



Hong Kong Computer Society

2008-09 Policy Address Feedback

The 2008-09 Policy Address “Embracing New Challenges” delivered by the Chief Executive on October 15 covers a wide spectrum of the Government’s directions over Hong Kong’s financial, social, economic and trade, political, education, as well as care for the people under the current financial tsunami, which has yet to recede.

While it might be a good progress report from last year’s Policy Address, Hong Kong Computer Society (HKCS) finds that it lacks new initiatives to provide a strong dose for revitalizing Hong Kong’s economy and confidence of its citizens during this challenging time. And on some of the new initiatives proposed, HKCS also sees that more concrete and measurable outcomes should be defined.

HKCS, being the key IT professional association in Hong Kong, would therefore like to present a few viewpoints pertinent to the IT industry as a constructive feedback to the Policy Address, as well as additional suggestions to help the Government further enhance the development of this industry.

On Economic and Trade Development

1. Support for the Service Industries

In the Policy Address, item 36 stated that “*We have to focus on: promoting co-operation in service industries...*”. This is certainly the right direction to proceed but it did not elaborate what Hong Kong needs to do, how the service industries could be possibly enhanced, and how we should collaborate with China in order to move forward.

The Policy Address placed a heavy focus on the importance of progress of the ten infrastructure projects initiated from that of last year. It did not, however, mention how we should develop the service industries, which as a matter of fact, comprise 91.2 % of Hong Kong’s GDP in 2007 (from HKSAR Government’s Census and Statistics Department) and provide more jobs than those generated from the infrastructure projects.

It will be precarious to overlook the importance of the service industries as other advanced economies in the world, such as the U.S, Japan and Germany, have more than half of their labor force engaged in services, and that services provide over 70% of the nation’s GDP. Many major corporations in the world are already shifting their revenue source to be more service dependent. More jobs in services are created as a result than those in manufacturing or agriculture.

While global markets are increasingly transforming into service-based economies, employment growth will be concentrated on the high value service-providing sectors of the global economies. Service innovation becomes a pre-requisite to maintain profits. **There is a need for the Government’s Innovation and Technology Commission to place more emphasis on**

service innovation rather than the current and traditional focus on manufacturing and product innovation.

Many governments around the world have developed their service innovation roadmap to support their service industries. To cite a few examples, they include Australia, Netherlands, Korea, and Finland. It is of critical importance that our Government should consider generating our own service innovation roadmap.

2. Development of Scientific Research

Item 42 mentioned that the Government will continue to promote technological development through financial and infrastructure support. Item 43 said the Internship Program under the Innovation and Technology Fund (ITF) will be relaxed by increasing the amount of subsidy to qualified graduates and be expanded to recruit graduates of higher degrees and non local graduates of the local universities. While all these initiatives are of good intent and financial assistance is certainly important, it gives an impression that the Government's solution to raise the quality of R&D and the human capital is only by injecting money to these programs.

Should the Government be serious about enhancing Hong Kong's scientific research and appreciate the importance of service industries as mentioned before, it should look into **introducing service science discipline in higher education and even a step further equip relevant government officials who are going to manage the service industries with such training.**

With the Government's involvement, many renowned universities in the U.S, Europe and even China have built service science into their curriculums that are suitable for their national environment. The goal of that is to educate our workforce and the next generation how to nourish productivity, quality, and learning and innovation rates across the service sector to make it more efficient. Again, there are governments, such as Singapore, already investing into universities in service science by encouraging private sector to participate in curriculum development and sending their officials to be trained.

3. Creative Industries and e-Books

We applaud the Government's decision to establish a Creative Industry Office (CIO) after several years of demand from the industries' practitioners. Since the CIO resources will be drawn across departments and its functions are described as "coordinate" the work, "work closely" with the trade, and "boost" the development, such actions need to be further defined and guided by a clear set of measurement criteria. **The Government needs to make sure concrete objectives, roles and responsibilities, and success criteria are clearly defined before the establishment of the CIO.**

Hong Kong traditionally has put more emphasis on the investment of advanced technology, hardware and software over the development of creative talent in determining the success of creative industries. The core issue of Hong Kong's creative industries resides in the lack of demand, the lack of imaginative and creative talent, the lack of content, the lack of protection on creators' rights as well as government's insufficient know-how in these areas. We hope that

the management of CIO would have a balanced and forward looking view and even better, possess the understanding of the basics of what creative industries are.

A good project for the CIO to start with is the e-books promotion as stated in item 51. We welcome the Government's leadership in promoting the use of e-books. However, the use of e-books described in this initiative seems to be confined by converting the traditional paper textbooks into electronic copies in order to save money for consumers and the parents.

We would like to highlight that **e-book is more than an e-copy of the textbook**. It is a totally new environment which provides an enriched learning experience. It is interactive and enabling users to easily read, write, edit, record, receive tutoring, add on contents, and it even comes with user behavior functions. Our view is not be bound by the publishers' interest as we were in the past so as to allow our students with more creativity and freedom during learning. A good website for e-books reference is www.rif.org

4. Additional Suggestions

A survey on e-readiness done by the Economic Intelligence Unit (EIU) in 2007 measured how amendable a nation is to internet based opportunities. It covered six categories and comparison was made among 69 countries. The survey revealed that Hong Kong was ranked the 4th after Denmark, the U.S. and Sweden, and it respectfully rose from the 10th in 2006 to the current standing. On individual category rankings, Hong Kong scored:

Legal Environment (1st)
Consumer and Business Adoption (1st)
Connectivity and Infrastructure (3rd)
Business Environment (6th)
Government Policy and Vision (6th)
Social and Cultural Environment (23rd)

This scorecard suggests that while we continue to stay on top in several categories among the many advanced countries, we have much room to improve especially in the area of applying IT to social and cultural environment.

For instance, in assisting the disadvantaged groups to have more accessibility to IT, the Government has been supporting different NGOs via individual programs such as the Digital Solidarity Fund (DSF). This is a meaningful project between the Government, the NGOs and the private sector. However, there has been no government department responsible for formulating long-term strategies and actions until the Digital Inclusion task force was formed recently. Our progress is apparently behind from many other comparable economies which have long established such helping organization. An example will be the Agency for Digital Opportunity and Promotion (KADO) in Korea.

We hope that the new Digital Inclusion task force will not only provide short-term programs to bridge the digital divide, but eventually will expedite the Government's progress in setting up a "KADO" like agency with the mission of **moving towards the direction of setting up the required policies** to make helping the disadvantaged groups a permanent norm in our society.

Conclusion

To conclude, we would like to see the IT industry continues to sail through the challenge and grow with Hong Kong during this turbulent time. The IT industry, being the enabler of many fundamental industries in Hong Kong, has no doubt needs to work closely with every segment. We believe a viable way is to ride on the growth of the service sectors. The investment on educating the workforce and the next generation on service science, and the increasing emphasis from the Government to develop high value service innovation become imminently important for both the IT industry and Hong Kong to thrive and flourish.