

# Speech: FST speech to the Hong Kong Trade Development Council Dinner: 27 September 2018

## **Introduction**

Chief Secretary, distinguished guests, Lords, ladies, gentleman, it is a pleasure to address you this evening.

As a finance minister, I am often told to keep things small, not big.

As the Minister responsible for taxation, I look to Hong Kong for inspiration.

Because your tax code is 270 pages. Our is 17,000.

So I have some lessons to learn!

## **One Country, Two Systems**

Ladies and gentlemen, over twenty years ago Deng Xiaoping and Margaret Thatcher agreed the principle of "One Country, Two Systems" ...

...a structure designed to protect Hong Kong's high degree of autonomy, independent judiciary, rule of law, and rights and freedoms of its residents and others in the Special Administrative Region.

And at the time, of course, it was not without its critics...

...many people felt a sense of trepidation about what was to come...

...with some prophesising a highly regulated economy or indeed, even economic decline.

But the critics have been proved wrong, and Hong Kong has indeed stood the test of time.

"One Country, Two Systems" has protected the success of Hong Kong...

...and it is vital that this continues...

...as part of the faithful implementation of the Joint Declaration.

More than ever, Hong Kong has been characterised by strength and prosperity.

Today it stands as one of the most thriving and energetic cities in the world...

...like London, a global financial powerhouse...

...and the gateway to China – one of the biggest markets in the world.

And more than ever, we should perhaps reflect on Hong Kong's legacy...

...and take on board the lessons of history.

Because in the immortal words of Mark Twain, history doesn't repeat itself – but it does rhyme.

As the UK prepares to leave the European Union...

...to face the world ...

...we acknowledge that we will always be a part of Europe...

...but we are ready to take control of our future...

...as a sovereign nation, as Global Britain.

Just as Hong Kong challenged the naysayers all those years ago...

...our country has the chance to do precisely the same.

The ties that bind us together

Chief Secretary, by geographic fate, the UK and Hong Kong stand as lighthouses in our regions...

...bordered by sea, gateways to commerce, with a shared history of entrepreneurship.

But geo-politics is not the only thing that binds us...

... because we both share certain special qualities.

We are filled with a sense of determination, of adventure, and in our economic affairs – an unwavering commitment to cross-border trade.

These are qualities that will allow the UK and Hong Kong to survive the turbulence of the 21st century...

...and grasp the opportunities it undoubtedly presents. And, as the UK faces a time of unprecedented change in her history, we are looking to our international partners...

...and especially to those with which we have deep historic ties.

The enduring relationship between the UK and Hong Kong has its foundation in a shared history...

...but it has grown into so much more than that.

Just look at the 300,000 British citizens resident in Hong Kong...

...to the tens of thousands of Hong Kong students who study in the UK every

year...

...to the British Council's Festival of Ideas next January – which will showcase the best of UK creativity and innovations.

So, we have a strong base of shared values...

...and a legacy of exchange – be it of ideas, culture or people.

But as a Treasury Minister, it is the continued strength of our economies...

...and the two-way flow of trade and investment upon which I want to focus on this evening.

## **Tapping into new markets together**

Our two great economies are deeply intertwined...

...Hong Kong remains the UK's second largest export market for goods in the APAC region...

...investment from Hong Kong into the UK has increased by 35% since 2010...

...and Hong Kong is home to over a third of all British investment in Asia.

And as we leave the European Union, we will look to further enhance our partnership with Hong Kong. Because despite appearances, no financial centre is an island...

...both the UK and Hong Kong are leading global hubs...

...in facilitating trade and prosperity throughout Europe, Asia and beyond.

And we are stronger when working together.

Through the annual London-Hong Kong Financial Forum, we have committed to explore and capitalise on the issues facing our financial industries.

It is only by harnessing the forces set to reshape financial markets – rather than avoiding them – that we can continue the UK and HK's mutually beneficial relationship.

Globalisation, climate change, infrastructure, technology...

...should be taken and acknowledged for what they are...

...as opportunities to seize.

Take for example the untapped potential of green finance...

...and the role it could play in funding 21st century corporates...

...and facilitating infrastructure projects worldwide.

In Asia – this could range from the Greater Bay Area to the trans-continental Belt and Road Initiative...

...and here at home, I am proud to see green finance being put to use as we build the UK's Northern Powerhouse.

Green finance has the potential to be a rapidly expanding force of financing.

To meet the infrastructure needs of developing Asian economies would require \$1.5 trillion in investment per year until 2030.

We should all rise to the challenge as to how green finance can be targeted to plug that gap.

This vision will only be attained if leading financial centres – like London and Hong Kong – work in tandem to scale-up the sector...

