



September 23, 2019

The Honourable Mrs. Carrie Lam Cheng Yuet-ngor, GBM, GBS
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The Canadian Chamber of Commerce in Hong Kong Submission for the Chief Executive's 2019 Policy Address

Dear Chief Executive,

The Canadian Chamber of Commerce in Hong Kong, the "Chamber," would like to take the opportunity to submit its views in response to the 2019 Policy Address Public Consultation.

Events of recent months have had a significant impact on Hong Kong's reputation as one of the world's most thriving economies and hub for international trade and investment. The Chamber's outlook remains positive, but it is important for the Hong Kong Government to enact policies that reinforces its reputation and reflects its potential. This includes restoring confidence in Hong Kong's future, specifically amongst young people, addressing long-term concerns such as affordable and accessible housing, and fostering a competitive and sustainable space for businesses and innovation to thrive.

As a collective Chamber, we have consolidated the following recommendations:

- Safeguarding Businesses from New Risks
- Green Finance
- Venture and Private Equities Capital
- Joint Internship Program with HKSAR Government to Expand Horizons of Hong Kong Youth
- Education-Business Cooperating to Promote Workplace Readiness
- Promoting Inclusivity in Education
- Improving STEAM Education
- Funding for Technology and R&D Initiatives
- A Long-Term Decarbonisation Strategy for Hong Kong
- Moving Forward with Hong Kong's Smart City Blueprint
- Recommitment in Addressing Hong Kong's Waste Problem



**The Canadian
Chamber of Commerce
in Hong Kong**

The Chamber welcomes further discussion on the ideas set out in our submission with you and your administration, and to work with you to carry them out. We hope the collective knowledge and expertise of the Chamber and of its members can be of resource in restoring Hong Kong's hope for the future.

We thank you for taking our views into account and we would be more than happy to answer any questions you may have.

Best Regards,

Todd Handcock
Chairman
The Canadian Chamber of Commerce in Hong Kong

Encl.



Developing a Place for Businesses to Thrive

Improving Business Competitiveness for Start-Ups and SMEs in Hong Kong

There are 1.3 million people in Hong Kong engaged in entrepreneurial businesses, innovation, and start-ups, including SMEs (Support and Consultation Centre for SMEs, 2019). However, despite their percentage in the market, Start-Ups and SMEs have insufficient government assistance to develop their businesses in Hong Kong and the wider Asia Pacific markets. This puts businesses at an increasing disadvantage in comparison to companies incorporated in other countries. Hong Kong remains an excellent place to do business. Our concern is Hong Kong's ability to maintain its leading edge with the ever-growing competition from other cities in the region. To ensure its edge, Hong Kong should focus on nurturing a new generation of enterprises.

The Government should detail and commit to a competitiveness strategy to support the Start-Up and SME community in Hong Kong. The strategy should address three points: Targeted financial assistance; reduced regulatory burdens; fostering a support economy. We propose the following immediate measures: (1) The Government and HKMA to work with key banks to design a range of Start-Up and SME-friendly accounts that will allow new companies to build credit history and limit banks' exposure to risk. (2) The Government to modify MPF rules for Start-Ups and SMEs to be more applicable to their model of hiring. The current model does not account for the mobile and part time workforce that supports the Start-Up and SME community.

Safeguarding Businesses from New Risks

The changing and volatile financial services landscape calls for strengthened regulatory policy aimed at safeguarding Hong Kong businesses from new risks. Financial regulatory compliance, cybersecurity and prevention of financial crimes remain top priorities for financial institutions operating in Hong Kong. Whilst innovating new financial solutions and technologies, the Government must further fortify Hong Kong's resilience to prevent financial crimes so that the HKSAR remains one of the most trusted financial centres to establish and carry out business. The Chamber welcomes the enhancement in the independence of the Financial Reporting Council that will strengthen investor protection. We also encourage the continuance of the Fraud and Money Laundering Intelligence Taskforce (FMLIT) and consideration of maintaining it on a permanent basis to maintain investor confidence in Hong Kong's financial market.

