites, flexibility in lease conditions and in zoning/OZP should be permitted to encourage development for accommodation and the wider Build-to-Rent/ Multifamily sector, as we see in the UK and Australia.

Improving Lives - Housing

20. **Accelerate the timeframe for landlords to upgrade SDUs with a clear framework for renovation:** The Chamber applauds the new initiatives and task force to improve standards for those living in Subdivided Units (SDUs). We encourage the Government to consider grants for landlords who proactively upgrade their SDUs quickly and that go above the forthcoming minimum standards (i.e. not only meeting minimum requirements), together with a clear framework for renovation and interim housing solutions for those impacted, and enable those living there to return following the renovation, while also considering to provide grants for those tenants to find interim accommodation. The Government may wish to partner with NGOs to this end to ensure comprehensive reach to affected communities.

21. **Encourage developers to invest in senior residence schemes:** The Government's 'Ageing in Place' initiatives can be expanded further to encourage developers to develop Senior Residence Schemes, with concepts ranging from co-living to mid-scale/ luxury schemes for the elderly, and projects designed for inter-generational living. Site zoning, lease and licensing flexibility may be required, and that may contain a combination of commercial, industrial, residential and leisure facilities, together with other incentives to promote development and conversion of existing buildings to service this sector. The Government may consider using areas in the Northern Metropolis to create integrated multi-generational communities and senior living villages.

22. **More steps required to ensure compliant building conversions for student accommodation:** The Chamber is delighted to know that Hong Kong aspires itself to be the leading international education hub in Asia and the recent Policy Address encourages conversion of hotels and other commercial buildings for this purpose. As a next step, the Chamber calls for a clear framework with fast-track approvals from both the Buildings Department, FSD and HADLA, which will be essential for private investors to consider this sector and ensure building conversions will be compliant without the need for lease modification and additional premiums.

Improving Lives – Healthcare

23. **Accelerate the provision of more primary care/ screening initiatives in healthcare:** The Chamber welcomes the proposals outlined in the Administration's first three Policy Address statements to accelerate the move towards more primary care/ screening initiatives in healthcare, and reduce the focus on Hospital Authority care, when medical conditions are at a later stage, and therefore more expensive to treat. We see additional opportunities to expand care and manage costs through two important measures: rebalancing public/private provision to allow the private sector to reduce public waiting times; and the establishment of a central procurement/grant aid process.

24. As Hong Kong aspires itself to become a medical innovation hub, we recommend the Government reserve budget for adopting innovative drugs and medical devices in the public sector. The Hospital Authority (HA) should use "Horizon Scanning" to identify potential emerging healthcare technologies and prepare to adopt them (e.g. reserve budget, relevant supporting measures for using the new technologies) and allocate sustainable funding to support patients' access to advanced diagnostic and treatment services.

25. **Enhance personal income tax incentives to encourage individuals to obtain sufficient protection for their health, life, and retirement:** The Government is recommended to adjust the maximum deductible amount for the current Voluntary Health Insurance Scheme (VHIS), the Qualified Deferred Annuity Policy (QDAP), and the Tax-Deductible Voluntary Contributions (TVC) in the 2025/26 budget year. This adjustment should, at a minimum, account for the cumulative general inflation since April 2019. Such measures will incentivise Hong Kong citizens to secure necessary protection for their health, life, and retirement, effectively addressing the health protection gap in Hong Kong. We may also consider possible inclusion of any non-VHIS health insurance as a qualifying option for tax deductions in the long run. Furthermore, these measures can alleviate the burden on Hong Kong's public healthcare system, contribute positively to the Government's fiscal health in the long term, and be another example of Hong Kong's appeal as a liveable city.

26. **Introduce Hospital Authority (HA) Bond Issuance for Enhanced Healthcare Financing:** HA faces mounting financial pressures, to diversify funding and ensure long-term financial sustainability. We recommend issuing bonds, for example a "HA Healthcare Bond" program. These bonds can be offered to institutional and individual investors, providing a stable investment opportunity while directly contributing to Hong Kong's healthcare system. Various terms and tranches could be offered, catering to different investor profiles and risk appetites. Funds raised would be specifically allocated to critical HA projects, including hospital infrastructure modernisation, acquisition of advanced medical equipment, and development of innovative healthcare technologies, which emphasises the bonds' direct link to improving Hong Kong's healthcare system and the long-term benefits for the community.

27. According to Hospital Authority Ordinance, HA's resources are mainly from financial allocation by the Government, and it is not explicitly authorised to issue bonds, in contrast to the Airport Authority Ordinance, which enables the Airport Authority to create and issue bonds, notes or other securities, or negotiable instruments. The Chamber recommends that consideration could be made around Government being the bond issuer or fund sponsor, or provide more flexibility in Hospital Authority Ordinance to enable HA with authority to bond issuance.

28. **Establish a special fund for cancer and rare diseases:** To ensure the long-term financial sustainability of care for rare disease patients, the establishment of a Rare Disease Fund is proposed. This fund should operate as a multi-stakeholder charity, combining community donations with a government matching scheme (for every $1 donated by the public, the government contributes $3, resulting in a total of $4 for the fund). This fund would serve as a safety net, providing financial support only after government subsidies, insurance, and other forms of financial assistance have been exhausted.

