**Hong Kong Computer Society Response to the 2013-14 Budget**

Hong Kong Computer Society (HKCS) welcomes those favourable measurements to Information and Communication Technology (ICT) industry development in Budget 2013, published on Feb 27, including the funding provided to six local universities, each of which will be provided up to $12 million through Innovation and Technology Fund for three years to support technology transfer and encourage invention commercialization, as well as the forming of a working group led by the Secretary of Commerce and Economic Development to study the overall strategy of promoting Hong Kong as an Intellectual Property Trade Center.

According to the Budget, Government will provide support to creative industries including movie, visual arts and advertising as well as the four traditional pillar industries, even providing profit tax concessions to individual industry. However, it was lacking of support policies on the development of ICT industry. Despite the Budget has proposed a funding to support universities for technology transfer, the funding size is significantly small in comparison with other industrial supportive funding. Furthermore, the Budget has provided funding to Construction Industry and Retail for manpower training but paid no attention to the talent cultivation of ICT industry, which has been higher value-added and lacking of talent resources for years. For these, HKCS expresses its disappointment.

HKCS believes that ICT industry should be considered as one of the pillar industries in Hong Kong; and its importance includes:

- ICT underlines the development of all major industries such as financial and banking, real restate, construction, retail, travel, aviation, logistics, medical, education etc. in Hong Kong and hence **ICT should be re-positioned as the pillar of the pillar industries**. Furthermore, **ICT can provide all-condition support to the operation of Hong Kong economy**. For example, if Hong Kong was suffering from SARS or other epidemics, or the traffic to the Central Business District (CBD) was blocked due to various reasons - with the support of ICT, those executives of major industries can deliver work at home which can significantly reduce the harm to economic operation of these incidents.
- When Hong Kong is stepping into a knowledge-based economy and taking the reference of Singapore, Taiwan and South Korea, the development of ICT industry not only can enhance the competitiveness of the economy, but also **provide the number of job vacancies for youngsters, upward mobility and**

**entrepreneurial opportunities.**

- **Hong Kong ICT standard has reached the world's highest level in recent years**. For example, Hong Kong has topped the number of awards received in Asia Pacific Information and Communication Technology Awards (APICTA) for the past two years. Many Hong Kong ICT winning products are used by multi-national corporations and are popular in global market, which has been creating a new path for Hong Kong economic development.

For the past few years, the Government has been proactively promoting Hong Kong as a regional data center hub and has achieved some fruitful outcomes. To grasp the opportunities ahead, HKCS has the following recommendations to develop the ICT industry:

- **Establish Technology and Innovation Bureau** - HKCS has been urging the establishment of Technology and Innovations Bureau to promote the development of Hong Kong ICT industry for years. In Hong Kong, the ICT industry is lacking an official organisation consisting of ICT professionals to manage the macro industrial development and assist in regional industry collaboration, including China integration and reciprocal certification. With Technology and Innovation Bureau, Hong Kong can definitely uplift competitive advantages when grasping the opportunities arising from the knowledge-based economy.

- **Further Promote Hong Kong as Asia's Data Centre Hub** - Hong Kong government should make further investment to attract more multinational corporations and organisations to establish data centers in Hong Kong, which will create more job opportunities, improve the quality and effectiveness of work and uplift the capability to innovate Hong Kong through technology.

- **Offer Incentives to attract more ICT business investments** – In addition to Data Center, Hong Kong government should offer incentives, from land use, taxation to other relevant benefits, to attract Mainland ICT business parties as well as foreign direct investment (FDI) in ICT industry to set up operation in Hong Kong. Besides, government is also suggested to further enhance the promotion of IT adoption in small and medium enterprises.

- **Encourage matching between academic research and commercial needs** – Chief Executive has delivered the concept of collaboration between government, industry, educational and research institutes in Policy Address. HKCS recommend the Government to increasing the investment of Research and Development in ICT among GDP to a similar ratio as other countries in the

region such as Singapore and Taiwan. In addition, Government should effectively encourage the matching of R&D efforts of local academic institutions with the business needs of commercial organizations. It will fully utilize the resources of local researchers as well as increase the sources of funding of research projects.

- **Enhance ICT talent cultivation and management** - This includes local talent cultivation and attracting Mainland ICT talents to Hong Kong, as well as talent management and allocation to match the market demand. The development of IT industry requires the right IT professionals in the right place, which calls for co-operation from government and education sectors.

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

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