



**Submission to Financial Secretary**  
**The Government of the Hong Kong Special Administrative Region**  
**on**  
**ICT Industry Response to**  
**The Fiscal Budget in 2009 -2010**

**Internet Professional Association**

**March 3, 2009**

## ICT Industry Response to The Fiscal Budget in 2009-2010

### Introduction

Further to the Fiscal Budget 2009 – 10 released on February 25, 2009, the Internet Professional Association (iProA) would like to provide our comments and recommendations to the Financial Secretary of the Hong Kong SAR Government.

Amidst the economic turbulence, we agree with the government's priority given to measures addressing immediate needs of the society, creating employment opportunities is the most impending task among all such measures. We are pleased to see a more encouraging aspect of the budget where our government nevertheless adopted far-sighted measures which seek to promote and sustain the long-term competitiveness of our economy. As such, the economic downturn and revenue reduction does not deter the efforts in promoting medium and long-term development of our economic foundations. Members of iProA are pleased to see that the fiscal budget reflects our government's attention to the key role of ICT development in sustaining our economic competitiveness in the long run.

We, however, would like to highlight the below two key areas which we hope our Government would give more thoughts to the related fiscal measures addressing the short-term challenges while not losing sights of their long-term implications to the sustainable development of our economy.

#### **1. Provision of Long-term Employment Opportunities and Expand Retraining Programmes**

The provision of more than 60,000 employments this year through expediting works projects and the recruitment of civil servants and temporary jobs position will open new hopes for us. We should nonetheless bear in mind that period of economic downturn will last much longer than expected, it's of vital importance that the majority citizens can have secured employment to get through the tough time. Temporary or contract-based jobs are just wind-fall measures which will not be effective in boosting the morale and restoring confidence of our citizens in economy. In this respect, we very much hope that the new job opportunities soon going out in the market will be on a permanent basis. To ensure our long-term economic competitiveness, we hope the new jobs created will directly capitalize our talents and resources in ICT in order to tap the budding opportunities in this digital economy. Meanwhile, our Government should expand the resources and support for employee retraining schemes, especially the training and refreshers courses in IT and writing skills to make the workforce marketable and competitive in the job market. Otherwise, the problem of mismatch of skills and requirements will not help improve the situation very much.

## 2. Assist SMEs to Leverage on New Technologies and e-Commerce Solutions to Sustain in Business

We are disappointed that the budget failed to address the needs of SMEs, both in terms of alleviating their short-term needs of cashflow issues and their long-term needs to open new markets and strengthen their competitiveness through upgrades in ICT. Our government did relax the SME Guarantee Scheme and Working Capital Loan in the fourth quarter of 2008, however, that should not be the end of the relief efforts offered to SMEs. Rather, our current fiscal policy should carry out measures that empower SMEs to stay afloat in this economic downturn and stay competitive from medium to long term. In [our recommendation submitted to the Financial Secretary Office](#) earlier, we proposed the government to grant subsidies to SMEs to upgrade their facilities and professional skills in online operation and digital marketing. Although export and consumption figures across the world have pointed to a bleak outlook, companies, particularly Hong Kong's trading firms, need to keep transactions going to stay in business. e-Commerce will serve to bolster operation efficiency, customer services and pricing advantage in the long run and help them sustain in business should they need to shrink their operations in the short term. With the majority of our population working in SMEs, Hong Kong Government has a key role to play to support SMEs.

*Some proposed items of the budget are in line with the visions and advocacies of iProA, which are deliberated under the four areas listed below. We hope that our further recommendations in this section will make our policy focus more concrete:*

### 1. Education and Training Programmes for Internet Use

We welcome the government's commitment in stepping up the digital inclusion efforts to enable all ages at the society to integrate into this digital era. The earmarked \$63 million to a one-year education programme teaching Internet users, especially young students, appropriate and safe uses of the Internet and the dedicated portal and computer training schemes for the elderly do not only provide job opportunities to relieve the short term strain of unemployment, but fall in line with our vision of bridging the digital divide of our society.

In fact, our [recommendation for the consultation on "Control and Obscene Articles Ordinance"](#) vowed our support for education on the appropriate use of Internet as a proactive and preferred measure to ensure youngsters access the right resources on the Internet. We hope our government will continue to support the digital inclusion efforts and we should continue our partnerships in promoting the benefits of the advances in Internet technologies in the digital age.

## **2. Support for Research and Development to Enhance Competitiveness of Enterprises**

It is encouraging to see that the fiscal budget continues to support innovation and technology development through the expansion of funding schemes and the enhancement of the overall research capacity of the PRD region. We are pleased to acknowledge that our government shares the vision which ICT industry players have been steadfastly upholding. We very much hope that planned investment in research and development under the fiscal framework will be carried out without delay and the successful fruit derived from such research endeavors will create opportunity for economic diversification and enhance our competitiveness in the world economy.

## **3. Nurture the Growth of Creative Industries with a Mix of ICT Talents**

Recognizing that Hong Kong offers fertile ground for the growth of creative industries, we are pleased that our fiscal budget will earmark \$300 million for the development of creative industries in the coming three years and setting up of creative industry office to coordinate the various domains of work in this area. However, we are very much disappointed that our Government did not provide a much more concrete plan beyond the Science Park projects to promote ICT development in response to economic restructuring and enterprises' demand for scientific research facilities. In fact, the development plan of Science Park Phase 3 has been extensively discussed and viable recommendations are available as well. We urge our government to expedite its development and maintain close partnerships with stakeholders in carrying it out into fruition. Technology and innovations lay the cornerstone for the advances in the modern creative industries, therefore ICT development in this context of our economy requires foresights and commitment to sustain long-term competitiveness in the global economy.

## **4. Support for electronic health record (eHR) as the key enabler for better healthcare and effective use of resources**

We welcome the government's earmarked \$840million for the next three financial years to strengthen measures related to healthcare development, especially the territory-wide electronic health record (eHR) system. We believe that a territory-wide eHR system is of paramount importance to healthcare development in Hong Kong and it is the key enabler for better healthcare quality and effective use of resources. Therefore, we pledge our relentless support to this endeavor and we hope that public-private partnerships between the government and the industry sector will drive forward the benefits of eHR to all levels of our society.

iProA pledges to work in close collaboration with the Government and the business community to overcome the immediate challenges at home, to safeguard the livelihood of people in Hong Kong, and maintain our competitiveness and prosperity in the long run.

## **Policy Committee**

### **Internet Professional Association**

March 3, 2009

#### **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.