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Hong Kong Computer Society's Response to Chief Executive's 2023 Policy Address

Support the Government to Establish "Digital Policy Office" led by the "Commissioner for Digital Policy"
to Coordinate the Construction of Digital Government

Stress on Cyber Security, Support to Start-ups and Transformation of R&D Outcomes and Utilisation of
Technology to Deepen the Mutual Access with the GBA

Establish Universities of Applied Sciences and a Hong Kong Institute of Information Technology to Cultivate
Local Technology Talents

October 25, 2023 Hong Kong - The Hong Kong Computer Society (HKCS), as the most well-established professional ICT association in Hong Kong, expressed its active support to this year's Chief Executive Policy Address. HKCS highly welcomed today's Policy Address, with the formulation of key policies on innovation, technology and industry in various fields, especially the establishment of The "Digital Policy Office", led by the "Commissioner for Digital Policy" to coordinate and accelerate the construction of digital government, press ahead of new industrialisation, promote cross-border data interchange with the Greater Bay Area ("GBA"), jointly promote the Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone, and assist SMEs to capture E-commerce opportunities, together with various measures to promote and consolidate Hong Kong as an international Innovation and Technology Center.

Dr. Rocky Cheng, President of the Hong Kong Computer Society, said: "The Hong Kong Computer Society makes recommendations for consideration by the Policy Address every year. This year we are glad to see that the government has proposed various concepts and implementation targets, which echo our recommendations, especially the establishment of key performance indicators on the development progress of our smart city endeavours, supports I&T industries and re-industrialisation, plans to actively attract leading I&T enterprises and talents to be located in Hong Kong, continues the cultivation of local I&T talents, and assists SMEs in digital transformation and e-commercialisation, as well as utilisation of technology to further the integration with the GBA."

Dr. Cheng furthered: "We think it is the right direction to press ahead the development of digital government and drive its development with data and policies as proposed in this year's Policy Address. We are also pleased to see the setting up of the Digital Policy Office by merging the existing Office of the Government Chief Information Officer and the Efficiency Office, and with the leadership of the Commissioner for Digital Policy, the new office is to formulate policies in digital government, data governance and information technology, as well as to consolidate information technology-related resources within the Government, promote open data and offer more digital services and so on. We fervently agree that this move can help speed up the development of digital government, and under the

supervision of the new Commissioner, it can also help to greatly reduce system silos among some departments due to historical factors, and improve the integration of data between departments. HKCS will exert full support to the work to be carried out by the Digital Policy Office and Commissioner for Digital Policy in the future.”

Dr. Cheng continued: "We are pleased to see that the government will further implement the ‘Hong Kong I&T Development Blueprint’ in order to develop Hong Kong into an international I&T Center, including establishing the New Industrialisation Development Office, facilitating the research and development of microelectronics, expediting the establishment of a Supercomputing Centre to foster AI development, promoting cross-border data flow, establishing the third InnoHK cluster and promoting 5G development and so on. As the Internet becomes more popular, the risks of network security are also increasing day by day. The Hong Kong Computer Society has always been aware of the importance of cybersecurity in the building of smart cities, cross-border FinTech establishment, and the integration of technology into daily life. Therefore, a CyberSecurity Specialist Group was established a few years ago to promote cybersecurity culture and provide an exchange platform for the latest cybersecurity technology. This year’s Policy Address has also made a clear statement to address the increasing global risks of cyber-attacks, and the Government is working to enhance the cybersecurity of our critical infrastructure, including energy, telecommunications, transportation, financial institutions and so on; and it will introduce a bill at the Legislative Council for this purpose in 2024. We, the HKCS, greatly appreciate the foresight of this move.”

Dr. Cheng also stated, with the problem of talent shortage that has always been faced by the Hong Kong's I&T industry, the Hong Kong Computer Society has committed to promoting the cultivation of young talents. The Policy Address specifically mentions plans to establish universities of applied sciences and a Hong Kong Institute of Information Technology, and continue to promote the development of STEM education to achieve the goal of cultivating local talents. It is believed that this move will lay a good foundation for Hong Kong's future I&T development. HKCS is also pleased that the SAR Government has further stepped up its efforts to attract and retain talents, expanded the list of universities under the "Top Talent Pass Scheme", and relaxed visas for Vietnamese talents to come to Hong Kong, which are measures expected to effectively relieve the pressure of manpower shortages in the industry.

