

[For Immediate Release]

HKIoD's Response to the Policy Address Delivered on 15 January, 2014

Get down to business, Do what needs to be done

The Hong Kong Institute of Directors ("HKIoD") made the following statement in response to the Policy Address delivered on 15 January 2014.

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HKIoD finds the Chief Executive's Policy Address a strong showing of this Administration's commitment to promote economic development and to improve people's livelihood. The Institute believes that, if the needy are to find their support, if the youth are to flourish, and if Hong Kong is to unleash its potential, our Government must get down to business, turn the many policy ideas and propositions into action, and do what needs to be done.

To improve people's livelihood will require sustained economic growth

The Chief Executive declared: "Hong Kong needs sustained economic growth to address issues such as poverty, housing, an ageing society, environmental protection and the upward mobility of our young people." We are with the Chief Executive. The Institute believes economic growth remains our best friend when it comes to finding new monies to tackle livelihood issues.

The Chief Executive put forth initiatives in the Policy Address to form the blueprint for poverty alleviation. The Low-income Working Family Allowance now being considered encourages self-reliance through employment. It also affords families with eligible children and young members extra support, helping them move upward and break the vicious cycle of intergenerational poverty. We are behind the broad policy direction of self-reliance through employment, and we look forward to further details from the Government.

Land Supply

The Chief Executive announced that there are now about 150 sites that could be put into residential use. They will be made available over the next five years to provide 210,000 additional public and private housing units. The Institute is pleased with the progress in finding housing sites. With the completion of more units, we hope 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. But we reiterate our concern, that in meeting the acute housing demand now, we do 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.

The Policy Address also mentioned that the Planning Department has commenced a new round of industrial land review. This shows the Chief Executive is in line with our recommendations, that the land needs for industry and commerce must not be brushed aside in the quest for more housing.

Developing Lantau to turn the massive potential of “bridgehead economy” into real gains deserves support, for it is an important strategy to better utilise Hong Kong’s land resource for economic development.

We agree with the Chief Executive on the urgent need to construct a third runway for our airport, but we are disappointed there was no mention of firm plans towards a new container terminal which is needed to reinforce the competitiveness of Hong Kong’s logistics industry.

Get down to the business of developing the economy

The Policy Address contained an assortment of ideas and propositions for the future development of various sectors where Hong Kong has competitive edge, such as financial services, logistics, trade, tourism and professional services. We wish the Government will put the ideas and propositions into action and seriously get down to the business of developing our economy.

The Institute supports the decision to have more ETOs on the Mainland. HKIoD has long called for the need to strengthen the role of ETOs, making them work closer together with the TDC, the Tourism Board and InvestHK, maybe even the Productivity Council, the Design Centre, business chambers and trade associations, to better assist Hong Kong merchants and manufacturers across China to develop their brand, upgrade and transform their business and to better tap the Mainland market.

Not just ETOs on the Mainland, the Chief Executive could act bolder and be more assertive in adding ETOs across Asia. The Institute firmly believes that for Hong Kong to become part of the ASEAN-initiated Regional Comprehensive Economic Partnership will bring immense business opportunities and will make Hong Kong even better in its springboard role.

Spend real efforts at building a Creative Economy

The Chief Executive acknowledged that the development of science and technology in Hong Kong needs to further advance. Indeed, Hong Kong should spend real efforts at building a Creative Economy, so as to turn Hong Kong into the hub of creativity and innovation. We believe it is necessary to provide more assistance to encourage R&D, for example, by expanding the Research and Development (R&D) Cash Rebate Scheme and by offering tax incentives such as extending deductions for R&D expenditure and for purchasing of intellectual property rights. The aim is to help Hong Kong enterprises turn innovative ideas into sought-after products and services.

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. The Institute does hope the Social Innovation and Entrepreneurship Development Fund that came about since the Chief Executive took office will encourage more people to try innovative ideas and new modes of operation to help deal with our many livelihood issues.

Long-term development driven by talents

Hong Kong’s long-term development is driven by talents. For a knowledge-based society like Hong Kong to remain competitive, a larger share of our workforce should have reached tertiary education level. But the Institute agrees with the Chief Executive, in that we could launch pilot training and support schemes in conjunction with structured apprenticeship

training programmes with clear career progression pathways, such that industries with keen demand for labour will have better chance at attracting and retaining.

The Institute, however, regrets that the Chief Executive did not offer any reply to the issue of labour shortage that is so acute and pressing at the moment.

HKIoD believes lifelong training for directors in corporate governance knowledge and skills is an important yet often neglected segment when it comes to nurturing talents for the economic development of Hong Kong.

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, and to raise corporate governance. But corporate governance is not just for big corporations. Owners of SMEs and those who are thinking about starting a business should also pay attention. There have been plenty of cases where SMEs still find it difficult to take full advantage of loan schemes of one kind or another. One common impediment is that many SMEs could not demonstrate proper internal control and are ill-prepared to submit sound loan proposals. A better corporate governance scorecard will make it more likely for a business to obtain credit and financing.

Company directors are ultimately responsible for corporate governance. Better quality company directors should mean better corporate governance. HKIoD believes that company directors should have a firm measure of competence to perform when they first assume their posts. Over time, they should strive to remain up-to-date with best corporate governance practices. Similarly, directors/governors of social enterprises, charitable organisations and statutory bodies should also be ready and prepared to discharge their duties when they start out and to keep up-to-date with best governance practices over time.

The Institute prays for the Government to draw up measures to help directors of business companies or governors of organisations of various kinds, whether those who now are and those who aspire to be, to obtain quality training so as to raise the level of their corporate governance practices.

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About The Hong Kong Institute of Directors

The Hong Kong Institute of Directors is Hong Kong's premier body representing directors to foster the long-term success of companies through advocacy and standards-setting in corporate governance and professional development for directors. A non-profit-distributing organisation with membership consisting of directors from listed and non listed companies, HKIoD is committed to providing directors with educational programmes and information service and establishing an influential voice in representing directors. With international perspectives and a multi cultural environment, HKIoD conducts business in biliteracy and trilingualism. Website: <http://www.hkiod.com>.

Media Enquiries:

Ms Christine Wong (Tel: 2889 4988; Email: christine.wong@hkiod.com; Fax: 2889 9982)

Mr Adrian Chan (Tel: 2889 4088; Email: adrian.chan@hkiod.com; Fax: 2889 9982)