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**HKIoD's Statement  
ahead of  
the Chief Executive's Policy Address  
scheduled to be delivered on 6 October 2021**

Hong Kong came ill with political fever, and seriously so by 2019. The Coronavirus brought a double whammy. All looked grim 12 months ago, but the year 2021 saw Hong Kong returning to some peace and tranquility. The pandemic is still casting a shadow, but Hong Kong People are finding themselves in better mood.

Out of immense difficulty Tokyo pulled it together and staged the Summer Games. A memorable event it was. Hong Kong People will remember the games for another reason – Hong Kong Athletes are not rubbish indeed. Their drive, their desire to stick to their training and practice to be ready are all admirable. Medals won or not, they achieved. It is a different manifestation of the Hong Kong Spirit.

Out of immense difficulty Hong Kong can recover and shine again, by rekindling the Hong Kong Spirit.

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**On to recovery**

The Mainland economy should see quicker turnaround than the rest of the world. For Hong Kong to ride the wave is to have good medicine for a speedy recovery and long-term health.

The 14<sup>th</sup> FYP entrenches the strategy of a domestic-international dual circulation reinforcing each other. The lead role is placed on the domestic circulation, which should mean for Hong Kong to be more integrated with the Mainland economy, consolidating and enhancing its existing advantages to support the National Government's effort to tackle and tame the inter-play between domestic and international markets.

A re-shaping of the global economic order is happening. China is to increase its influence. The grand vision of "One Belt, One Road" can see Hong Kong businesses and service providers playing a part for it to become real. The Regional Comprehensive Economic Partnership (RCEP) is another initiative. We should like to see firm steps towards Hong Kong's early admission.

Hong Kong clings to a "low tax system" to attract business, but with a movement towards instituting a global minimum tax, Hong Kong will need to get ready.

**A game plan to bring business and tourists back.**

The ETOs, TDC, InvestHK, The Tourism Association, and business chambers and industry associations alike can do their part to re-market Hong Kong as a desirable place to do business, to visit or to live.

*Be the host and stage major events*

High profile international events can put Hong Kong back on the map. We had a round of revival campaign after SARS. We can look back to those plans for inspiration, but we need to avoid the known missteps.

The annual Arts Festival, the Asian Financial Forum, the various trade shows and the many exhibitions can be enhanced, or they can be leveraged to create a bigger attraction still. With the new museums in the West Kowloon Cultural District to open, there should be more in the mix to attract visitors.

Hong Kong was the host of the World Trade Organisation's Ministerial Conference MC6 in 2005. With the national government's blessing, Hong Kong could play host to another event of that stature. Will it bring protests, as the 2005 event did? Probably. Will Hong Kong people understand and tolerate such? Possibly, if indeed of the orderly and measured kind. Can the Hong Kong Police handle it? We think yes.

#### *Please the staycationers too*

Hong Kong people who like vacation abroad are now doing more staycation. They will savour their city more if there is a better cityscape for them to savour. Better road surfacing to rid the potholes, and nicer pavements that won't trip people over or sprain their ankles are little things that can go a long way to make people like the place more.

#### *Sports and tourism*

That Hong Kong athletes had done so well at the Olympics and the National Games is drumming up excitement among sports fans. Tournaments to be played on local grounds can draw crowds, and as co-host of the next National Games we should make that a success. We should also want to bring Rugby Sevens back soon.

#### *A sports economy*

It takes time to bring a young talent up to become a competitive force at the top level. Support will be required, so the younger athletes can get top coaching while going through their schooling, practise hard yet be able to afford tournaments to gain experience. A means to live is also an important help to help athletes make the commitment to go pro.

To keep athletes at the top level for longer and to help them get better scores, a host of supporting amenities are called for, from sports medicine and therapy to equipment and gear R&D and manufacturing. These can become niche segments for the Hong Kong economy.

Athletes in many sports don't tend to have long playing career. They need to be given support still when they quit, to help them grow into coaching roles or move out to other jobs and careers.

#### *Corporate governance of sports associations*

Just as athletes train to improve their performance, those in responsible charge at sports associations must persist in their corporate governance training to up their level.

#### *Dedicated bureau*

We can see good rationale for a bureau dedicated to policies favorable to the development of arts and culture, sports and tourism, so to benefit the larger Hong Kong society.