29. **Resourcing screening, prevention and treatment of cancer:** HA should consider resourcing levels for lung cancer treatments. Our understanding is that HA early stage lung cancer patients are receiving suboptimal treatment options because the latest immunotherapies for early stage patients are yet to be reimbursed, while HA has already reimbursed early stage breast cancer treatments. HA should extend the Chronic Disease Co-Care (CDCC) scheme to manage hepatitis B patients in the community to prevent liver cancer. Additional screening of patients will inevitably lead to high demand to care for patients in the community and manage their condition. The Chamber recommends expanding the CDCC model to hepatitis B patients.

Coping with demographic change

30. **MPF reform:** The ability to cover the cost of retirement is crucial not only to individuals but is also an issue of significance to policymakers and society as a whole. As with other economies, Hong Kong faces the twin headwinds of an ageing population and limited labour force. We appreciate the initiatives of the Government to explore opportunities in the Silver Economy laid out in this year's Policy Address. However, these challenges are expected to strain Hong Kong's finances if mitigation measures are not taken as soon as possible while we have the fiscal resources to do so. We suggest the Government build an inclusive, robust and sustainable retirement protection system that is capable of providing security and maintaining a minimum standard of living for all.

31. The need for comprehensive MPF reform as a key enabler to prepare our ageing society for retirement provision. As such, 10% mandatory contributory ceiling currently applicable to both employers and employees in Hong Kong actually falls short when benchmarked against the OECD's average of about 18%. A low contribution rate may also have a knock-on effect of limiting investment returns. Although additional contributions of a voluntary nature are allowed and are, in fact, encouraged, the MPF's one-size-fits-all design fails to take into account the ability or willingness of the different population segments of society to contribute. HK currently lags other jurisdictions in best practice and measures are needed to incentivise greater contribution levels, for example:

- **Limits on non-retirement withdrawals:** We believe that the ability to utilise MPF savings for major lifetime events would have the virtuous effect of encouraging employees to increase their contributions. These may include the partial withdrawal of MPF contributions for making a property purchase deposit by first time homeowners, and expenditure on long-term care or payment for medical insurance. The

Government should consider allowing citizens to convert part of their MPF funds for healthcare purposes, effectively transforming it into a sort of "Mandatory Health Fund." For instance, it could allow Hong Kong citizens to use up to 30% of their MPF funds for medical expenses, or designate that 1% of every 5% contribution goes toward medical use. This arrangement would not only provide greater financial flexibility but also reduce the economic burden on individuals during major illnesses or unexpected medical needs.

- **Incentivising employers and employees to increase contributions through tax incentives:** The Chamber believes that employers should be incentivised to increase their contributions through access to tax incentives equivalent to 200% of the amount that they contribute. A similar tax concession should also be given to the employees to encourage them to make additional MPF contributions.

- **Introducing tax incentives for employed people contributing to MPF of non-employed family members:** To achieve the goal of universal retirement protection, the Chamber suggests that a similar tax concession be provided to employees who contribute to retirement accounts of family members who are non-employed persons (such as homemakers) and are therefore not covered by the employment-based MPF system.

- **Introducing an indexing mechanism with reference to cost of living and inflation:** To provide protection against inflation, we suggest that the Government consider introducing an indexing mechanism that is pegged to the cost of living to serve as a guide in determining whether adjustments are needed to the relevant income cap for mandatory contributions.

- **Adopting tripartite approach to the MPF contribution mechanism:** To take into account income disparities, we suggest adopting a tripartite approach to the MPF contribution mechanism with Government monthly contributions for the lowest earning bands, a tiered employee contribution increasing with income and a competitive employer contribution.

32. At this time, our recommendations are confined mainly to the MPF scheme, which has seen some reform in recent years, but still lags behind best practice schemes such as those applying in the Netherlands, Iceland (Grade A) and Singapore (Grade B+). Hong Kong is graded C+ alongside Kazakhstan, Colombia and the UAE[1]. In order for meaningful and concrete reforms to take place, we suggest appointing a dedicated commissioner responsible for leading the formulation and implementation of a coherent retirement protection policy. We believe centralising such responsibilities offers benefits over the existing arrangement whereby oversight is possibly shared amongst the FSTB, LWB and MPFA.

33. **Policy changes responding to ageing population:** With the general population having fewer children, it is likely that there will be less family support for elderly parents in the long term. Addressing such demographic change requires a series of policy responses such as abolishing mandatory retirement ages, promoting gender equality, adopting selective immigration and encouraging lifelong learning.

Creating an Ecosystem for Talent Attraction and Retention

34. **Reserve budget for improving English proficiency in Hong Kong:** As our Policy Address Submission suggests, Hong Kong was ranked 29th worldwide and 4th in Asia behind Singapore, the Philippines and Malaysia in Education First's 2023 English Proficiency Index. English competency of our Form Three students in Hong Kong was also reported to have dropped to its lowest level in two decades. We must ensure that we maintain one of the highest standards of English among cities in Asia, from hosting international or mega events in English to creating an environment which is suitable for preferred talent in I&T, Biomedical, and AI, as English remains the most widely spoken business language internationally. We suggest a review be conducted of expenditure in the current education system on, and assessing the accessibility to, English language education in Hong Kong, and thus introduce a new policy framework which could be led by the

[1] pdf-2024-mercer-cfa-institute-global-pension-index.pdf

Government to ensure that English language is still a core element in Hong Kong's education curriculum and necessary funding be allocated to support necessary training programmes etc.

