



**JOBS | GROWTH | INVEST | INNOVATION**

# PROPOSAL FOR THE 2017 POLICY ADDRESS AND 2018-2019 BUDGET

ABRIDGED VERSION

SEPTEMBER 2017

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## KEY PROPOSALS:

1. Tax incentives for companies to increase R&D investment and for overseas corporates to establish R&D centres in Hong Kong.
2. Implement Digital Marketplace to facilitate the participation of SMEs and startups in the government's IT contracts.
3. Reform the government IT procurement arrangement, establish a Public Digital Service Lab and Institute of Digital Skills for civil servants to encourage the government to use technology and innovative solutions to improve public services.
4. Develop a blueprint in using innovation and technology for industrial transformation.
5. Nurture more IT talent via Technology Associate Program, Innovation and Technology Upskilling Fund, and Data Science Education Fund.
6. Re-launch the preparation work to establish the IT professional qualification framework.
7. Reform the Continuing Education Fund and encourage citizens to take up ICT courses.
8. Improve open data via formulating an Open Data Strategy, setting up Open Data Facilitation Office and an Open Data Institute to foster public-private partnership.
9. Review outdated laws and establish a Technology and Law Reform Committee.
10. Foster the development of Smart City, including setting out development strategy on gerontech, implementing Smart City Sandbox and facilitating the development of automated vehicles.

# 1. CREATING BETTER PROSPECTS FOR IT PROFESSIONALS

Advancing technology has rendered many skills obsolete. To maintain the competitiveness of Hong Kong, the government should implement measures to assist in the skills upgrade of our workforce. The SkillsFuture in Singapore can be a reference model for Hong Kong which the scheme offers a wide range of ICT Massive Open Online Courses, covering data analysis, information security, internet infrastructure and more.

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## KEY POLICY PROPOSALS:

- Recruit tech talents to speed up government digital transformation and **establish a Government Digital Service** to help different government units to adopt technology.
- Reform the Continuing Education Fund to allow for Massive Open Online Courses and also it should expand to cover more ICT-related courses.
- Foster partnership between the IT businesses and universities to establish skills enhancement and upgrading support, to help the industry train more specialists with in-demand skills such as app development, data analytics and information security etc.
- Implement the **Technology Associate Programme** to recruit more local and overseas tech talents in the government and train them into software engineers and data analysts to enlarge the manpower pool.
- **InnoTech Studies Fund of \$1 billion over five years** to grant Hong Kong permanent resident who are aged 25 an one-off subsidy of \$5000 to take part in ICT related courses in trending areas.
- Create a **Data Science Matching Fund** to nurture more data specialists by launching more data analytical courses and establishing the qualification standard.
- Re-launch the preparation work to establish the IT professional qualification framework.

A comprehensive and strategic review on the IT manpower in the government, reform government T-contract outsourcing arrangement of IT professionals and expand IT civil service positions.

## 2. SPURRING GROWTH AND INNOVATION IN TECHNOLOGY

The Advisory Committee on Innovation and Technology suggested to raise the R&D spending from the current 0.67% to 1% of the GDP by 2020. To achieve the goal, more incentives should be provided for the private sector to invest in R&D and more assistance should be given to drive the demand for research results in the market.

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### KEY POLICY PROPOSALS:

- Implement the **InnoTech and Productivity Tax Incentive Scheme**, providing tax exemption for R&D spending, and business activities in the field of innovation and technology, including the procurement and leasing of devices for automation, ICT training for staff, IP trading etc.
- Set up an **InnoTech & Economic Transformation Working Group** to foster the innovation growth and partnership between traditional businesses and the technology sector.
- Create the **Industry Transformation Map**, a blueprint on how technology and specifically the artificial intelligence, big data and machine learning can be applied in the industrial transformation of Hong Kong. The blueprint should focus on raising the productivity, adoption on technology and the nurturing of tech talents.
- The government to set up a **Technology and Law Reform Committee** composed of members from the IT industry, economists, academics, research institutes and government officials to look into areas where existing regulations are impeding innovation and technology growth.
- Introduce mechanism allowing for '**regulatory sandbox**' to foster innovation.
- Improve the evaluation system on the performance of academic institutions and reform the research grant mechanism to universities.
- Implement the **Automation Support Programme** to subsidise businesses to adopt automation and expand the Investment as Entrepreneurs scheme.

## 3. SUPPORT LOCAL SMES AND STARTUPS | FOSTER FINTECH DEVELOPMENT

SMEs are the pillar of Hong Kong's economy and while we see a boom in startups, we need to sustain their growth. Further improvements on the government technology procurement policies have to be made and we need to focus on attracting venture and risk capital to invest in our companies with potential to become home-grown 'unicorns'. Post funding assistance should also be offered to our local startups.

