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Special Interest Divisions 2007-2008

- Chairperson of Chief Information Officer Board
Mr Daniel S C Lai, BBS, JP
- Chairperson of Quality Management Special Interest Division
Dr Hareton K N Leung
- Chairperson of eBusiness Special Interest Division
Mr Eric W H Lung
- Chairperson of Health IT Special Interest Division
Mr Charles P Mok
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Dr Wong Chung Kiu
- Chairperson of Information Security Special Interest Division
Mr Frank K M Yam

Immediate Release

Suggestions to the Chief Executive on the Upcoming 2008 Policy Address by Hong Kong Computer Society October 2008

Hong Kong is in desperate needs of new industry sectors to broaden its economic base and to create new jobs for the growing number of knowledge workers produced by our post-secondary education system.

To maintain economic prosperity in this increasingly integrated and globalised world, each individual economy needs to ceaselessly upgrade itself so as to gain more sophisticated competitive advantages, to develop more productive economic segments and create new industries to supplement, or to replace the ailing ones.

In the past two decades, its rising land cost and relatively high labor costs have gradually taken away some of the economic diversities that Hong Kong has once enjoyed. The three or four so-called pillar industries of Hong Kong are highly vulnerable to changes in the external factors that Hong Kong has little control of. Examples of them include the financial crisis that has devastated the entire Asia in 1997 and a more recent one, the fast deterioration of the global economic condition that is sending shock waves to all parts of the world.

Michael Porter, the renowned Harvard economist has developed a 4-stage model and provided a framework of thinking about the national economy's progress in terms of its competitiveness. These four stages of development are: factor-driven, investment-driven, innovation-driven, and wealth-driven. Hong Kong has arguably leaped into the "wealth-driven" stage without going through and benefiting from the "innovation-driven" stage as other more matured economies have. This un-intended shortcut in economic development could have deprived Hong Kong the opportunity to build a more solid foundation to sustain its long-term growth.

Many economies with sizes similar to or smaller than Hong Kong have adopted very aggressive and successful innovation and technology policies in guiding themselves through these economic development stages. Singapore, Sweden and Finland are among some of the more visible examples. Prof Porter has also stated clearly in his book (*The competitive advantage of nations*) that national prosperity is created, not inherited.



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To maintain the competitiveness of Hong Kong at a critical juncture of our development, we must re-think our position related to the innovation and technology policies and the adverse consequences for the apparent lack of such.

Suggestion 1: *To elevate the role of innovation and technology in the government and in the perception of the public. Position it as a strategic force leading the transition of Hong Kong into the knowledge economy.*

Responding to the alarmingly low percentage of our GDP spent in R&D work, The Hong Kong Government has in recent years allocated more resources in this area and as an attempt to correct this situation. The creation of an eighteen billion HK\$ endowment fund supporting R&D activities at the tertiary education sector is a good example of this commitment. Almost a decade ago, the Government has also established a HK\$5 billion Innovation and Technology Fund with a clear objective to establish the mid-stream R&D infrastructure to foster changes in the local industries. Unfortunately, these initiatives, among many others, are lacking the benefits of a coherent strategy in their planning and execution. They are in most cases, isolated programs responding to different pressures and needs of different time and situations. As a consequence, they are invariably under the administration of different government B/Ds and agencies that each has its own set of more narrowly focused missions to fulfill.

The lack of a holistic view on innovation and technology development strategy and the clear articulation of its implications on the various functions in the government and sectors within the community has created un-necessary duplications in effort, administrative inefficiency and most damaging of all, blocked our view to a clearer direction for marching forward in a synchronized fashion.

Suggestion 2: *To establish a new organization (or to merge and re-organize existing agencies) within the government and to give it the broad-based responsibilities for formulating and implementing policies addressing the full array of issues related to innovation and technology development in Hong Kong.*



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The Guangdong Province is aggressively positioning itself to stand up to the complex set of challenges in its next economic development stage. Innovation and Technology development is on the top of its priority list.

Riding on the CEPA arrangement, Hong Kong will need to become more prudent in paying attention to the needs of its mainland partners. Our industries must work hard to develop deeper collaboration with their mainland counterparts to maintain a meaningful role for Hong Kong in this new and integrated economic development of the entire region.

Suggestion 3: *To develop deeper collaboration with Pearl River Delta cities and to position Hong Kong as a key partner in the on-going economic transformation of the region.*

Being a geographical advantage of the Lok Ma Chau Loop, its proximity to city of Shenzhen should be fully leveraged in the planning of its land use. This area can be geared for the support the close interaction of cross-border enterprises as well as the deep collaboration of the professionals and knowledge workers from both sides of the border. High value-added ITO (e.g. software development, digital entertainment development, data center operations), KPO (e.g. high-valued business processes outsourcing operations employing large number of knowledge workers), R&D institutions can be targeted as the preferred business sectors to be attracted into the Loop and its surrounding areas.

This Lok Ma Chau Loop and its surrounding areas have the potential to be developed into a new economic center in the northern region of Hong Kong supporting the new innovation and technology based industries.

Suggestion 4: *To speed-up the development of the Lok Ma Chau Loop and its surrounding area to become a new economic center focusing on the innovation and technology based industries.*

The availability of high caliber talents and manpower are the key factors for our successful transition into the knowledge-based economic with very strong technology and innovation elements.

IT is certainly one of the most important sectors in this new economy that Hong Kong is shaping. Hong Kong currently has more than 60,000 practicing IT professionals and they are directly contributing more than 3.2% of the total GDP.



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The continuous development of the professionals in this sector and their certifications are critically important to ensure that we have a steady supply of high caliber talents to sustain the growth of this industry. The Hong Kong Computer Society has been working with various industry bodies and local employers in the past two years in establishing a certification scheme for the IT professionals. The OGCI of the Hong Kong Government has provided part of the funding for the development of this certification scheme. The Government can step-up its support of this industry-wide program by accepting the professional credentials granted under this scheme.

Suggestion 5: To provide stronger leadership in IT manpower development and the acceptance of the professional credentials granted under the IT Professional Certification scheme operated by the industry.

- The end -