### **A game plan to make travel easy and fun again**

For visitors to come and go, and for Hong Kong business travellers to make their trips and back, we need a game plan to ease travel restrictions.

Vaccination should by and large be done on a voluntary basis. The Government should encourage people to take up vaccination, we agree, but it would seem to work better if people can convince themselves of the need and reason to get the shot. The ability to travel to popular destinations and back with lesser “jail” terms would be one forceful convincing factor.

#### *Keep Hong Kong the choice hub for air travel*

Planes have been grounded. People are not flying. Delay is less a problem now. Survival of airlines and related industries is. Hong Kong people should not want its flag carrier to go under, but they will pay attention to how government assistance monies are spent and how it plans to emerge from trouble.

When air travel picks up, when the airport gets busy again, it is also the time when the crew on the ground and those in the air must be even more careful and vigilant to avoid errors that could cause delay, or worse.

#### **The financial sector**

The financial market and the supporting services are still Hong Kong’s greater strength and attraction. We ask the Government to push further policy measures to enable Greater Bay Area and Mainland capital to tap the Hong Kong market and for a wider range of financial products to be available to potential customers and investors cross the border.

#### *RMB quotations and Cross-border payment systems*

We can see the rationale and benefits for having Hong Kong stocks quoted and settled in RMB; Hong Kong is and can find innovative ways to enhance its role as the premier offshore RMB centre.

We would also support Hong Kong’s own development of digital currency (e-HKD), and an early participation in China’s digital currency (e-CNY) and related digital currency payment systems.

#### *Green finance, sustainable economy*

Green bond programmes can add depth to our bond market. Other green- and sustainability-focused financial products will enhance the capital market’s attraction and competitiveness. In turn, it should also stimulate company directors to astutely factor the elements of sustainability and principles of a circular economy into their business model.

#### *Financial regulations need to move with time*

Financial regulations need to move with time. The market needs to accommodate new trends. The Stock Exchange of Hong Kong has just released a consultation paper on introducing SPACs to the local market. HKIoD will offer its view in due course, and we hope all stakeholders will deliberate on the pros and cons and come up with a solution forward.

#### *Help investors fend for themselves*

That financial regulation needs to move with time is ever more important – and becomes ever more difficult to catch up – given the pace with which changes are happening. The regulatory regime can do well if it helps the investor population better understand what are and what could be on offer. Useful disclosure can be more telling than box ticking compliance of rigid hard

rules. Disclosure is useful when it provides investors with information they need to make informed investment and voting decisions, but not overwhelm them with either extraneous information or with a form of presentation that obscures and detracts investors from what is material. The Government can do well to better understand the changes of the investor demographics, and to consider what changes, if any, could be made to our disclosure regime to help investors (particular retail investors) understand the investment decisions that they are making, so that they can make the right choices according to their appetite.

#### *Role of directors in corporate governance*

The quality of corporate governance is an important indicator of the quality of the financial market. We at HKIoD do not think corporate governance should be achieved through a stylized “one size fits all” approach, nor in a box-ticking to show compliance manner. We do accept that salient corporate governance principles should be applied, but how they are implemented and how they result in corporate governance outcome should be left to the governing bodies – the boards of directors concerned.

For listed companies at least, our regulatory regime expects and demands independent directors to make effective boards a reality. Given that many issuers have only three INEDs around (to make up the one-third) to share the workload, the burden is high. A move towards majority INED can make INEDs collectively better able to play their director roles, and to enable issuer boards to have a larger group of INED talents to work with. It could and should enable the implementation of a number of rule requirements and larger corporate governance principles more effective and meaningful. We ask stakeholders to join us in an on-going conversation as to how we can enhance the appreciation of the role and benefits of INEDs. We will also have to pave the way for a supply of quality INEDs ready for board work at the top level to meet governance challenges.

#### **Help the SMEs**

According to some recent surveys, business confidence may be back, but the larger businesses are the ones with more optimism. SMEs are more worried about their prospects and they need more help. We support a continuation and even further enhancement of the various loan funds and loan assistance programmes that have been put in place.

#### **Rescue the businesses that are going under, and save the jobs**

A sad fact would be that some number of businesses will run into serious difficulties. To save these businesses from going under is to save the jobs. The Institute will support the introduction of a flexible corporate rescue regime that gives company directors real leeway to explore restructuring options without undue insolvent trading liability.