...and foster the right environment for a competitive green marketplace to emerge.

Green finance of course is but one area of innovation that the UK and Hong Kong can capitalise on.

At this dinner last year, the UK-Hong Kong FinTech Bridge was witnessed by the Chief Executive and the Chancellor of the Exchequer...

...to enhance connectivity...

...pool our mutual expertise...

...and permit our firms to access the capital, talent, accelerators and start-ups in both jurisdictions.

The bridge that extends between us will apply cutting-edge technology to turbo-charge our financial industries.

I am a great believer that FinTech has enormous power to transform international finance...

...and create a more efficient, productive and bespoke industry for corporates and consumers.

So I am thrilled that the UK and Hong Kong remain at the frontier of this sector.

In the months and years ahead, green finance and FinTech are but two aspects of an ambitious bilateral agenda.

I welcome the Chief Executive's support of our Strategic Dialogue on Trade Partnership...

...which gives us a way to identify and address any remaining barriers to trade between the UK and Hong Kong.

And we are preparing for the 8th London-Hong Kong Financial Forum...

...working to ensure corporates and investors can access new opportunities...

...and delivering the innovation and thought leadership necessary to meet challenges bigger than any one financial centre.

Because the joint investment opportunities are vast – just take the rise of China.

It is expected that up to \$600 billion in foreign funds will enter the Chinese stock market in the next 5 – 10 years...

...channelled through Stock Connects that are operational in Hong Kong...

...and soon to launch in London.

Already around 60% of all Chinese capital flows through Hong Kong...

...often hiring UK professional services firms as intermediaries and advisers.

The opportunities to fully explore the potential of investment in China ...

...is something we should both consider a priority in the years ahead.

I know I speak on behalf of the Chancellor and the Government when I say that we are committed to exploring the synergies between Hong Kong and Global Britain...

...collaborating to bring us both greater prosperity and competitiveness.

## **Conclusion**

So, to conclude this evening, I want to share this quote with you:

“Britain must always think and act internationally. But rather than rely on our influence within the confines of a narrow Europe I would have us fulfil our destiny as a nation with global interests and a special understanding of the world derived from our history.”

That was Margaret Thatcher speaking in Asia before the handover of Hong Kong in 1997.

And her words have never been more relevant.

As we prepare to face the world as Global Britain, eager to embrace the opportunities this country voted to explore...

...we are looking beyond Europe; we are looking East.

There has never been a better time to unlock the full potential of our relationship with Hong Kong, a natural ally in the East.

I look forward to strengthening the bonds between us...

...for the years to come.

Thank you all very much.

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## [News story: BPS 2018 payments exchange rate set](#)



The euro exchange rate for calculating BPS 2018 payments has been set. The rate, an average of the European Central Bank exchange rates set in September, will be €1 = £0.89281.

BPS payments for England are set in euros and then converted into sterling. The previous years' exchange rates for BPS were:

BPS 2017: €1 = £0.89470

BPS 2016: €1 = £0.85228

RPA will make full payments on BPS 2018 claims from the beginning of December.

RPA makes all payments directly into bank accounts by BACS transfer.

Published 28 September 2018

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## [Speech: Employment Minister addresses employers as part of National](#)

# Inclusion Week

I want to begin by thanking Inclusive Employers for inviting me to speak at today's event.

Events such as this, where we celebrate best practice in inclusion and diversity in the workplace, and learn from one another, are vitally important for driving change in the workplace.

It is fitting that this event is being held at the British Film Institute. Film and drama through the ages have had a history of challenging stereotypes, holding a mirror to society and asking difficult questions, and championing diversity and inclusion.

A couple of recent examples.

The release of Black Panther earlier this year has been hailed as a hugely positive cultural moment in American black history.

On Sunday 7 October the first ever female Doctor Who hits our television screens. A highly anticipated moment, not least by my 2 daughters, who are dedicated Whovians.

And I really do think it is time to retire James Bond. In favour of Jane Bond.

Diversity helps to drive box office success.

And we know it can do the same for business, and all across our society.

When the Prime Minister made her first speech on the steps of Downing Street, she talked about tackling the "burning injustices" still prevalent in the UK. About creating a country which works for everyone, regardless of your background.

Brexit may be dominating the news agenda right now. But I can assure you that the Prime Minister, and her whole government, have not wavered from our mission to create that country which works for everyone.

Employment is a very visible area, demonstrating the government's progress.

The unemployment rate stands at a 43-year record low. The overall employment rate is close to a record high, as is the rate for women in employment.

3.3 million more people are in work than in 2010, and youth unemployment is nearly halved. That's on average 1,000 jobs created every day, with 75% of these being full-time and permanent, and around 70% in higher skilled occupations which attract higher wages.

