

Hong Kong Chief Executive's 2017 Policy Address – Australian Chamber of Commerce summary highlights

Today (11 October 2017), the Chief Executive of the HKSAR, Mrs Carrie Lam, delivered her maiden Policy Address setting out a vision to build a vibrant international metropolis founded on the “Lion Rock spirit”. Addressing the challenges that Hong Kong is currently facing, the administration has promised to focus on new initiatives relating to land and housing supply and access, healthcare care for the elderly and underprivileged, improving livelihood and youth development and engagement.

Highlights of areas of interest to the Australian business community:

Belt and Road Initiative and the Guangdong-Hong Kong-Macau Bay Area (Bay Area) development

- Capitalise on the opportunities arising from the national Belt and Road Initiative and the Guangdong-HongKong-Macau Bay Area development. Enter into a full agreement on Hong Kong's participation in the Belt and Road Initiative with the National Development and Reform Commission as soon as possible
- Leverage the unique advantages of Hong Kong in the Bay Area and formulate concrete plans laid out by the Steering Committee, and set up a Guangdong-HongKong-Macau Bay Area Development Office

Financial / Economic Development

- Support SMEs by reducing profits tax to 8.25% for first \$2 million (US\$255,000) profits. Remaining profits to be taxed at current rate of 16.5%
- Encourage R&D investment with 300% tax deduction for first \$2 million R&D expenditure, and 200% deduction for remainder
- Sign an FTA and IPPA with ASEAN in November; and sign a CEPA with Macau this year. Continue to negotiate bilateral FTAs with Australia and the Maldives to create the most favourable trading environment and maximising business opportunities.
- Increase the total number of comprehensive avoidance of double taxation agreements (CDTAs) to be signed with other tax jurisdictions to 50 in the next few years
- Issue "green bonds" to encourage investment in green projects via Hong Kong's capital markets
- HKMA to launch a Faster Payment System in 2018 to promote more diversified and flexible payment products

Innovation and Technology/ Smart City

- Promote the development of innovation and technology (IT) on all fronts to bring new economic drive and to improve people’s daily lives
- Kick-start a \$500 million "Technology Talent Scheme" to train and pool technology talent
- Jointly develop with Shenzhen the “Hong Kong-Shenzhen Innovation and Technology Park” at the Lok Ma Chau Loop and develop an international IT hub in the Bay Area
- Use \$2 billion of the Innovation and Technology Venture Fund Scheme to co-invest on matching basis with VC funds investing in local tech startups
- Invest \$700 million to take forward Smart City initiatives, including "smart lampposts"; and develop an intelligent transport system (parking meters, payments, real-time parking information)
- Inject \$1billion into the CreateSmart initiative to boost support for design and creative industries.

Land and Housing

- Establish a task force on land supply to examine the different land supply options
- Build a housing ladder focusing on home-ownership and access.
- Introduce a “Starter Homes” Scheme, with details to be announced in mid-2018, for middle-class families who are not eligible for Home Ownership Scheme (HOS).

Environment

- New subsidy programs under the Recycling Fund were launched to encourage trade to process their recyclables to a standard that meets the latest import requirements of the Mainland.

Full details can be found at: <https://www.policyaddress.gov.hk/2017/eng/index.html>

Highlights: <https://www.policyaddress.gov.hk/2017/eng/highlights.html>

AustCham’s policy document can be found here:

[http://austcham.com.hk/Uploads/PDFs/Submission%20to%20HK%20Gov%20October%202017%20AL%20\(CC\).pdf](http://austcham.com.hk/Uploads/PDFs/Submission%20to%20HK%20Gov%20October%202017%20AL%20(CC).pdf)