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**HKIoD's recommendations
for
the Chief Executive's Policy Address
scheduled to be delivered on 11 October 2017**

In the view of HKIoD, the change of Administration does not change the nature and scale of governing issues facing Hong Kong. A change of personnel at the helm should not give the false sense that deep-seated problems are no longer there.

Hong Kong has fallen off its pace in the race for economic development. Hong Kong must catch up in infrastructure investment to make headways for growth and to up the capacity to meet social service needs. Innovation can drive our growth. The power of better design can help society find new and better ways to deliver public services.

To ensure long-term prosperity will require sustained economic growth

Economic growth remains our best friend when it comes to finding new monies to invest for our future. With sustained economic growth, all walks of life are that much more able to share in the prosperity, and the younger generation will have that much less difficulty in finding more jobs and opportunities for their choosing.

Between the elder and the young

There remains a strong voice for the need to take care of the youth. The younger generation deserves help where due, but in our mind, the bulk of thoughts and energy should be put to effectuate structural growth and development that will arrest the loss and further loss of Hong Kong's ability to perform and compete in the long run. The best surrogate to arrive at any good youth policy outcome is an effective economic development strategy. A more diversified economy will create more opportunities for them to construct their future.

The growing contingent of our elder population will deserve an elder policy no less – probably more – than the younger generation for a youth policy. A better economy will mean more resources to take care of the elderly today. A better economy should also enable workers of today to have less need to rely on the safety net and live their golden years with dignity.

Belt & Road, are we ready? Greater Bay Area, are we ready?

These twenty years since the return to Motherland, the Central Government has gifted Hong Kong with opportunities for economic leaps and a natural claim to be and remain China's window to the world. The opportunities have not all been squandered, but Hong Kong could have done better still.

The grand vision of "One Belt, One Road" and the ambition of a Guangdong-Hong Kong-Macao Greater Bay Area are the latest gifts. How well we capitalize on them can be telltale of Hong Kong's ability to stay relevant. Belt & Road will mean vast market corridors for Hong Kong businesses and service providers. We expect the Government to have pragmatic measures to facilitate the freer movement of capital, people, goods and services across border. Hong Kong's own planning for the future should also factor into account the potential synergy that could be achieved through the collaboration of the Greater Bay Area constituents.



Refresh the tax system to keep us competitive

Any advantage of “a low tax system” that Hong Kong clings to may have become more a myth in recent times as neighboring jurisdictions offer incentives and concessions in many forms to beat us at the game. We repeat our call on the Government to review the tax regime and to add or augment tax incentives to better match business needs, to spur development, to spice up the economy.

We expect a firmer game plan for the Tax Policy Unit to do its job.

We look forward to further details on a two-tier profits tax regime. We should also set our mind to introduce “loss carry back” and “group loss relief”.

Let market forces thrive

To maintain Hong Kong’s role as a major international financial centre, Hong Kong must keep up with other major financial markets at efforts to improve banking and financial regulations. The mode and extent of regulation, however, should showcase the characteristics and function of the market. Instead of focusing energy and thought to tinker with regulatory structure, more could possibly be gained if the regulatory regime is such that market participants, including retail investors, can have better ability and means to fend for themselves in the process of making investment decisions among diverse offerings. When investors have the better ability to fend for themselves, helped by a more effective, more user-friendly disclosure regime, they will be better ready to make choices among a wider variety of investment products, even those that have some features that are not new around the globe but only seem unusual to the Hong Kong market.

Consumer protection must protect consumers

Some laws and regulations are promulgated, and need to be so, because even sophisticated consumers will not always have the range of alternative choices to not get squeezed. Although businesses must be given the freedom and leeway to go about winning their customers, that freedom should be restrained when market competition is artificially distorted.

Some years ago, a real estate investment trust scheme was devised with the aim to make food markets in many housing estates better for shoppers. Years later, shoppers in many of those neighbourhood are yearning for options away from look-alike malls. We believe better smarter wet markets can provide that option for residents in many parts of the city. That would also help us keep and preserve a Hong Kong way of living.

Hong Kong drivers often hear and read in the news about crude oil prices coming down, but they don’t seem to find that same drop at the pump when they try to fill their tanks.