And we have achieved all this working in partnership with employers, working with businesses. Listening to entrepreneurs.

Today I want to share with you some of the specific progress we have made in driving inclusion and diversity in the workforce. But I also want to make clear where we want to, and need to, go further.

Since 2014, an additional 600,000 disabled people have moved into employment – we want that figure to rise to 1 million by 2020.

Many of you in this room are, no doubt, part of the over 7,000 Disability Confident employers across the country. Signed up to my department's scheme that guides businesses on recruiting and retaining staff with disabilities.

Along with helping businesses become confident as disability employers, our Access to Work program offers up to £57,200 a year to help with the additional costs which an employee's health condition may incur. From commuting costs to specialist equipment in the workplace.

These are 2 government initiatives that are having a practical and positive impact on businesses and employees right now. Driving forward inclusion in the workforce.

As I said earlier, we have seen record high women's employment. And the number of children in workless households is at a record low.

But there's more to do. There are around 1.2 million potential returners to work in the UK. Over 90% of them are women who want to get back into work following a period of childcare.

Helping mothers back into work benefits businesses and families alike. That's why the government has launched a Returners Fund. A grant programme available for organisations to run projects aimed at returners that create new job opportunities.

In the past, it has been the cost of childcare that has meant that work did not pay.

Our childcare offer, 30 hours free childcare for working parents of 3 and 4 year olds, is changing that.

Research published one year on from the launch of the 30 hours childcare scheme shows that, as a result of the initiative, more parents are increasing their working hours. Are able to work more flexibly. And spending less on childcare so they have spare cash to spend on their families.

And parents from lower or middle income households are more likely to say that 30 hours makes a 'great deal' of difference to their ability to balance family life with work.

These are practical policies that incentivise, rather than force.

With vacancies at a record high, employers cannot afford to miss out on talent because of care commitments or disability.

We have also broken a record when it comes to young people – with the youth

unemployment rate at a record low.

Our jobcentres are working more closely with businesses in their local area to provide new opportunities that open up the world of work to the next generation.

Through our work experience programme and sector-based academies, we are helping connect businesses with talented, enthusiastic young people – over 300,000 of them since 2011.

Today, the local jobcentre is a champion of workplace inclusion – practically helping businesses recruit the diversity they are looking for to bolster their workforce.

And at the other end of the spectrum, we now have over 10 million people over the age of 50 in work.

The experience and wealth of knowledge that this group has to offer is finally being recognised.

I recently joined the older worker cohort. And one of my 20-something year old civil servants quipped:

Well Minister, you just prove that it is possible to teach an old dog new tricks

That particular civil servant has now moved on. Actually to a better role!

And as we live longer, healthier lives, many of us are choosing to stay in work for longer.

But age too often attracts a stigma. Our [Fuller Working Lives](#) strategy is aimed at tackling exactly this discrimination. Supporting businesses who are opening up their traineeships and apprenticeships to the older cohort, and being increasingly open to flexible working patterns – defying the stereotype that eager learners are young learners.

Ethnic minority representation is another area where we have seen great progress. The employment rate for people from black, Asian and minority ethnic backgrounds is at an all-time high.

But, we also know that employment rates are higher for white people than those from an ethnic minority background. On average, there is a 10 percentage point gap.

So there is work to do to eradicate this disparity.

In October 2017, the Prime Minister published the findings from the [Race Disparity Audit](#). A comprehensive audit of British society, with the outcomes from public services, and of pay and income for all individuals, broken down by their ethnicity.

This was the first audit of its kind, a world-leading development, looking at how your race affects your life.

And following on from the audit, my department has identified 20 'challenge areas' across the country, where the employment gap is greatest.

We're targeting these places with specialist support, trialling new interventions, including mentoring programmes.

By working with businesses we are connecting employers with potential candidates. Providing those individuals with one of the greatest assets a jobseeker can have – a mentor to advise and support them into work and through their career.

I recently sat in on one of DWP's mentoring circle events. And I cannot overstate the importance of mentors, often from the same background as the mentee, as positive role models.

So our support for businesses that want to be more inclusive is comprehensive and growing.

As you all already appreciate, an inclusive employer is a more successful employer.

The challenge is about making inclusion a reality.

And I want employers to know our support is more than just words – it means practical assistance.

From supporting staff with disabilities, to helping employers retain older workers, and take on those from ethnic minority backgrounds.

So, let me close by saying that this government is absolutely committed to building a more inclusive society.

And as Minister for Employment I am personally committed to working with, and supporting, inclusive employers.