#### **Land supply and housing**

Only with the completion of more housing units can we have the better chance of re-establishing a flight of steps for younger persons and families to improve on their housing situation and quality of life in realistically reachable climbs. For those seriously in need for public rental housing, the promise of a three-year waiting time must be better kept.

In the larger scheme of things, the realistic prospect for having a decent place to live is the chief medicine for Hong Kong stability. The lack of it will see the rift in society go deeper.

*Slow remedy cannot meet current need*

Even if we were to relocate the Container Terminal at Kwai Chung (and possibly the River Terminal at Tuen Mun as well) to free up the sites for housing development, that will take some time to achieve. And while we continue to support the efforts to further the prospects of Lantau Tomorrow, we fully recognise it is for a grand future far out more than a ready solution to the housing problem at hand.

Some near-term solutions would include:

- start converting fringe areas of country parks into land for housing;
- quicken the process of turning suitable brown fields and green belt plots into homes;
- quicken the pace of urban renewal, including the re-development of old housing estates that are under-utilizing the site;
- unleashing the restrictions and procedures for land sites in the New Territories

#### *Tang Fang not a Hong Kong pride*

Subdivided flats – *Tang Fang* – cannot be a Hong Kong pride. The next Government should within its first year of going into office offer Hong Kong People a clear, definitive plan to rid the practice.

#### *Rail operator or housing developer*

We are aware of calls to review the issue of a dual monopoly enjoyed by the MTR, first in rail transport and then on its access to prime sites for housing. The scheme has its merits when conceived and served its purpose over the years. Does changing times and circumstances require an adjustment, or is it still good recipe for development?

#### *Fix the house; A sharing economy in building management*

We recommend extending and enhancing the various subsidy schemes so owners of aging residential buildings can continue to seek assistance to upkeep their property and improve fire safety.

Some old buildings are particularly difficult, because they are the “three nils” kind: no owners’ corporations, no residents’ organisations, no property management companies. Some professional groups have recommended these buildings to bunch up and share in building management, creating an economy of scale. We think this is a worthwhile idea, with districts having a large share of three nils be put on pilot trials.

#### **A new planning for the New Territories**

The long-time HK-centered town planning mentality treats the New Territories as peripheral. The concept of a Greater Bay Area, however, makes the border with Shenzhen a lot more central in location.

To make a Shenzhen-Hong Kong economic belt, we recommend active efforts and coordination to develop the New Territories, so there could be cluster of communities where new industries can thrive and where people can live and work. We should not be putting offensive facilities (in the shape of a funeral city) in what would now be prime sites for better development.

Good infrastructure should be in place before people and business move in; no one wants to be in a desert.

#### *Split Transport and Housing*

To enable better focus in policy formulation, we support calls for a cabinet reshuffling that will see the split of the existing Transport and Housing Bureau and a remix with the portfolio now under the Development Bureau. Land use planning and housing policy functions can combine into one bureau. Infrastructure planning, public works and transport policy functions can combine into another.

### **Municipal services**

Among cities and metropolitan areas comparable to us, Hong Kong streets are not clean. The pictures of street markets becoming the Disney Land for rats are shocking. There are real concerns of a health war on more fronts: Covid-19 and Hepatitis E for instance.

#### *Outsourcing the culprit?*

Too often we hear and read news reports on outsourced crews slacking off. Too many times we see the work done, done sloppy. Outsourcing was meant to solve an efficiency problem in execution but will not outsource the responsibility for proper supervision.

#### *Natural disaster and man-made catastrophes - disaster preparation*

Better municipal works and maintenance will also mean Hong Kong better prepared for typhoons or black rains. We should not want to see the havoc and chaos in Zhengzhou happening in Hong Kong.

The Government, together with the community, should need to have contingency plans ready in case there is a major disruption of essential municipal functions or other services essential to modern life (e.g., power outage, internet failure, road blockages due to massive flooding or landslide, etc.)

#### *District administration in disarray*

As one aftermath of the 2019 political fever, we have seen many members across many District Councils resign. Business stalled. As we recover and as we strive to put things back in order, we may also need to rethink how we do our district administration.

### **Road Safety**

The tragedy that took place in Tai Po on a recent Sunday had caused some to ask if the many refuge islands in use are indeed fit for purpose and safe for pedestrians. While jay walking can be one cause, drivers' attitude is often another factor.