Green Finance

The Chamber continues to support the Government's commitment to encouraging green finance with the Pilot Bond Grant Scheme along with the Green Bond Programme. As the Belt and Road and the Greater Bay Area initiatives continue to provide opportunities for investors and local and international companies, there are opportunities to meet the increased financing demand of infrastructure and related projects through green bonds and green financing. Continued support of green finance will allow Hong Kong to leverage its unique position to bridge the gap between foreign investments and issuers of green bonds in mainland China, making Hong Kong's capital market a financing leader in green projects.



Venture and Private Equities Capital

The Chamber welcomes the HKSAR's venture and private equity capital programs, such as those of Hong Kong Science Park and Cyberport. There is much success in these programs, particularly in Fintech. Therefore, we support the Government to further efforts and incentives to nurture young Hong Kong talent and to encourage entrepreneurs to bring their innovative ideas to investors and local and regional markets.

Funding for Technology and R&D Initiatives

The digital age is creating new businesses in financial technology and this in turn is forcing many conventional organisations to reform their existing thinking and operations. The Chamber welcomes the Government's proactive funding measures to enhance innovation and technology-related opportunities in Hong Kong. These initiatives, such as the Hong Kong Monetary Authority's initiative to facilitate the development of virtual banks, should encourage financial inclusion and raise the competitiveness of the banking sector. The Chamber encourages the Government to digitise and consolidate the application process for Government funding and incentives, so that technology and R&D initiatives can have easier access to financial support.

Crafting a System for Hong Kong's Potential

Joint Internship Program with HKSAR Government to Expand Horizons of Hong Kong Youth

To echo the Chamber's meeting with the Chief Secretary Matthew Cheung on September 13, 2019, the Chamber suggests expanding the horizons of young people as a possible path of reconciliation. The Chamber currently has a Mentorship Program (The Canadian Chamber of Commerce in Hong Kong, 2019) which has both Canadian and local Hong Kong participants as mentors and mentees. We propose an extension of that concept — an internship program that would see Hong Kong youth working at Canadian companies either in Hong Kong and/or in Canada and the reverse: Canadian youth interning at local Hong Kong companies.

Our Chamber welcomes the partnership between the HKSAR Government and the Canadian Chamber of Commerce in Hong Kong for the development of Hong Kong youth. Some initial thoughts for the program can include: (1) a local program of 6 – 12 months in duration for interns working at Canadian Chamber companies in Hong Kong; (2) an international program of 3 - 6 months in duration for interns working at Canadian Chamber affiliated companies in Canada. The cost of the interns could be a 75/25 split with the HKSAR Government covering 75% of the intern stipend with the Chamber-affiliated company covering the rest with the expectation that it will provide further professional development opportunities for the intern whilst s/he is there.

Moreover, this joint internship program aligns with the current bilateral Working Holiday Scheme (Labour Department, n.d.) that the HKSAR Government has established with the Government of Canada and other countries. Hong Kong and Canada have been in partnership since March 2010 to provide the youth in Hong Kong with first-hand experience working with and in a foreign culture. Therefore, we see this program as a practical framework for the HKSAR Government and the local and international Canadian community to engage the youth of Hong Kong.



Education-Business Cooperating to Promote Workplace Readiness

The Chamber seeks to promote collaboration between the education sector and the business community on co-op programs to better equip the incoming workforce. We suggest creating funding to support creation and sustainable staffing for co-op program administration (i.e. career counseling offices in secondary, higher education, and vocational education). We also propose creating a structure of tax incentives for employers employing co-op students to encourage program adoption.

Promoting Inclusivity in Education

The Chamber encourages inclusion and diversity to be one of the main priorities in the education sector. One of the methods we propose to encourage inclusion is to track demographics on campus in early childhood education (ECE), primary and secondary schools. This is to create a diversity index and to nominate high-scoring schools as Centres of Excellence, with incentives like getting additional access to training, funding, other resources. In addition, teachers should be equipped with more training resources for inclusion/differentiation from ECE levels and above, and encourage learning circle communities on campus. Education facilities should advocate and celebrate diversity (ethnic, linguistic, SEN, etc.) on campus to promote better life, academic, and social outcomes.

