

By hand, by email at [budget@fstb.gov.hk](mailto:budget@fstb.gov.hk) and by fax at 2147 5770

30 January 2024

Mr Paul CHAN Mo Po, GBM, GBS, MH, JP  
Financial Secretary  
c/o Budget Consultation Support Team  
24/F, Central Government Offices  
2 Tim Mei Avenue  
Tamar, Hong Kong

Dear Mr CHAN

**Views from The Hong Kong Institution of Engineers to the Financial Secretary for  
Formulation of the 2024-25 Budget**

On behalf of the Institution, I am pleased to present to you our views and suggestions as set out in the enclosure for your kind consideration on the captioned subject.

For the development of the profession as well as the welfare of the community as a whole, the Institution is looking forward to working with the Government on all areas of concern by offering our expertise and experiences.

Thank you.

Yours sincerely



Ir Dr Barry C H LEE  
President

The Hong Kong Institution of Engineers

Enc

cc: Mr Algernon YAU Ying Wah, JP, Secretary for Commerce and Economic Development  
(By Fax) Ms Bernadette LINN Hon Ho, JP, Secretary for Development  
Dr CHOI Yuk Lin, JP, Secretary for Education  
Mr TSE Chin Wan, BBS, JP, Secretary for Environment and Ecology  
Mr Christopher HUI Ching Yu, GBS, JP, Secretary for Financial Services and the Treasury  
Miss Alice MAK Mei Kuen, SBS, JP, Secretary for Home and Youth Affairs  
Ir Winnie HO Wing Yin, JP, Secretary for Housing  
Ir Prof Dong SUN, JP, Secretary for Innovation, Technology and Industry  
Mr Chris SUN Yuk Han, JP, Secretary for Labour and Welfare  
Ir LAM Sai Hung, GBS, JP, Secretary for Transport and Logistics

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**Enclosure**

**Views from The Hong Kong Institution of Engineers (HKIE)  
to the Financial Secretary for the Formulation of the 2024-25 Budget**

Hong Kong has been undergoing a sustained economic resurgence since the removal of anti-pandemic measures and the resumption of normal travel in early 2023. Despite the uncertain and volatile external environment emerging since then, Hong Kong continues to thrive as a small open economy. The Government is counted on to sustain the impetus for economic recovery, consolidate Hong Kong's status as a leading international financial centre and further promote the city as a global innovation and technology hub.

2. As a professional body of engineering excellence with a deep sense of social obligation, the HKIE would like to put forth our views to the Financial Secretary for the formulation of the 2024-25 Budget with the objectives of improving Hong Kong's economy and promoting its development.

3. The HKIE maintains that infrastructure development is an effective measure to stimulate economic growth, a good investment to the society, and a much-needed source of job opportunities for the community. With a growing portfolio of large-scale infrastructure projects ahead, the HKIE anticipates that the Government will coordinate different development plans, prioritising the more pressing among them to ensure cost-effectiveness and proper resource allocation and utilisation. In light of the downtrend observable in Hong Kong's fiscal reserves in recent years, the HKIE hopes that the Administration carefully examines the total estimated construction expenditure and keeps expenditure within the committed resources to sustain healthy public finance.

4. In pursuing major infrastructures as well as other projects and initiatives, the Administration may consider the flexible adoption of Public-Private Partnership (PPP) and Private Finance Initiative (PFI) while taking the latest financial situation into account. The approaches of PPP and PFI enable the city to tap into private sector resources and expertise, and allow for private sector involvement and investment in public projects, with the implication that projects can access additional funding sources beyond what the Administration's budget may allow. The sharing of risks, such as

construction delays and cost overruns, also incentivises private partners to effectively manage and deliver projects on time and within budget, reducing the burden of the city's finances.

### **Trawling for Talents**

5. The Manpower Forecast for Hong Kong Construction Industry released by the Construction Industry Council in February 2023 predicts that Hong Kong will confront a manpower shortage of 6,000-6,500 professionals by 2027. The HKIE believes that the corresponding shortage figure for engineers will soar to 3,000 by 2027. To address Hong Kong's future developmental needs, we recommend the Government attract and retains young engineering talents by raising the financial subsidy for eligible Scheme "A" companies that employ fresh graduates under the Engineering Graduate Training Scheme (EGTS). This scheme provides, for each registered trainee, such companies with a subsidy of HK\$5,610 per month for a period of up to 18 months, and the amount has remained flat for many years. Moreover, despite the huge demand for EGTS within the engineering market, the existing annual quota for the scheme (viz. 274) are insufficient to meet the demand of the 2023-2024 period, which requires 1,460 training positions for graduates. The HKIE suggests raising the subsidy rate to HK\$10,000 per month and increasing the annual quota for EGTS to encourage companies to employ more engineering graduates at more competitive salaries.

