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**HKCS's Feedback to the 2019 Budget:**  
**Supporting the Government to**  
**Devote More Attention to Innovation and Technology for Driving Economic Growth**  
**Attract and Nurture More IT Talents to Support the Development of the Industry**

February 27, 2019, Hong Kong – The Hong Kong Computer Society (HKCS) expressed support to the 2019 Budget delivered by Mr. Paul Chan, the Financial Secretary today. The Budget demonstrates its focuses on Hong Kong's IT development, and its devotion in driving economic growth through innovation and technology development. The Budget also focuses on the development of biotechnology, artificial intelligence, smart city and financial technology, which HKCS is pleased to see. HKCS welcomes the Financial Secretary to strengthen the cultivation of IT talents, encourage universities and enterprises in commercialising and transferring their R&D results, create a good venture capital investment environment, expand talent capacity to attract more IT talents to come to Hong Kong, and encourage enterprises to introduce innovative technology to improve efficiency. Meanwhile, the Government's effort in introducing relevant preferential policies and investment funds, while making good use of technology in financial development; and particularly in responding to the shortage of talents in the industry, the Government is launching various policies to cultivate local talents and attract foreign professionals, which are appreciated by HKCS.

Mr Ted Suen, President of the Hong Kong Computer Society, said: "Hong Kong's science and technology level has always been outstanding in Asia. However, in face of the long-term talent shortage and succession problem of the industry, the Hong Kong Computer Society has always regarded the cultivation of IT talents as the top priority. In this year's Budget, we are pleased to see that the Government is devoting more attention to fostering the development of the innovation and technology industry. In regards to the talent shortage issues, the Government increase the resources of secondary schools to promote science education, increase the monthly allowances for the researchers, and extend the funding period of both the Researcher Programme and the Postdoctoral Hub Programme from two years to three years. In addition, the Government also expand the capacity for IT talents, and launch the InnoCell program, which will offer about 500 residential units with flexible design to tenants, incubatees or visiting researchers, resolving the residential problems faced by overseas talents, which can also help attract talents coming to Hong Kong."

Mr Suen continued: "Last year, the Science Park received funding to nurture the local innovation and technology industry and the results were clear. This time we are also happy to see Cyberport receive support for the expansion programme of its fifth phase, so that young people who are exploring innovation and technology in their business can have more opportunities and options."

Mr Suen pointed out that, the Government has responded positively to the recommendations of the Hong Kong Computer Society. The Government's procurement policy encourages the use of local innovation, and it is conducting a mid-term review of the technology talent entry scheme. To relieve the hurdles and obstacles for IT development, the Government is also examining and reviewing existing laws which are outdated as IT environment develops. And the HKCS appreciates the prompt actions taken by the Government in response to the industry feedback.

The Hong Kong Computer Society finds the Budget positive with the following recommendations:

1. The training for financial technology talents should be further intensified: The Hong Kong Computer Society expressed its support in taking the financial technology as another major driving force for Hong Kong's economic development, as mentioned in the Budget. However, financial technology has already become a new focus of the information technology industry in Hong Kong. Therefore, the Government must strive to train sufficient financial and technical talents to encourage the establishment of financial technology-based venture companies to develop areas, including mobile payments, cross-border payments, virtual banking systems, and other required information technology support.

2. Extra attention should be devoted in information security: information security is of great importance to financial technology, especially in the cross-border financial operations, protecting user privacy and network security is inevitably important. In addition to the financial industry, information technology has become more heavily deployed by a wider scope of industries during their development, while IT has also become inseparable in smart cities and other important infrastructure operations. Therefore, the Government is recommended to actively train more talents in cyber security, and support relevant researches and enterprises, in order to strengthen the information security strength of Hong Kong.

3. Applied research funding should not just be limited to post-doctoral studies: while we are happy to see the government's effort in promoting research, however, due to the difference between applied research and academic research, the Hong Kong Computer Society recommends that the government's current funding for post-doctoral programs be extended to Master's or Bachelor's degree graduates of eligible universities, in order to offer more flexibility to companies when hiring technological research talents.

4. Accelerate the handling of out-of-date legislation: The Hong Kong Computer Society welcomes the Government's decision to remove the hurdles and obstacles, and examine and review the outdated laws as

technological environment evolves. However, there are yet any specific details and relevant timetable. Therefore, we hope the Government can announce further implementation details and work progress as soon as possible.

5. Launch more smart city projects: at smart city projects, the Budget currently only mentions three of them. The Hong Kong Computer Society urges the Government to implement other projects as soon as possible so that the people of Hong Kong can enjoy smart living. The Hong Kong Computer Society also proposes the Government to set up a smart city display and monitoring center, similar to for example the one in Shanghai. And the center can also become the hub for monitoring the operations of various smart city projects. Through this, it can showcase the smart living application of the city, which are believed to be able to help accelerating the Government's smart city development.

### **About the Hong Kong Computer Society (HKCS)**

Founded in 1970, the Hong Kong Computer Society (HKCS) is a recognised non-profit professional organisation focused on developing Hong Kong's Information Technology (IT) profession and industry. Their members come from a broad spectrum of Hong Kong's IT community, from corporations to like-minded individuals, all coming together to raise the profile and standards of the IT profession and industry. As a well-established IT professional body, the Society is committed to professional and industry development as well as community services to ensure the IT sector continues to make a positive impact on peoples' lives with three main goals, namely, 1) talent cultivation and professional development, 2) industry development and collaboration, and 3) the effective use of IT in our community.