Hong Kong residents will also have to look to the Government for their peace of mind when turning on the tap or when consuming food and health products. We also surmise the better more reputable businesses will find it easier to accommodate a “cooling off” period for customers to think things over when it comes to longer-term service contracts.

Keep visitors coming

We are still short of measures to keep Hong Kong atop the plenty choices tourists have in picking a destination. For what Hong Kong can already offer from its creative industry (music, animation, film/tv and performing arts in general), there could be more efforts to fashion from such novel and better tourist attractions.



The Arts Festival has been a fixture on the calendar of arts lovers for many years. While the offerings are usually good, there are murmurs that programming of that caliber are week in week out affairs at the true art capitals of the world. Do we not have the possibility of fashioning a Hong Kong satellite hub for performing groups of China, Asia or international fame to station for longer?

To demand better design of public spaces as wells as tourist attractions is to enhance visitor experience that brings the better prospect of enticing new visitors to come and old-timers to return.

Let locals and tourists walk the walk

The Policy Address delivered in January 2017 made walkability a priority. The next task is to create a pedestrian environment that will truly let people walk the walk. Nicer more level pavements everywhere will surely do. Stylish street lights and fences that give the whole of Hong Kong some uniform distinct character should not hurt. And do keep the streets and back alleys clean and tidy.

To have cleaner air will be a plus. While some will want to blame our neighbor up north, we probably need to also admit the effect of cars on our own streets on roadside air quality.

Public transport and the commute

There are calls for more parking space, but more parking space may yet encourage more cars. We could be more decisive with measures to make more people finding it right to take public transportation or convenient to go on foot.

There will need to be more conviction at rationalizing bus routes. Cross-harbour buses, once they crossed the harbour, can be better deployed to serve local needs. The public will now demand bus drivers to drive safely, and they should also have the skills to operate a vehicle with passenger comfort in mind.

With rail services being the backbone to our public transport, riders should find plain cheaper tickets better than complicated discount or rebate offers. A better transfer fare mechanism and the wider adoption of monthly and weekly travel pass across different public transport operators could also give commuters true money savings.

Growth through innovation

Innovation and technology fosters great return in a Creative Economy, and few can deny it. The previous administration has introduced a few initiatives to promote innovation and technology. R&D spending as part of GDP remains low nonetheless, and there is room – and necessity – for further fiscal incentives to encourage R&D.

The Institute has great respect for the many achievements local universities have made in upstream academic research, but we need them to redouble the efforts downstream to turn more research into products that have societal impact.

We see the value in bringing back high-skilled manufacturing as part of a more diverse economy.



By connecting things or concepts that are seemingly unrelated, creative design could emerge. By bouncing and rearranging ideas old and new, or from one culture to another, innovative products could result. We ask the Government to be more active in providing resources and opportunities for industry segments to spark innovation through cross-fertilisation.

Creativity and innovation has the effect of driving the economy, reshaping entire industries and improving the job prospect for more people. A Creative Economy stimulates economic growth, enhances city vibe and in all improves social welfare. The Administration should do well to pin down on a growth through innovation strategy.

Creative Economy, Creative Society

The power of better design does not just spark innovations fetching more profits. The power of better design can also help society find new and better ways to deliver public services. There should be opportunities and the need for us to better tap creative ideas to improve well-being. The next innovation is good. The next innovation in solutions would be even better, in applying new ideas, new technology and new products to come up with human-centred solutions to real problems facing us.

Amidst a global pursuit of Creative Economy, the Administration should help ensure Hong Kong designers and innovators have a share of the opportunities stemming from the Belt & Road and the Greater Bay Area initiatives.

Live their golden years – and die – with dignity

Tsunami warning

We agree the expected rise in the elder population will put strain on healthcare, elderly care and a whole range of related social services. Hong Kong needs to invest to increase capacity.

Aging at home and a home care service industry

If we were to effectuate the avowed policy of aging at home, we need far more resources allocated and much more resolute support to service providers to cut the waiting time for home care services.

Home care service provision must shed its image of being just social welfare. Home care service provision has all the potential to evolve into an industry of good business prospect with professionalised operations. We need more people with the right training and the commitment to work in this industry. The Government can come up with stronger plans to channel some of our labour force, younger workers included, into home care services and to spark the local home care service industry.