Improving STEAM Education

The Chamber are proponents of implementing an interdisciplinary approach in education to equip the future generations with academic skills as well as soft skills that are needed in the workforce. We encourage the Government to improve science, technology, engineering, art and mathematics (STEAM) education by promoting a strong interdisciplinary approach to STEAM education, with funding going to programs weaving together the S-T-E-A-M aspects, rather than offering more of each. This includes providing teacher training resources and curriculum design support for project-based learning (PBL) programs within STEAM education. This will help teachers design, scaffold, and deliver high impact PBL programs that teach students to leverage STEAM skills for real-world applications. In addition, during primary and secondary school, we should place more focus on creativity, problem solving, critical thinking and resilience, rather than knowledge absorption, with a corresponding assessment framework.

Building a Sustainable Future for Hong Kong

A Long-Term Decarbonisation Strategy for Hong Kong

The Chamber supports the Government's long-term goal to reduce the absolute level of carbon emissions in Hong Kong. The principle being that we must ensure that the city continues to be one of the best places to do business in a sustainable manner which involves balancing the pragmatic concerns of the private sector with the significant climate change challenges that we need to face as an international city. Cities around the world have taken the lead and have shown that it is possible to develop ambitious climate change strategies and policies that will not only protect the environment but will protect jobs and the economy as well.

Government should act to provide an appropriate policy and regulatory framework to ensure level-playing field and stimulate investment and innovation as well as encouraging higher and more responsible standards. A policy mix of regulation, business standards and incentives can expedite an intersection of climate change transformation and business interests in Hong Kong.



A focused and consistent policy framework for any carbon reduction strategy in Hong Kong will help businesses adapt to set targets to be applied and commit appropriate resources and time to help this transition in a planned and controlled manner.

Moving Forward with Hong Kong's Smart City Blueprint

The Chamber supports Hong Kong's ambition to be a Smart City and to transform itself into a digitally-integrated society to deliver a higher quality of life for its citizens and businesses into the 21st century. The Smart City Blueprint provides an excellent start to our ambitions but delivering and building it will be a multifaceted task that in turn requires broad private and public sector cooperation in various strategic areas. This cooperation needs to be underpinned by the availability of data that is made open to businesses, individuals and NGOs in order to facilitate the innovation and flexibility required. Furthermore, talent is essential to our future to create a smart city for Hong Kong with greater promotion of STEAM studies to our young people and businesses. Lastly, we need to ensure that both existing and future legislation and regulations support rather than impede the development of innovation and technology in Hong Kong.

Recommitment in Addressing Hong Kong's Waste Problem

Hong Kong's waste generation remains higher than other developed Asian cities, putting enormous pressure on rapidly filling landfills. The use of single-use plastic persists despite public awareness campaigns. Stronger disincentives on the use of plastics in commercial and industrial sectors can be introduced, starting with reducing reliance on plastic bags, bottles, straws, and polystyrene containers.

The city's need for a clear and sustainable food waste strategy is also increasingly urgent, considering its growing volume and continued reliance on imported food. The Government should consider providing more education and opportunities for commercial and industrial sectors to participate in food bank donations, food waste reduction, and recycling partnership schemes.

The Chamber supports the Government in pushing forward with the Environmental Protection Bureau's Action Blueprint 2013-2022, and to introduce legislation in areas where public awareness campaigns have been unsuccessful in changing behaviour (GovHK, 2013). Waste charging and producer responsibility schemes will help to ensure reduction of waste where possible.

Conclusion

In this submission, we have outlined the actions that the Canadian business community propose will help Hong Kong foster a stable and sustainable environment for individuals and businesses to thrive. The Chamber is pleased to work with the HKSAR Government to achieve the common interests of the diverse Hong Kong community. Thank you for your consideration.



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