For more details, please visit <http://www.hkcs.org.hk>

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## **Appendix: Measures proposed in the latest Budget that are for supporting the building of an ecosystem for innovation and technology development**

- Financial Technologies
  - The Government is planning for the use of the Faster Payment System (FPS) to provide the public with greater convenience in paying taxes, rates and water charges. The Transport Department, the Immigration Department and the Leisure and Cultural Services Department (LCSD) will examine the feasibility of accepting payments through the FPS at their shroff counters on a pilot basis.
  - The Hong Kong Monetary Authority (HKMA) will shortly issue virtual banking licences, and banks will also implement the Open Application Programming Interface functions in phases, to bring more innovative banking services to the public.
  - The HKMA and the Securities and Futures Commission (SFC) are making use of the Global Financial Innovation Network to share with other regulators the experience and knowledge in relation to the supervision of Fintech applications.
  
- Innovation and Technology Infrastructure
  - \$5.5 billion is earmarked for the development of Cyberport 5 and this will serve to attract more quality technology companies and start-ups to set up their offices in Cyberport and provide a pathway for young people to pursue a career in I&T. The expansion project is expected to provide about 66,000 square metres of floor area, and include facilities such as offices, co-working space, conference venues and data service platforms.
  - Additional resources is set to be allocated to Hong Kong-Shenzhen Innovation and Technology Park at the Lok Ma Chau Loop when needed to ensure timely development of the Park as a world-class R&D hub.
  
- Promoting Research and Development:
  - An additional sum of not less than \$800 million will be provided over five year starting from 2019-20, which will double the funding for Technology Transfer Offices of designated universities, the Technology Start-up Support Scheme for Universities, State Key Laboratories and Hong Kong branches of the Chinese National Engineering Research Centre, to support more R&D work and the realisation of R&D results.
  - A dedicated provision of \$16 billion is set aside for UGC-funded universities to enhance or refurbish campus facilities, in particular the provision of additional facilities essential for R&D activities (such as laboratories), with a view to creating an optimal teaching and research environment for university students and R&D staff.

- Pooling Innovation and Technology Talent
  - The implementation details of the Technology Talent Admission Scheme is to be reviewed in the first half of this year.
  - To attract more local graduates to the industry, with immediate effect, the monthly allowance will be increased from \$16,000 to \$18,000 for researchers with a Bachelor's degree, and from \$19,000 to \$21,000 for researchers with a Master's degree.
  - The funding period of both the Researcher Programme and the Postdoctoral Hub Programme will be extended from two years to three years with immediate effect.
  - The Hong Kong Science and Technology Parks Corporation (HKSTPC) is constructing an InnoCell, which will offer about 500 residential units with flexible design to tenants, incubatees or visiting researchers in the Science Park.
  - \$500 million will be deployed to implement the IT Innovation Lab in Secondary Schools Programme in the coming three school years. Each secondary school benefiting will be granted \$1 million to procure the necessary information technology (IT) equipment and professional services, and organise more relevant extra-curricular activities to deepen students' knowledge of cutting-edge IT. In addition, the Office of the Government Chief Information Officer (OGCIO) will set up a one-stop professional support centre to provide assistance.
  
- Supporting Technology Enterprises
  - The maximum annual funding of Technology Start-up Support Scheme for Universities will be raised from the existing \$4 million to \$8 million for each university starting from 2019-20 to better nurture university start-ups.
  - Last year, \$7 billion was reserved for the HKSTPC to enhance support for its tenants and incubatees. Building on the success, the HKSTPC will expand the Corporate Venture Fund (CVF) to \$200 million to support the growth of its tenants and incubatees.
  
- Support Re-industrialisation
  - It is planned to inject \$2 billion into the Innovation and Technology Fund (ITF) for launching a Re-industrialisation Funding Scheme to subsidise manufacturers on a matching basis to help them set up smart production lines in Hong Kong.
  - The Committee on Innovation, Technology and Re-industrialisation, which is chaired by the Financial Secretary, will explore appropriate measures for promoting the development of industries and re-industrialisation, in areas such as advanced materials, nanotechnology, microelectronics, etc.
  
- Smart City
  - A Smart Government Innovation Lab will be set up this April to engage the industry and solicit their assistance in using IT to improve public services, foster public-private partnership, and create

business opportunities for start-ups and SMEs in Hong Kong.

- Three smart city infrastructure projects are underway, including providing an electronic identity for all Hong Kong residents, installing multi-functional smart lampposts, as well as enhancing the government cloud services and building a big data analytics platform. Over \$900 million will be allocated to these projects, which will be completed progressively in the coming two years.
  - The Development Bureau (DEVB) is working with the Innovation and Technology Bureau (ITB) and major user departments to press ahead with the setting up of the Common Spatial Data Infrastructure (CSDI) for the consolidation, exchange and sharing of geospatial information to tie in with the development of various smart city applications by the community. \$300 million is earmarked to expedite the development of digital infrastructure, with a view to facilitating the dissemination, utilisation and innovative application of geospatial data.
  - The Government will assign and auction spectrums in different frequency bands in batches to prepare for the development of 5G networks and services.
- Other Supporting Measures
- A pro-innovation government procurement policy will be introduced this April so that innovative proposals stand a better chance of winning government contracts.
  - The Policy Innovation and Co-ordination Office has started reviewing existing laws which are outdated and impede I&T development.
  - The Government is regularising the Technology Voucher Programme and rolling out enhancement measures, including doubling the funding ceiling for each enterprise from \$200,000 to \$400,000 to encourage the wider adoption of technology by local enterprises to improve their efficiency and services
  - It is commissioning a consultancy study on strategies and initiatives to promote smart tourism in Hong Kong.
  - To enhance visitors' travelling experience through the application of technology, the Government will extend the official landing page progressively to all boundary control points. The Tourism Commission will continue to work with the Office of the Government Chief Information Officer (OGCIO) to provide free Wi-Fi service at tourist hotspots.