35. **Devise short and long term plans for attracting and retaining talent:** We applaud the Government's efforts in devising schemes for attracting talent into Hong Kong in recent years. Yet we have seen less focus on retaining the talent. We suggest working together with the Committee on Education, Technology & Talent/Hong Kong Talent Engage to create short and long term plans on retaining talent, for example offering job matching services, giving more exposure to younger generations by inviting them as speakers at talent summits, incentivising businesses in Hong Kong to offer training by offering tax deductions etc.

36. Other measures to attract talent could be fostering collaboration between education institutions and industry stakeholders to develop more specialised courses with evolving needs of financial and professional services sector, for example, green finance, fintech, and digital wealth management.

37. **Promote gender equality and recognise same sex marriage:** In a 2016 survey, it was found that 52.5% of the interviewees in Hong Kong considered leaving due to non-inclusive polices. It was also found that LGBTQ people who showed a desire and a need to access LGBTQ-relevant social policies, those who perceived LGBTQ-relevant social policies as important, and those with higher income levels, were more likely to have considered emigration. The phenomenon of "gay brain drain" relates to patterns of people emigrating from countries that lack LGBTQ-friendly social policies. This means Hong Kong, as an Asian financial hub, risks losing out on attracting and retaining a significant proportion of its homegrown talent if it fails to provide inclusive policies for the LGBTQ community.

38. HKEX requires all companies to appoint at least one woman on their boards by end of 2024, a substantial move to recognise the benefits of having diversity in companies or boardrooms. Within HKEX-listed companies, women now make up one-third of their management teams, and the proportion of Hong Kong listed issuers with at least one female board member has gone up significantly since 2021. The Chamber believes this agenda is crucial for Hong Kong's future development as these qualities will only get more significant internationally.

Progress on Sustainable Development

39. **Incentivise private sector participation in sustainable revitalisation and redevelopment:** To address the problem of the substantial aged building stock (over 10,000 buildings aged 50 years or older) and align with the City's 'low-carbon and sustainable economy' goals, we urge the Government to actively incentivise private-sector participation in the sustainable revitalisation and redevelopment of Hong Kong's older residential, commercial and industrial buildings. Incentives include fast-track approvals process, additional bonus GFA, relaxation of zoning or uses for buildings, and relaxation on development regulations to improve net areas.

40. For aged residential building stocks, grants are currently available for the common area upgrades of these buildings from the two power companies under the Scheme of Control. If owners of individual residential units of aged residential buildings proactively enhance energy efficiency, provision of targeted subsidies could be considered, perhaps on a matching basis so that this can also reduce energy costs for the low-income families living in these buildings in the long run. Prioritisation of support could be achieved through assessing building age and median income level of a given sub-district, or make reference to some existing guides (e.g. HKGBC) and energy saving estimation tools (e.g. HKUST) to target buildings with the highest energy saving potential.

41. **Initiate the delivery of SAF target and development of SAF supply chains:** We are pleased to see that our proposals on SAF implementation has been adopted in the Chief Executive's Policy Address, given the importance of aviation to Hong Kong's future. The Chamber suggests that this coming budget can help initiate the delivery against these targets by considering these ideas:

- **Setting up SAF blending facility** at HKIA's airport refuelling facilities to assist in driving down the overall cost of SAF uptake; and/or

- **Establishing an effective SAF levy allocation mechanism** to encourage airlines to increase their use of SAF at HKIA, also to passengers departing from Hong Kong (transited passengers and cargo flights excluded) to overcome price barrier; and/or

- **Establishing a one-off pilot fund** to help airlines address the green premium associated with SAF usage in Hong Kong in 2025.

42. **Provide subsidies at pace for sustainable conversations on electric vehicles:** The Chamber supports the planned subsidies for taxi and franchise bus company EV purchases and private sector quick charging facilities roll-out (targeting 3,000 by 2030). Due to the attractive economics of the underlying technology, alongside considerable public health and decarbonisation benefits, it is recommended that planned subsidies should be delivered at pace for electric taxis and buses and that consideration is given to additional subsidies for heavy goods vehicles (HGVs). Given the rapid development of improvements in battery technology, policy support for low-carbon hydrogen fuel cell vehicles should also be considered and deployed carefully to maximise impact.

43. The Future Leaders Committee of the Chamber is preparing a White Paper - 'Sustainable Living for Tomorrow's Generations: Unlocking the Potential' which will cover how the younger generation in the workforce think about ways to make Hong Kong a 'smarter' city and how to promote sustainable consumption and production in Hong Kong. The Chamber is ready to engage in any dialogue with yourself, your team or the Government on various suggestions laid out in the above, we look forward to hearing from you soon.