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2016 – 2017 Budget in support of Hong Kong's ICT development Hong Kong Computer Society looks forward to measures and initiatives

25 February 2016 – Hong Kong – On the Budget Address 2016-2017 presented today by Mr. John Tsang, Finance Secretary of the Hong Kong Special Administrative Region, Hong Kong Computer Society would like to provide full support and has the following expectations and recommendations.

1. Small & Medium Enterprises

HKCS fully welcomes the allocation of \$500 million towards the newly introduced Pilot Technology Voucher Programme to encourage and support SMEs in purchasing products and services procured by local ICT companies. This will not only create commercialization opportunities for local ICT companies in spurring innovation, but will also allow local SMEs to become more competitive through the use of new and innovative technologies.

We urge that the government clear approval guidelines and simplify application procedures, to ensure that such funding can be both efficient and effective.

On this, HKCS would like to provide 3 suggestions:

- a) We urge that the government considers expanding its provision to eligible elementary and high schools as well as non-profit organizations, not only to further promote development through technology but also to expand market opportunities for local IT companies.
- b) It would be beneficial for the government to compile a list of compliant IT companies and their corresponding services under this programme. This will become a platform to encourage SME's to participate through providing easy-access to necessary information and quicken the government's application approval process.
- c) This programme can be propelled through promotion and creating awareness among the public through establishing 2 logos. The first logo will be for IT companies under this programme and the second logo will be for SMEs that have benefitted from this programme. While IT companies can be recognized, SMEs can also build brand image through corporate social responsibility for having supported locally procured ICT products and services.

2. Start-ups

HKCS greatly welcomes the government's continuation to support start-ups in various areas such as business incubation, financing, business expansion and office space including the \$2 billion



Innovation and Technology Venture Fund to co-invest with private venture capital funds. However, we are disappointed that there was no mentioning of tax initiatives or other tentative measures towards supporting these startups.

Apart from the need to provide support financially, the government also needs to play a heavier role as the facilitator. Channels may be established through which angel investors and venture capitals can gain a better understanding of Hong Kong and its startups, promoting and encouraging potential investments.

HKCS believes that further financial initiatives and tangible support would provide, as in many other economies, the impetus for effective recognition, product and service verification and credible reference for our ICT companies on the global playing field.

3. Fintech

Hong Kong demonstrates that it remains competitive in the area of Fintech as many international financial institutions have chosen the city for establishing its laboratories and incubation programmes. Hence, HKCS is greatly reassured that the government has taken a big step in propelling the development of Fintech locally and is sustaining its efforts following last year's formation of the Steering Group on Financial Technologies.

The HKCS, with its qualified members and respective expertise, stands ready to work with the government as well as the different Fintech dedicated platforms to liaise with the industry, to ensure that the market will balance between market demand and investors' understanding and tolerance of risk. On this, HKCS would like to stress the importance of formulating and amending Fintech-related regulations and guidelines, in order that Hong Kong can catch up with mainland and other markets in terms of FinTech innovations.

4. Talent Cultivation

HKCS is in full support of the government's initiatives in establishing partnership with international IT companies in providing practicing opportunities for students who have demonstrated excellence in the area of information technology, further enhancing their related skill-sets. Regarding the Enriched IT Programme in Secondary Schools, we encourage the government to raise the quota of participating schools and students.

In the near future, we hope the government may consider the possibility of encouraging more young people to engage in the industry through increasing the student-quotas in universities for ICT-related subjects as well as to provide related departments with sufficient support.



The Budget has failed to address the need to provide standardized industry qualifications/certifications for ICT practitioners in Hong Kong and should not be limited to companies. Through such qualifications, not only will it provide more opportunities for practitioners, the professionalism and recognition of the whole industry may also be raised.

Skills mismatch has been and will likely continue to be a persisting challenge in the ICT industry. The lack in quantity and quality of talent is a huge obstacle to being able to successfully develop Hong Kong as a knowledge-based society. While the Budget has provided additional funding for education and professional training in engineering and technology in general at our universities and VTC, the Budget has not sufficiently addressed the urgency towards this challenge in the near and medium term, as the importance of training and education for IT human talent has not been given the level of support equivalent to its demand.

5. Research & Development

Through the government's introduction of various funding schemes to be introduced and the 5 measures addressed in the budget, more private enterprises as well as tertiary educational institutions will be encouraged to engage and invest in more R&D, as such achievements would be able to translate into products and services with commercial value.

Summary

HKCS is greatly encouraged by the government's initiatives towards the development of Fintech and R&D. We are also looking forward to the newly-introduced Pilot Technology Voucher Programme as it will create a win-win situation where different industries, through technology, can raise their competitiveness and the local ICT industry can realize commercialization opportunities in the innovation-to-commercial-reality value chain. Although we appreciate the government's continued support for ICT-education and professional training in educational institutes, we hope to see further initiatives towards alleviating the challenge of talent shortage in ICT.

The HKCS expresses eagerness to work alongside the HKSAR Government and the local ICT industry to ensure that the opportunities and benefits to be created through such initiatives and measures introduced in the Budget Address are successful and amplified. We look forward to and encourage the formulation and adoption of other equally important and relevant measures.

About Hong Kong Computer Society (HKCS)

The Hong Kong Computer Society is a non-profit professional organization established in 1970, which strives to improve and develop Hong Kong's Information Technology (IT) industry. Being the most well-established and the largest professional association in Hong Kong, the HKCS is dedicated to promote the highest professional standards for the industry. The HKCS members are from a



broad spectrum of Hong Kong's IT industry, from corporate users to individual talents, all working together for the benefit of the industry.

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