

“Will it benefit Hong Kong?”

Key to role as Financial Secretary

Civil Service Newsletter Editorial Board



Mr Tsang previously attending the Budget Consultation Video Forum organised by the Radio Television Hong Kong to listen to views from secondary students on the Budget.

AS the figure of authority for financial and economy-related policies in Hong Kong, John Tsang Chun-wah, the Financial Secretary (FS), shares valuable insights into his role in the HKSAR Government and explains how he weighs and balances considerations in making decisions of consequences. He also reveals how he came along as one of the most important persons in Hong Kong.

“As the FS, the one question that is always foremost in my mind when making decisions on economic and financial policies is: ‘Will it benefit Hong Kong?’,” says Mr Tsang.

“This is the same question I always ask when a new policy comes to my attention, and the answer is usually defined in the context of job creation, sustainability and inflationary impact besides the rationality of the policy itself.”

Taking on a cautionary tone, Mr Tsang reminds us that suggestions which attract media coverage and public attention do not necessarily deserve investment of public resources.

“We have to look at the number of jobs that can be created, the extent of contribution to our economy, the staying power of the accrued benefits and the resulting effect on prices. It requires a careful balancing of the parameters,” says Mr Tsang.



Mr Tsang delivering a speech at the cocktail reception of the Asian Financial Forum at the Hong Kong Convention and Exhibition Centre.

“There are many indicators which reflect the state of play of our economy. But when we want to gain a better idea as to how our citizens are faring, the unemployment rate and the Consumer Price Index should give us a general picture.”

Mr Tsang takes the view that employment provides stability, both to individuals and society at large, and this has always been his belief.

“The Government undeniably has the duty to provide a safety net for those who have no means of taking care of themselves,” says Mr Tsang. “Yet, for the larger public, the best way to improve their livelihood is to provide them with decent working opportunities. This is a sure way to help alleviate poverty in a sustainable manner.”

“For instance, I am happy to see that the fiscal stimulus packages that I have employed in the past few years have helped to boost the momentum of consumption in our local market during periods of economic volatility, and in turn, keep our unemployment rate at a low level, besides helping to alleviate the full impact of inflation. However, these measures are basically one-off and time-limited; and they will not have long term implications on our fiscal position and are consistent with our principle of fiscal prudence.”

Mr Tsang also expresses that the Government is glad to see the Mainland economy returning to an upward momentum again.

“But, as you may have noticed, the Governments of Japan, the United States and the European Union have all implemented different versions of quantitative easing, and the risk of a new wave of global economic turbulence and imported inflation must not be underestimated,” adds Mr Tsang.

“Bearing these risks in mind, I think 2013 will be a year for us to focus on our conventional strengths, building on our advantages and exploiting the opportunities around us, and to help those in need.”



Mr Tsang sees the ageing problem as the ultimate challenge for Hong Kong.

Priorities as Financial Secretary

On his current role as FS, Mr Tsang explains that he had worked in the civil service for some 20 years before becoming a principal official and shares the core value of serving the community rather than minding one's own legacy.

“Promoting Hong Kong as an international financial centre, maintaining financial stability, taking meticulous care of our coffers and making good use of the public money have always been the goals of the FS,” states Mr Tsang.

“There will also be many challenges in the coming years,” explains Mr Tsang. “The first challenge is the possible emergence of a new wave of global financial turbulence. The Eurozone, the United States and Japan are striving to get their economies back on the right track. The quantitative easing programmes resulting in ultra low interest rates will not last forever. The United States Federal Reserve has indicated that they will make reference to the unemployment rate, as well as the inflation rate, in deciding on the time to raise their interest rates. Some people in the market have suggested that it may happen before the anticipated date of 2015. This is a distinct possibility and, for sure, when this happens, it will have a profound impact on our property market.”

Mr Tsang further explains that Hong Kong must stay alert to the intensifying competition coming from cities in nearby regions, especially in high value-added sectors, such as financial services.

“The rapid development and modernisation of these neighbouring cities and their financial systems will reduce Hong Kong’s comparative advantage,” states Mr Tsang. “To maintain our long-standing position as an international financial hub, Hong Kong must seek to deepen and widen the relevant sectors in order to grow our base to a more sustainable level.”

“Another challenge is land supply,” continues Mr Tsang. “The Government is determined to provide more land to meet the demand for housing. I fully understand the public’s expectation and I do not underestimate the difficulty in achieving this objective.”

“The Steering Committee on Housing Land Supply, which I led in the past two years, has worked hard to increase land supply in meeting the demand for housing. I am expecting the number of housing units that will be injected into the market to increase steadily in the coming few years. It will, of course, take some time before we see the demand for, and supply of, housing units returning to the normal level. But I can assure you that we have the determination to deliver on this promise.”

“The ultimate challenge for our society is ageing. The ‘baby boomers’ generation is entering retirement age and different issues arising from this phenomenon, such as increasing medical demand, decrease in the working population and sustainability of economic growth, will arise.”

“From the financial perspective, it is my duty to make sure our resources can cope with the increasing demands of our ageing population in a sustainable manner. I can imagine there will be extensive discussions and lots of views on how we, as a society, should respond to questions such as retirement protection. I would like to invite everyone to look closely at the need for financial sustainability when considering this matter.”



Something that lights up Mr Tsang in his hectic schedules.

Education still a big influence

Showing a more personal side, Mr Tsang reveals that he received his education in the United States. He pursued further study in architecture at the Massachusetts Institute of Technology and holds a Master in Public Administration degree from the prestigious Kennedy School of Government at Harvard University. His schooling in the United States had helped introduce him to classics written by Milton, Twain, Hemingway, Dostoevsky and others. Mr Tsang considers that the experience helped develop his life-long interest in reading and in the appreciation of good literature. The knowledge-building process has come to good use in his current work.



Mr Tsang with the fencing team of the Massachusetts Institute of Technology in Montreal, Canada in 1976.

Life beyond the job

“The workload of the FS is quite heavy, and I must admit that I do not have a lot of time to spend with my family,” continues Mr Tsang. “For this reason, I really value the time on weekends and we always try to spend time together, watching a movie or having tea at our favourite dim sum restaurant before I head back to my laptop at home and prepare for another week.”

Perhaps quite famously so, Mr Tsang has great enthusiasm for the sport of fencing.

“I work with students of my alma mater, La Salle College, on Saturday afternoons on their fencing skills. We have always been quite successful in inter-school competitions, but we lost the championship last year and came in second. Though I was quite content with the result, some of the students were less so and some even shed tears. We will learn from the experience and work even harder this year.”

Acknowledgements

At the end of the interview, Mr Tsang praises the professionalism, integrity and efficiency of the civil service. He has every confidence that civil servants would remain dedicated to their duties in pursuit of excellence.



Mr Tsang has been a fencing coach for his alma mater, La Salle College, for over 25 years.