



**Response to  
The Budget Address in 2010 -2011**

**Internet Professional Association**

**February 25, 2010**

## **Budget Address 2010 -2011 by the Financial Secretary – Responses and Recommendations from iProA**

iProA welcomes the arrangement to earmark \$500 million as the start-up capital for measures helping primary and secondary school students from low-income families with Internet learning. We recognize that the Government does respond to [our earlier recommendation](#) which proposed all-rounded measures to address the capacity-building needs of the low-income families. The proposed funding is on the right track to address some immediate needs, but the questions remain are whether the funding is adequate to address more underlying issues and how to ensure a sustainable model is implemented to narrow the digital divide. Recognizing the challenges which will arise in the implementation process, we believe that continuous involvement of the government is necessary to ensure that the public-private partnership model is sustainable and effective in the long-run.

As Hong Kong has successfully made through a transition into a digital economy, there are still specific groups which cannot reap full benefits of our technology advances. The budget has proposed measures in response to calls for narrowing the digital divide among the poor. Nonetheless, we should set our ultimate goals to raise the overall e-competitiveness, ICT literacy and the use of technology to achieve efficiency, of ALL economic activities and communities alike. Among the enterprises of various scales in Hong Kong, SMEs are often the group “left-behind” in our transition towards a digital economy. We are disappointed that our budget does not have any concrete measures to empower SMEs with ICT to raise their competitive edges. Apart from the need to integrate SMEs in the digital economy, we see a great need to encourage innovative technology adoption in the pillar industries and the six major industries. We trust that only through ICT as enabler that we can maintain our competitive edges as an international city powered by innovations and technology. As such, we would like to put forward the following responses and recommendations to the budget as follows:

### **Narrow the Digital Divide – Require a long-term and sustainable model**

The existing bridging the digital divide schemes have shown us that skill training and technical support are just as important as hardware and subsidies for Internet connections. The financial secretary’s plan to provide full or half subsidies to the needy families appear to touch the tip-of-the iceberg. There are more than 60,000 families receiving Comprehensive Social Security Assistance (CSSA) with children studying in primary or secondary schools, and about 270,000 students receiving student financial subsidies. The budget plan to offer \$500million to the needy families is only sufficient to subsidize their internet subscription fees. However, we believe a lot

more should be done for students from low-income families to reap the full benefits offered in this digital era.

For over 10 years, iProA has dedicated much effort in bridging the digital divide in the community and we know by experience that the crust of the problem lies in the e-competency among the low-income groups. An NGO will serve well as an implementation agent which coordinates all the necessary tasks in resource allocation. The over-arching services from hardware provision and Internet setup services, to parent education, PC skill training, and technical support, will pose greater challenges than it appears at initiation.

To achieve a realistic public-private partnership model, government bureaux and departments should work closely with the implementation agents, provide the necessary resources support and coordinate in policy-making if necessary. The start-up capital is just a good first step to set up the mechanism, the allocation of the capital and resources require close monitoring and support from the relevant government departments as well.

### **Leveraging ICT to Promote Long-term Competitiveness of Economy**

To complement the 12<sup>th</sup> Five-Year Plan, the government pledges to strengthen our liaison with the relevant Mainland departments and ministries as well as our direct working relationship with the National Development and Reform Commission. As mainland economy has become more and more industrialized and urbanized, the nation has placed innovation and technology at a strategic focus of the 12<sup>th</sup> Five-Year Plan. The budget speech claims that “we can support the development strategy of the Mainland by further developing Hong Kong into a knowledge-based and high value-added economy”. Disappointingly, all we see are only policy agenda and agreements for Regional Co-operations in the budget speech, but there is no concrete measure to promote our collaboration in innovative industry development. Turning to our internal strength, the budget fails to instigate any measure to empower the e-Competence of our local SMEs.

We urge our government continue to embrace the digital economy concept and place ICT among the top priority to raise our economic strength. SMEs should not be overlooked in our digital economy as they make up a major portion of Hong Kong’s creative industry, but many of them lack adequate resources and knowledge to set up the internet marketing infrastructure. We also look forward to government measures that encourage the cross-disciplinarily development between ICT and other industry sectors. For our detailed recommendations, please refer to our previous [Recommendation Paper](#) submitted before the budget announcement.

## Conclusion

Hong Kong has come through the most difficult period of the financial tsunami, the external environment is still fraught with uncertainties and the foundations of the recovery are not yet firm. We agree with the Budget's candid direction to echo "stabilising the financial system, supporting enterprises and preserving employment" stipulated by the government as a strategy to recovery. As Hong Kong has made a transition to a digital economy, the e-competence of our citizens and enterprises make up the fundamental of our strengths, our skill-sets in this area is the "social capital" to sustain our long-term competitiveness. We agree that the budget has set in the right path to narrow the digital divide by helping economically disadvantaged students obtain online access. However, it needs to balance the needs on the commercial side. In particular, the e-competency of SMEs should not be overlooked as they comprise a major share of the local industry sectors. To add momentum to our sustainable growth, the next urgent task is how to enable ALL citizens and economic sectors integrity into this digital economy and rise above the challenges ahead. iProA welcomes the opportunities to proceed on the task. We believe that our recommendations will further consolidate our strengths and promote the sustainable growth of our economy.

## Policy Committee

### Internet Professional Association

25 February 2010

### **About iProA (Internet Professional Association)**

iProA is a non-profit making professional organization founded in December 1999. It represents over 2,300 professionals from Internet related industries, including CEOs and senior executives from leading information technology enterprises. Our members have made contributions in areas like innovative design, sales, marketing, infrastructure, e-commerce, consultancy, investment and other Internet related professional services, aiming to further develop the Internet industry in Hong Kong. We share the common goal of promoting the proper application of Internet technology and enhancing competitiveness of the IT industry. We work towards improving professionalism of information technology practitioners, encouraging IT professionals to share social responsibilities, as well as striving to bridge the digital divide in Hong Kong. Please visit website [www.iproa.org](http://www.iproa.org) for further information.