According to the Policy Address, in order to support the transformation of R&D outcomes from start-ups, the Government has launched “The Research, Academic and Industry Sectors One-plus Scheme” to promote the transformation and commercialisation of R&D outcomes from universities. The Chief Executive announced that the Government will double the maximum funding provided for the Technology Transfer Office of each specified university to \$16 million, enabling universities to strengthen their support in technology transfer and expand marketing services. The Government will

also set up a \$10 billion “New Industrialisation Acceleration Scheme” to promote the downstream development of new industrialization. Enterprises in the fields of life and health technologies, AI and data science, advanced manufacturing, and new energy technologies will be provided funding assistance, including funding support for the set-up of new production facilities on a one (Government) to two (company) matching basis, subject to a funding ceiling of \$200 million. The Government will also explore the feasibility of allowing enterprises under the scheme to employ non-local technical personnel more flexibly, and relaxing the limitation of the number of subsidised research talents that can be employed. Furthermore, the Government will implement the "patent box" tax incentive to reduce the tax rate for qualifying profits derived from patents from the existing 16.5% to 5%, with a view to encouraging more R&D activities, as well as transformation and commercialisation of patented inventions.

Dr. Cheng welcomes these said measures: "To successfully promote the development of local scientific research, it is important to promote the transformation of R&D outcomes and be able to convert them into practical applications after commercialisation; thus, the strengthening of the cooperation between the government, industry, academic and research sectors is indispensable."

Hong Kong Computer Society's Recommendations to the Policy Address

Dr. Rocky Cheng said that HKCS has made the following recommendations at the Policy Address 2023 Consultation Meeting held earlier for the government to consider, in terms of enhancing the comprehensiveness of its policy:

- Establish a clear timetable for the delivery of Hong Kong's smart city initiatives, particularly in smart governance, over the next three years. Set up a Smart City/Governance Implementation and Management Office to ensure that projects are completed on time, within budget, and to the desired quality, enhancing citizen satisfaction and engagement. The government should also implement measures to support its vision of becoming a data-driven organization, such as compiling an inventory of existing government data to facilitate data sharing within the government.
- Review and publish various technical standards (not blueprints) related to smart cities, including data standards, system interoperability standards, industry standards, and network security standards. This will enable industries and businesses to align their system development efforts and ensure adherence to established standards.
- Foster basic research and talent development in emerging technologies such as blockchain, artificial intelligence, big data, and cybersecurity. Promote the establishment of sandbox platforms for emerging technologies. The recent initiatives by the government in promoting the development of virtual assets and Web 3.0 rely on the foundational research and appropriate

implementation of these emerging technologies. Without sufficient technical expertise, it would be challenging to scale these initiatives and may introduce unnecessary risks.

- Recommend exploring innovative financial products and services to support technology and innovation companies, and facilitate crowdfunding for startups. For example, apply Security Token Offering (STO) concepts to fundraising for technology and innovation companies, while leveraging technology for risk defense, monitoring, and management. Foster deeper collaboration between technology parks, digital hubs, banks, and venture capital institutions. The government should provide policy support to banks and financial institutions to facilitate the growth and expansion of high-quality startups.

Major new ICT related measures announced in Policy Address 2023 at a glance

1. Advancing Development of Digital Government

- Utilising Data and Policies to Drive Development:
 - The Government will set up the Digital Policy Office: Led by the Commissioner for Digital Policy, the new office will be responsible for formulating policies on digital government, data governance and information technology. It will consolidate information technology-related resources within the Government, promote the opening up of data and co-ordinate with departments to offer more digital services.
 - Before the end of this year, the Government will publish administrative guidelines to facilitate data flow and ensure data security to drive digital-based development.
- Promoting more digital government solutions to facilitate people and business:
 - Before the end of this year, the Government will publish administrative guidelines to facilitate data flow and ensure data security to drive digital-based development.
 - From 2024, the Government will launch over a hundred of digital government initiatives to promote digital government and the smart city.
 - Providing electronic payment options for all government fees within one year
 - The HKSAR Government will collaborate with the Guangdong Provincial Government to promote the "Cross-boundary Public Services" initiative.
- Promote Digital Economy: The Digital Economy Development Committee, chaired by the Financial Secretary, is conducting studies on digital infrastructure, cross-boundary data flow, digital transformation of enterprises and human resources support. The Committee will put forward its recommendations early next year.

2. Promote New Industrialisation

- Setting up the New Industrialisation Development Office: – Established under the Innovation,

Technology and Industry Bureau and led by the Commissioner for Industry, the office will adopt an industry-oriented approach to promote new industrialisation in Hong Kong, support strategic enterprises to develop their businesses in Hong Kong, assist the manufacturing sector in upgrading and transformation by making use of I&T, and provide support for start-ups;

- Setting up a \$10 billion New Industrialisation Acceleration Scheme
 - To provide financial support for the set-up of new production facilities on a one (Government) to two (company) matching basis, subject to a funding ceiling of \$200 million for enterprises that are in specific technology industries and have established new production facilities in Hong Kong with an investment of not less than \$200 million.
 - The feasibility will be explored of allowing enterprises under the scheme to employ non-local technical personnel more flexibly, and relaxing the limitation of the number of subsidised research talents that can be employed.

