

Attn: News editors

Hong Kong confidence high in Greater Bay Area initiative

CPA Australia's survey reveals success factors critical to the initiative

[Hong Kong, 26 July 2018] – CPA Australia, one of the world's largest professional accounting bodies, today announced the results of its Greater Bay Area (GBA) survey.

The survey of 351 members, conducted in Hong Kong from 5 June to 22 June 2018, revealed a high level of confidence in the GBA initiative, with 48 per cent of respondents expecting to expand their career or business into the rest of the GBA in the next five years.

The survey also revealed several factors that respondents believe are critical to the success of the GBA initiative. These include making payment transfers across the borders of the GBA easier through technology; enhancing Hong Kong's position as an international IP hub to enable more innovation in the region; making it easier and quicker for people to move throughout the GBA; quality interconnecting infrastructure; and simpler, unambiguous regulation.

Easing the payment transfers across the borders through blockchain and e-invoicing

Sixty-one per cent of respondents believe that making transfer payments across borders easier will be critical to the success of the initiative.

"Technology will be central to making it easier to make legitimate transfer payments across borders and detect and disrupt illegitimate movement of money. We suggest that governments consider working with business and financial institutions to develop a Greater Bay Area blockchain standard and an e-invoicing standard," said Paul Ho, CPA Australia Divisional President of Greater China.

Such standards will help to ensure the significant potential of blockchain is realised in the GBA by requiring that separate blockchains established across the region are interoperable, regardless of the technology used.

Blockchain technology provides the opportunity for business to reduce costs by cutting processes, improving access to finance through more reliable and accurate financial information and smart contracts. It can also make compliance with regulations for financial institutions faster, easier and more accurate, potentially reducing concerns around cross-border regulations expressed in the survey. It could also be used to share data to help with the better utilisation of current infrastructure – 56 per cent of respondents selected quality interconnected infrastructure as critical to the success of the GBA.

Building an international IP hub to accelerate innovation

"The protection of intellectual property is a critical aspect to the development of the Greater Bay Area as a global centre of innovation. Hong Kong, with its strong intellectual property protections, sound legal system, world class professional services sector and substantial incentives for innovation is well placed to be the intellectual property hub of the Greater Bay Area and beyond.

"We encourage the government to consider measures that build on Hong Kong's current strengths so that the city can become a global IP centre. This could include introducing a patent box tax regime, where there is a lower profits tax rate on profits earned from patented inventions," Ho said.

Attracting talent and improving critical skills

Nearly half of respondents in Hong Kong expressed their intention to expand their career or business into the rest of the GBA in the next five years. Fifty-five per cent of respondents stated that the GBA initiative must make it easier

for people to move throughout the bay area, and 54 per cent thought access to talent was a critical success factor for businesses in the GBA.

“Making it easier for people to move throughout the Greater Bay Area is important for many reasons including assisting businesses to recruit the talent they need, in the locations that need it, when they need it.”

“It can also help businesses fill skills shortages by attracting talent from anywhere in the world if it is not immediately locally available. It may also make it more attractive for start-ups and entrepreneurs to come to Hong Kong and the GBA. Easier movement of people will also increase opportunities for young people to undertake exchange programs and collaborate across the border, especially those young people attempting to set up their own businesses,” Ho said.

In addition, the survey revealed ‘creativity and innovation’ ranked as the most important skills members believe Hong Kong’s workforce needs to take advantage of the initiative.

With 43 per cent of respondents believe that minimising the gap between tax rates in the GBA is critical, Ho hopes the government will consider tax incentives to reduce the tax burden for Hong Kong residents working in the GBA.

About CPA Australia

CPA Australia is one of the world's largest accounting bodies with 163,000 members working in 125 countries and regions around the world, with more than 25,000 members working in senior leadership positions. It has established a strong membership base of more than 18,000 in the Greater China region.

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