The road user community seems to have a way to figure out the days or weeks when the traffic police need to drum up enforcement statistics and send words among each other to avoid tickets. The phenomenon suggests strongly that on other days they will look the other way for the same offence. The amount of fine needs to be set and reset to have the needed deterrent effect, but consistent enforcement application may be the missing element here.

#### *Double down on the fight against double parking*

On narrow streets that Hong Kong has, any obstruction can cause some traffic backup afar. Double parking – and surely other forms of illegal parking – have become rampant around town. We are mindful that more parking space may yet encourage more cars, but cars circling the streets to look for parking or queuing up outside car parks waiting for entrance can just as much be a cause of traffic congestion.

#### *Apply technology to manage traffic and improve safety*



Wider application of technology to manage traffic and improve safety can help make Hong Kong a smarter city.

### **Healthcare**

Public-private partnerships can ease some pressure on the demand for beds and healthcare services at public hospitals. More hospital beds will still be needed, however. Shortage of doctors is also exacerbated by the fewer doctors in public hospitals that have to serve a lot more patients. Nurses, forever short in number, may see fewer numbers still due to emigration. We recommend adding enrollment for doctors and nurses at local schools, and to bring in doctors and nurses with the right qualifications and experience from other places.

#### *Coordinate healthcare in the Greater Bay Area*

With GBA cities getting more connected, a coordinated healthcare provision within the GBA will help Hong Kong people get quality of medical services where they are. With a Chinese medicine hospital coming on line, we believe the coordination should encompass Western and Chinese medicine.

### **Elderly care facilities; Governing to protect vulnerable people**

With the aging population, ever more elderly care facilities will be needed to meet demand.

The Law Reform Commission recently released a report, recommending the introduction of a new offence of “failure to protect” resulting in harm to a vulnerable person (e.g., a child or an adult needing care). The proposed offence highlights the focus on protection of children and vulnerable persons by prevention and deterrence, rather than mere punishment of the perpetrator, by way of imposing criminal liability on those who fail to take reasonable steps to protect.

While society debates on the merits of turning the recommendations into actual law, HKIoD believes members of governing bodies of care facilities should, if they have not already, make themselves fully aware of their responsibilities, legal or moral, in the governance of institutions that care for vulnerable people. The point is about safeguarding the interests of those under the institution’s care. Such would entail in general a thorough understanding of the area and nature of risks and to have workable policies to reduce the likelihood of harm. Corporate governance is not just for profit-seeking companies. Board members of institutions and care facilities still have director duties to fulfill.

### **A will to govern, a passion to serve the citizens**

To govern requires one to have a vision yet be agile, to sense and react to changing circumstances and adjust.

Take the food trucks for example. When they were first introduced, we had asked if food trucks, why not let food hawkers and Dai Pai Dong that we already have better opportunities to reinvent themselves and thrive? Food trucks are introduced nonetheless for one grand reason or another. But if one merit of food trucks is the fact that they are on wheels, the policy restricted them to designated places of operation. When the pandemic hits, the already not easy task to make a profit is made more difficult. Yet no will to relax the restrictions, no will to let the trucks move about in search of a fighting chance. Food trucks may now be slated to go away for good, as the easy decision seems to just terminate the scheme in all. We now ask, could policy adjustments have been made sooner, to make the restrictions freer?

This leads to another observation on governing, that Hong Kong policy-making and implementation appears rigid and bureaucratic, sticking to outdated thinking and slow to innovate. The mechanical efficiency that we are once proud of also seems to have escaped us. Cash payout can please people, but the administrative costs are a whopping sum. Consumption vouchers add to people's joy, but we regret to see some elders not being able to get their vouchers when they think they should.

Perhaps too much attention is paid to satisfy the various departments' own process requirements, not enough to figure out the effect on and the perception of the citizen-customers those policies are meant to serve. Governing is done in the air-conditioned room, as the local expression goes.

Governing also seems to be done at the keyboard, with various officers liking to do blogs. Even so, and even when the Government is supposed to own and have access to the airwaves, the Government does not seem to truly communicate with the public.

But perhaps actions are better than words. Firm support from the National Government is there to fall back on. We now need on our side a will to govern, a passion to serve the citizens.

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