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### KEY POLICY PROPOSALS:

- Reform the government procurement policies on IT by further reducing the price ratio in tender weighting, offer more weight to the performance on innovation in the tender proposals, and review the liability clauses to attract more tenders.
- **Inject \$500 million to the government's TechConnect programme** and allow research institutes, universities, tech companies and startups to help improve the government digital services.
- Create a **Startups Accreditation Programme** to help local startups win projects from government and industry buyers, where accredited companies will be considered first for SOA-QPS projects and industry collaborations.
- Set up **Digital Marketplace Trial** to help local startups and SMEs gain contracts from the government.
- Establish **Tech Startups Roundtable Conference** to help startups understand the regulatory environment and communicate with the government on amending existing regulations.
- Expand the '**Fintech regulatory sandbox**' beyond the banking sector and the financial institutions to release more APIs.
- Review regulation to cater for the development of distributed ledger technology, crowdfunding and P2P lending.
- Expand the Pilot Technology Voucher Programme to NGOs.
- Develop strategic plan on how Hong Kong can capture the opportunities from eSports.

## 4. EDUCATION: INVEST IN OUR FUTURE

Chief Executive has pledged in her election campaign to strengthen the STEM education in Hong Kong and also incorporate coding courses to school curriculum. Part of the the new \$3.6 billion education funding this year will be spent in subsidising secondary and primary schools to recruit more IT staff. However, reforming schools' curriculum and offering more training to teachers to inspire and equip our younger generation are still lacking.

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### KEY POLICY PROPOSALS:

- Commence work on the **Fifth Strategy on IT in Education** and review the performance on WiFi100 and WiFi900 programmes.
- Raising the \$2.5-billion recurrent expenditure in the Composite Information Technology Grant to \$4 billion for schools to develop STEM.
- Extend the Internet Learning Support Programme to at least 2020/21.
- Update the ICT curriculum in both primary and secondary schools, and make coding a basic education.
- **A three-year STEM Professional Teaching Development Programme** to offer STEM training to teachers.
- Encourage more girls to study in IT.
- Build partnership between schools and the ICT sector to provide more training to teachers and making the ICT curriculum more relevant to the technology development and manpower need in the sector.
- Foster the development on Open Source Software (OSS) for education purposes and expand the existing E-Textbook Market Development Scheme (EMADS) to more subjects.

## 5. OPEN DATA AND IMPROVE POLICY-MAKING

The global OKFN Open Data Index ranked Hong Kong 24th while Taiwan is at the top of the rank. Better use of data can promulgate change in policies and allow government to leverage on collaborative tools and communications technologies. However, progress on open data in Hong Kong has been slow and without the technical support, the private sector lacks the expertise to develop on the government data. The government should communicate with the open data community and engage in more international open data events.

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### KEY POLICY PROPOSALS:

- The new Policy and Project Co-ordination Unit under the Chief Secretary should undertake studies on open data and formulate a Strategy for Open Data development.
- Establish the **Office of Open Data** within the government to facilitate public-private open data development and create a standard to support organisations in the public and private sectors on open data.
- **\$300 million to create an Open Data Institute** to foster cross-sector collaboration between government, public institutions, NGOs, private sector, academic researchers and to conduct more pilot projects to increase availability and application of open data.
- Subsidise all the 18 District Councils in open data work to increase transparency.
- Build an **online platform** and crowdsource the technical problems the government face and also proposals to revamp government services.
- Make more public services available online and repeal the fees for retrieving public information from registries, such as the land and company registries.
- Expedite the implementation of **Freedom of Information Act and Archival Law**.



## 6. SMART CITY DEVELOPMENT

Smart City Blueprint for Hong Kong is currently under consultation, what we need is cross-departmental collaboration and to encourage different bureaux and departments to develop pilot projects and implement measures in the Blueprint. We have to accelerate the progress on the government digital transformation by providing more technology training to civil servants. To cater for the development of Industrial 4.0 and to address social issues such as the elderly care, focuses should be set on the use of big data, automation and artificial intelligence.

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### KEY POLICY PROPOSALS:

- Establish an **Institute of Digital Skills** for civil servants to enhance skills upgrade.
- Establish a **Public Digital Service Lab** to recruit local and overseas talents to revamp the government digital services and increase the use of prototype and proof-of-concept.
- Formulate a **Development Strategy for Gernotech** to address the problems from aging population with the use of technology.
- Create a **Smart City Incubation Programme** to foster the development of smart city through pilot projects, hackathon events etc.
- Establish a **Smart City Sandbox** for innovative developments.
- Establish online platform for citizens to discuss and devise policies for smart city, and allow citizens to vote on and select projects to be implemented.
- Encourage the public institutes, energy and transportation companies to release application programming interface (API).
- Expedite the release of land data and formulate a comprehensive database of land usage for better urban planning.
- Foster the development of autopilot and promote electronic vehicles. Review the policy on the elimination of First Registration Tax Concession for electric vehicles and install more charging facilities in Hong Kong.