My door is always open to good, innovative ideas to increase inclusion in the workforce.

Thank you for everything you do to support inclusion and diversity. Let's continue to work together and drive forward positive change. Which is good for people, good for businesses. And transformative for society as a whole.

Thank you.

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# News story: Scottish Secretary welcomes Moray Growth Deal milestone

The UK Government today [Friday 28 September] announced a key milestone has been reached in securing a Growth Deal for Moray.

On a visit to the region, Chief Secretary to the Treasury Liz Truss formally invited Moray Growth Deal partners to submit plans on their priorities for boosting economic growth and productivity.

The UK Government will work closely with Moray Council, other local partners, and the Scottish Government to develop proposals.

Scottish Secretary David Mundell said:

I welcome this progress on a Growth Deal for Moray and we look forward to working with local partners on their proposals.

City region and growth deals are a cornerstone in the UK Government's long-standing commitment to invest directly in Scotland's future, giving communities the financial backing to promote economic growth and allowing local partners to develop projects that place Scotland at the forefront of innovation, technology and connectivity.

Our record on such deals for Scotland speaks for itself, having committed more than £1 billion so far.

Speaking after meeting local businesses and visiting the new Macallan distillery and visitor centre, Chief Secretary to the Treasury Liz Truss said:

The UK Government is backing Scotland by committing more than £1 billion to support Scottish city region deals since 2014. The deals attract new talent to the area, create better access to technology and improving the local transport system.

I've invited a bid for a Moray Growth Deal and I look forward to receiving ambitious proposals to unlock growth and productivity in the region.

Moray Council Leader Graham Leadbitter added his support saying:

This news is a real boost for the whole of Moray. The support for a

Moray Growth Deal is evident right across the region in our communities, amongst business leaders and from the cross-party support of all of the Council's political groups. There is still much work to be done but the Minister's announcement represents a key milestone for the Growth Deal bid.

Moray Growth Deal Business Assembly Chair Michael Urquhart commented:

We are delighted to receive this positive news from the Treasury. The members of the Moray Growth Deal Business Assembly, and indeed, I'm certain the wider business community in Moray, share an ambition to grow our economy and create sustainable opportunities for the people of Moray to live and work here. We are ready to support the Moray Growth Deal bid team to help secure a good deal for Moray.

The visit from the Chief Secretary to the Treasury is the latest in a series visits to Moray by UK Government Ministers. Exchequer Secretary, Robert Jenrick, was in Moray last month to discuss the Growth Deal with Douglas Ross MP; Lord Duncan held discussions with the Principal of Moray College and David Mundell met with the Growth Deal bid team and a cross section of Moray business leaders in April.

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## [News story: Minister powers up Cumbria's potential](#)

Based on the success of his recent 'Powerhouse Live: Tour of the North', Mr Berry visited 2 local firms to chat to the Cumbrian workforce.

His first port of call was Forth Engineering at Maryport, before going onto meet apprentices at the Gen2 training facility at Lillyhall.

The Northern Powerhouse is designed to drive economic growth in the north via investments in skills, innovation, transport and culture.

Jake Berry, Northern Powerhouse Minister, said:

The Northern Powerhouse is all about ensuring economies like Cumbria are able to achieve their full potential, by working together with other towns, cities and rural communities.

To learn about the challenges and opportunities in the area, from those who live and work here, has helped us understand how the

Northern Powerhouse can support local and national economic growth in the area.

Sellafield clearly plays a huge role already in the north's economy, employing more than 11,000 people and spending more than £1.1bn a year in the supply chain.

It is encouraging to see first hand how small businesses like Forth Engineering are diversifying away from the nuclear industry, and I am impressed by the range of high quality apprenticeships being developed here.

Jamie Reed, head of community and development for Sellafield Ltd, said:

It was fantastic to welcome Jake to the area to see first-hand the unlimited potential of our fabulous county.

Sellafield has always been a powerhouse in its own right, but our greatest challenge is ensuring we leave a positive legacy for our community.

This is why we joined the Northern Powerhouse, to rebalance the economy away from London and the South East and connect Cumbria with other northern towns and cities.

Together we can create diverse and resilient communities and drive the economic future of the country.

This is something Sellafield can not do alone, and this visit has highlighted that as businesses, councils, trade unions and politicians, we are all responsible for overcoming the challenges we face.

Forth Engineering was founded in 2000 by former Sellafield apprentice, Mark Telford, he said:

The Minister was interested to learn how having Sellafield on our doorstep has given us a testbed to develop unique skills and technologies, which we are now transferring into other industries.

Our workers also appreciated the opportunity to find out more about the Northern Powerhouse and how it might help create more jobs and opportunities in our region.