Retirement homes

While aging at home may be the wish, many will have to settle for retirement homes. We need to ensure service quality at retirement homes. The elderly we are to care for deserve dignity. We can devise smarter ways to provide services, but to care for the elderly is not something we can lightly rely on machines and automation.

Retiring to the Mainland is a real prospect. It has some practical advantages. The Government could support investments to build retirement residence communities on the Mainland, with integrated medical facilities, for Hong Kong retirees to retire on the Mainland.



Better healthcare for all

The projected need for more hospital beds over time needs to be met, and Hong Kong should invest to increase capacity.

Those on wheelchairs often find it difficult to gain access to government clinics. The Government should invest so there is better healthcare for all.

Chinese medicine and should deserve a place in our public health care provision. Geriatric hospitals combining Chinese and Western medicine will be welcome alternative for many of our ageing population.

Medical incidents, far too many!

The Government should introduce further measures to enhance service quality and prevent medical incidents at our hospitals.

Talent, education and immigration policy

With a tight labour market, especially in certain sectors like construction, there is a real need to import labour. We may also need to attract talents and professionals from overseas. As we do so, we must avoid the situation where true experts are turned away just because of some narrowly guarded sectoral interest.

There can also be better incentives to unleash the latent workforce. To entice homemakers, we will need flexible work hours and better availability of high quality child (and elderly) care facilities near the workplace as attractive alternatives to hiring domestic helpers.

Hong Kong is a free society, but that does not contradict tight immigration rules and procedures to prevent people with doubtful even false refugee claims from obtaining residency in Hong Kong. The situation may have worsened to become a public security concern.

To support our growth strategy, our own education system needs to churn out people with the right practical skills, not just academic degrees. Creativity and design thinking needs to be instilled from young age to foster an innovation culture among our students and eventual workforce. For the Hong Kong curriculum to be indifferent in STEM and artistic design, Hong Kong students will be left behind.

Exposure to foreign students should benefit our own local enrollment by enriching their school experience. The seeming advantage of an “international perspective” among Hong Kong students fades, however, when such is not matched with an understanding and appreciation of the state of affairs in Mainland China.

Flexibility to agree upon work arrangements

The civilised and open society that Hong Kong is, we as a community should not tolerate cruel and inhumane work arrangements. Some workers for what they do will probably need some protection in terms of work hours. For other workers in many other jobs, employers and employees should have as much freedom and flexibility to agree upon work arrangements such as work hours and pay/benefits, according to the nature of the jobs involved, and to clearly specify such arrangements in contracts. Give demand and supply a chance to work itself out in a tight labour market.



Better quality director for better corporate governance

Company directors are ultimately responsible for corporate governance. Better quality company directors should mean better corporate governance. As part of the HKSAR 20th anniversary celebration, there was in March 2017 a Corporate Governance Roundtable. HKIoD was a proud supporting organization for the event. Through the event, the Government sought to promote and enhance good governance. The Chief Executive can further that purpose by highlighting the importance of initial and continuing training of corporate directors to better help them fulfill their duties. Corporate governance is not just for profit-seeking companies. Social enterprises, charitable organisations and statutory bodies should also find it to be good investment to help their directors/governors get ready and be prepared to discharge their duties with good training.

Housing and land supply

The previous Administration demonstrated a strong determination to increase the supply of housing units, and this Administration must continue the effort. The Institute believes that, with the completion of more units, we can indeed re-establish a flight of steps for younger persons and families to improve on their housing condition and quality of living in realistically reachable climbs.

In meeting the acute housing demand now, we should not forget the other long-term goal of increasing the living area per person. Perhaps we can add a bit of creativity in the floor plan design of the new housing units, such that when the pressure on housing lessens, the units can be suitably re-modelled to become larger units. At the least, we need smarter floor plans with better actual usable space so smaller units can still make for a good habitat.

The promise of a 3-year waiting time for those seriously in need for public rental housing to satisfy basic housing needs seems to get even more remote. The intervention of social enterprises in turning more vacant old flats into homes could be some relief.

Land needs for industry and commerce must not be brushed aside in the quest for more housing. An ageing population will also translate into land needs, e.g., for healthcare services and elderly care facilities. The ability to search for suitable land for various use will remain a great challenge for the Government.

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