

**HKIoD's Response to the Policy Address**  
**Delivered on 10 October 2018**

*Note: The response first appeared in Chinese on 10 October 2018.*

**Making Steps to Make up Ground**

(10 October 2018, Hong Kong) – The Hong Kong Institute of Directors made the following statement in response to the Policy Address delivered today.

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In the view of HKIoD, deep-seated problems continue to plague Hong Kong one year after the change of Administration. The Policy Address delivered today in no few respects heads down the policy direction put forth by the previous Administration, making steps to make up ground.

**Housing and Land Supply**

The Chief Executive made a pledge to increase the ratio of public housing during her term of office, and that 70% of the housing units on new land developed by the Government will be for public housing. We support.

The vision of a Lantau Tomorrow may be the highlight of the Policy Address today. The vision entails the reclamation and construction of artificial islands, with a gain in land reserve enough for 260,000 to 400,000 housing units (70% to be public housing), enough to support a population of 700,000 to 1,100,000. The artificial islands are primed to evolve into the third Core Business District following Central and Kowloon East, creating 340,000 jobs. Reclamation in the Central Waters has been the talk since the previous Administration. To finally put talk into action could make good grounds to sustain Hong Kong's development for decades to come.

The Chief Executive also has plans to accelerate the development of brown sites, and to put in place early a Land Sharing Pilot Scheme to tap the potential of agricultural land in the New Territories to satisfy housing needs.

As for the plan to reactivate the revitalization scheme for industrial buildings, there will be incentives to encourage conversion into transitional housing. Such should be of some help to the housing situation.

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. To increase the overall supply of public



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housing, hopefully, will in turn make it easier for those seriously in need for public rental housing to satisfy basic housing needs.

And 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. At the least, we need smarter floor plans with better actual usable space so smaller units can still make for a good habitat.

Land shortage is indeed a bottleneck for Hong Kong's development. While we think about housing, land need for industrial and commerce and for social amenities cannot be ignored. The Chief Executive made the point that: "... the shortage of land supply not only leads to a shortage of housing supply, but also affects people's quality of life. From child care centres to elderly care facilities; from basic education and healthcare services to leisure open space and cultural and recreational facilities; and from maintaining the advantages of traditional trades to promoting new economy industries, land is strictly necessary..." The Institute has said before, that there is no point in building more communities if we cannot access and live comfortably in them.

### **Medical and Healthcare Services**

The Policy Address mentioned that Chinese medicine will be incorporated into the healthcare system in Hong Kong. We welcome the move. The Policy Address also mentioned that the District Health Centre service hub concept proposed in the Policy Address a year ago is being put into place in Kwai Tsing District, with commencement of services expected in the third quarter of 2019. We wish for early roll out of the DHC concept in other districts to better promote primary healthcare services and so to alleviate the pressure on public hospitals.

### **Creative Economy for progress**

The Chief Executive trails the path taken by the previous Administration to foster innovation and technology development. We concur.

The Chief Executive will double the funding for the three relevant schemes under the Innovation and Technology Fund, with the maximum annual funding for the Technology Transfer Office of each university to increase from the existing \$4 million to \$8 million. The Institute welcomes these measures. 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 midstream and downstream to turn more research into products that have larger societal impact

The Policy Address a year ago mentioned that the Government will adjust procurement policies to bring technology and innovation among the criteria for a buy decision. The new measures will be introduced in April 2019. The move should have the effect of expanding the market for local R&D results, driving the desire to commercialize research results.

The Chief Executive also mentioned that the Government will introduce artificial intelligence and chatbot functions to further enhance e-Government services, and will set up a Smart Government Innovation lab to test run industry proposals on I&T applications and products, thereby allowing the government departments to formulate innovative measures to improve public services. We welcome these initiatives. We have long held the view that 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 Role of the Government**

The Chief Executive is bent on a more proactive role for Government, and has a firm “no” as answer to whether such proactiveness will deviate from the market economy upheld by Hong Kong. We are with the Chief Executive. Years before the Institute has commented that much of the problems facing Hong Kong are beyond the self-correcting forces of the market. Government intervention is much needed to channel market forces towards economic development and to tackle social and livelihood issues.

### **Long-term development driven by manpower**

The Chief Executive mentioned that, beginning with the 2019/20 school year, all public sector primary and secondary schools will see implementation of an “all-graduate” teaching staff policy, an initiative involving an additional funding of \$1.5 billion. The Institute supports investments in education, but talent development in other economic sectors cannot be ignored.

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. 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.

In her speech, the Chief Executive made a statement urging listed companies to appoint more women to their board. The Institute of course welcome more female to join the ranks of directors. Nonetheless, whether for businesses or non-profits, the more essential is for the board of each such entity to have a firm understanding of the entity's strategy and needs and to have a firm recognition of how the board's current composition can be strengthened. The point is to better enable the identification of suitable candidates with diversity traits (including gender, ethnic, specialty skills, industry experience, etc.) to join the board, not to go after number quotas.

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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>.