## 7. IMPROVE DIGITAL INFRASTRUCTURE

To cater for the development of data science, Internet of Things and re-industrialisation, it is vital to have reliable digital services in Hong Kong. However, people living in rural areas have to live with costly broadband services with slow speed. We must upgrade our basic infrastructures through policies and facilitation to maintain Hong Kong as a digital city capable of providing internet services for all.

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### KEY POLICY PROPOSALS:

- The government can transform idle industrial space for the use of innovation and technology, R&D, co-sharing and cultural purposes. Reference can be made to the Singapore's model for turning a former factory building, Block71, into a hotbed for technology startups.
- Re-consider the land use of Science Park Phase 4 development, North East New Territories and Hung Shui Kiu new development area planning for data centre development.
- The income from auctioning the mobile network spectrum over the past five years amounts to \$7.6 billion. I propose the government to use half of that income to create **Next Generation Telecom Infrastructure Investment Fund** to build new telecommunication infrastructures and systems.
- Increase free public Wi-Fi hotspots and adopt the latest technology to improve service quality.
- Open up more spectrum so as to improve mobile network service quality and enable for 5G network.

## 8. STRENGTHEN CYBERSECURITY AND SAFEGUARD INTERNET FREEDOM

The government continues to use outdated computer crime law to hamper online speech. We must stand firm to safeguard internet freedom as the bottom line in protecting our core values of privacy, democracy and free speech. And in light of the frequent cyber-attacks, it is important for the government to step up in its defense and also provide more resources for the local SMEs to improve on their cybersecurity measures.

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### KEY POLICY PROPOSALS:

- **\$200 million to subsidise SMEs to procure services and products to enhance their cybersecurity protection.**
- Increase funding to the HKCERT and the cybersecurity unit in the OGCIO.
- **Cybersecurity Studies Fund** of \$100 million for fresh grads and ICT professionals to take up cybersecurity studies.
- **\$50 million funding for tertiary institutions** to provide cyber-security courses and for holding a Cyber-security Hackathon annually.
- Re-launch the inter-departmental working group on cybersecurity to strengthen Hong Kong's readiness in combating cybercrime.
- Establish a **Chief Cyber-security Officer** position in the government to take lead in the cross-departmental work to review and upgrade the cyber-security measures across the government.
- Law Reform Commission should immediately review Section 161 of the Crimes Ordinance ("Access to computer with criminal or dishonest intent").
- Amend the Interception of Communications and Surveillance Ordinance to explicitly include digital communications under its jurisdiction to stop further abuse by law enforcement agencies in obtaining citizens' communications without due oversight.
- Government departments should issue clear guidelines on requesting and removing information from ISPs, and regularly release transparency reports.

- Review and update the Personal Data (Privacy) Ordinance (Cap. 486) to enhance that protection on privacy is safeguarded with the development of innovation and technology.

## 9. FIGHT FOR CORE VALUES OF HONG KONG AND PROMOTE DEMOCRACY

The government should take the lead to uphold professional integrity, deter collusion and fight corruption, safeguard our freedom and the rule of law, and fight against the injustice we face, because these are our common core values.

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### KEY POLICY PROPOSALS:

- Advocate for **online media equal access right** to cover government events, and oppose restrictions that would hamper freedom of online media.
- Voter registration in the Information Technology Functional Constituency has to be improved, such as members of the specified bodies of the ITFC must hold recognised qualification proof and the Registration and Electoral Office should conduct inspection on the membership from time to time.
- **Reform election rules** so that online personal views will not be considered as electoral advertisements to ensure online freedom of speech.
- Review the Broadcasting Ordinance and the Telecommunications Ordinance, in particular to increase competition in the broadcasting sector and eliminate the Executive-in-Council power to override the decision of the Communications Authority.
- Amend the copyright laws with open-ended exemption, such as fair use principle, and a more comprehensive Safe Harbour mechanism to allow netizens to freely apply creativity.
- Re-launch political reform and repeal the NPCSC's 8.31 Decision in 2014, in order to achieve genuine universal suffrage in the Chief Executive election.
- Strive for directly electing all Legco seats and eliminate Functional Constituencies; Expand the voter base in the IT functional constituency to prevent further vote rigging.

## 10. DEFEND HONG KONG

Hong Kong's future is in our hands. Together we must defend our values, stand firm on what we believe in and monitor the government for every move it takes. The 'privilege' of the few must not override the interest and well-being of the mass public. I will stand shoulder to shoulder with each of you in the war against injustice to the very end.

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### KEY POLICY PROPOSALS:

- Expand the Prevention of Bribery Ordinance to ensure that the Chief Executive is also held accountable for collusion and corruption cases.
- Formulate law to enhance the water safety.
- Hong Kong government should take back the right to vet the one-way permit from the Mainland and review the daily quota of the permit.
- Incorporate more country park enclaves with high ecological values into country parks.
- Implement immediate measures to tackle the imminent threat to the marine life in Hoi Ha.
- Review the policy for using Putonghua as medium to teach Chinese subjects in school and give schools the liberty to decide whether to adopt it.

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