3. Promote R&D and Outcomes Transformation

- Facilitating the research and development of microelectronics:
 - The Hong Kong Microelectronics Research and Development Institute will be established next year to lead and facilitate collaboration among universities, R&D centres and the industry.
 - The newly-built Microelectronics Centre will also be commissioned next year to provide advanced infrastructure and hardware facilities designated for microelectronics
- Support transformation of R&D outcomes from start-ups
 - The results of the first batch of applications of The Research, Academic and Industry Sectors One-plus Scheme will be announced in the first quarter next year.
 - The maximum funding provided for the Technology Transfer Office of each specified university will be doubled to \$16 million.
 - The Government will attract more renowned Mainland and overseas start-up services agencies to set up their operations in Hong Kong for providing incubation services and development guidance
- Establish the third InnoHK cluster: The Government will initiate preparations next year for the establishment of the third cluster focusing on advanced manufacturing, materials, energy and sustainable development.

4. Fostering AI Development

- Expedite the establishment of a supercomputing centre: From next year onwards, Cyberport will establish an AI supercomputing centre in phases, with a view to supporting the huge demand for computing power from R&D and relevant sectors and promoting industry development;

5. Promoting Cross-boundary Data Flow

- The Government are liaising with the Guangdong Province to adopt an "early and pilot implementation" approach in the Greater Bay Area (GBA) to streamline the compliance arrangements for the flow of personal data from the Mainland to Hong Kong. This will facilitate the provision of cross-boundary financial and medical services within the GBA

6. Rendering Full Support and Working with the Shenzhen Municipal Government to Foster the Synergistic Development of the Hong Kong Park and the Shenzhen Park of Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone

- Innovative measures under exploration are as follows:
 - Providing travel convenience for R&D personnel
 - Facilitating cross-boundary capital flow within the Hetao Co-operation Zone
 - Facilitating exchanges on data and samples collected for research or trials
 - Capitalising on Hong Kong's advantages in convening international talents to play leading roles in participating in the work of the Hetao Co-operation Zone
 - Taking forward frontier technological research and expediting pilot production and transformation in support of the development of the Hetao Co-operation Zone.
- The spatial planning of the San Tin Technopole will align with the development positioning of the Hetao Co-operation Zone and will fully integrate with the strategy on enhancing Hong Kong's I&T competitiveness: The Government will ensure that policies on cross-boundary supporting infrastructure, land approval, public-private partnership, etc. are in active support of the relevant development to achieve synergy.

7. Newly increased site for I&T

- Sandy Ridge in the North District: two-hectares site has been allocated for I&T and related purposes

8. Technology Talent Cultivation

- Develop Universities of Applied Sciences
 - The Government will facilitate the establishment of universities of applied sciences (UASs), and strive to raise the status of vocational and professional education and training to attain qualifications at university degree level, providing an alternative path to success for young people.

- UASs will closely collaborate with technical professions and offer programmes with more internship and practical learning opportunities. These will help students hone their practical skills in the fields.
- The Government together with the Hong Kong Council for Accreditation of Academic and Vocational Qualifications will make reference to international experience and work to prescribe the standards to be qualified as UAS, covering such aspects as the admission, curriculum, accreditation, career articulation, collaboration with the industry sector.
- The Government will offer financial assistance and other ancillary support, and will give priority consideration to include eligible UAS programmes in the Study Subsidy Scheme for Designated Professions/Sectors. To support suitable existing self-financing institutions to develop into UASs, we will provide additional subsidies to encourage institutions to offer more applied degree programmes related to the technical professions and provide more incentives for enrolment.
- A start-up fund has been set aside to support potential post-secondary institutions to form an Alliance of Universities in Applied Sciences to undertake joint promotional activities to instill in students, parents and the community better appreciation of the importance of vocational and professional education and training.
- Expand Vocational Talent Pool
 - The Government will establish the Hong Kong Institute of Information Technology which The VTC will focus on pre-employment and on-the-job training for the IT sector.
 - It will introduce programmes in the 2024/25 academic year to strengthen the capacity of the IT sector in Hong Kong.
- Enhance cross-boundary mutual recognition of qualifications: The Government will work with the relevant Mainland authorities on the arrangements for mutual recognition of sub-degree level qualifications, including higher diploma qualifications, and will put the arrangement on trial for selected pilot areas.

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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