6. The HKIE suggests that the Administration liaises with the Mainland to open up more career opportunities for engineers in the GBA area and enrich the talent pool in Hong Kong. In November 2023, the HKIE signed a Mutual Recognition Framework Agreement (MRFA) with the Guangdong Institution of Engineers, which served as a pilot project and enabled qualifications in four of our disciplines (Civil, Geotechnical, Electrical, and Control, Automation & Instrumentation) to correspond to those in five Mainland disciplines. The HKIE is hopeful that the project's scope will be expanded to encompass more engineering disciplines. To attract engineering talents from abroad, we also urge the Administration to consider granting a two-year subsidy of approximately HK\$10,000 per month to companies for each overseas graduate whom they employ. It is our view that these provisions, apart from assisting young practising engineers, would also be instrumental in attracting students to study engineering at a tertiary level.

7. To assist the Development Bureau in alleviating the manpower shortage problem, particularly in the engineering sector, the HKIE organised a series of career fairs, school talks and visits for university students, graduates and engineering professionals in the Mainland, the UK and Dubai in the later part of last year and the beginning of this year. The HKIE will also assist the Bureau in organising the 2024 Mainland and Hong Kong Construction Forum this March. To encourage collective efforts in addressing the noticeable shortage of manpower across various industries, the HKIE recommends that the Administration establish a dedicated fund to support professional bodies in their initiatives to attract talented individuals to Hong Kong. This fund will facilitate their endeavours in talent acquisition and help mitigate the manpower shortage in Hong Kong.

8. Cultivating future engineering talents is one of the principal visions of the HKIE. The Institution is collaborating with the Education Bureau on “Engineers on Campus” programme, pairing participating primary and secondary schools with engineers to promote STEAM education. In its belief that the programme is conducive to students’ timely discovery of their own talents and to the enrichment of Hong Kong’s I&T talent reserve, the HKIE hopes that the Government can enhance funding and support for it. The HKIE also hopes the Government will allocate more resources to programmes such as “One School One Engineer” and “Back to School Programme” to enhance students’ interest in engineering as a subject and encourage them to consider it as a viable option for further education and future career.

### **Land and Housing Supply**

9. With the enormous demands for land, housing, and efficient transportation in Hong Kong, there is a paramount need to move forward with planned land reclamation, the development of Northern Metropolis, and the establishment of comprehensive transport networks. To expedite development and enhance project efficiency, the Administration should consider adopting PPP and PFI approaches. In terms of project finance, such cooperation model could reduce the Government’s upfront land acquisition costs, enable early receipt of land premium income, and improve the overall cashflow.

10. Ageing buildings may result in falling concrete, leaking pipes and other

problems that might threaten the lives and property of our city dwellers. The HKIE suggests implementing innovative methods, such as drone supervision system, to identify higher-risk buildings and isolate target buildings to which Mandatory Building Inspection Scheme notices must be issued. Under the current policy, owners of buildings aged 30 years or above and served with statutory notices are required to appoint a Registered Inspector (RI) to carry out inspections and repair if necessary. However, quite a number of owners fail to comply with the notices, and it takes a considerable time to go through the legal procedures to penalise them. The best way to safeguard our people and property is to carry out necessary repairs as early as possible, potentially with the assistance of the Authority's resources and the post-factum recovery of the cost, together with a penalty, from the responsible owners.

### **Innovation and Technology Development**

11. Besides the traditional industries, innovation and technology will be the new engine of Hong Kong's growth. To further promote the development of innovation and technology, the HKIE suggests providing taxation benefits for just-landed enterprises in proportion to the number of local talents they employ and by means of a two- or three-tiered system, providing companies with incentives to recruit more local talents.

12. New energy vehicles and semiconductor were identified as significant development areas under the Hong Kong Innovation and Technology Development Blueprint promulgated in December 2022. Following the formulation of the Strategy of Hydrogen Development in Hong Kong proposed in the 2023 Policy Address, the HKIE believes legislative amendments pertaining to the production, storage, transportation and application of hydrogen fuel are necessary to pave the way for the introduction of hydrogen vehicles in Hong Kong, especially for commercial and heavy goods vehicles. To support the formation of a full production chain of hydrogen fuel, land provision shall be granted to facilitate its research and development.

13. With respect to the New Industrialisation Strategy proposed in the Innovation and Technology Blueprint, we propose to provide subsidies for those Hong Kong companies employing local engineers and technologists, even though subsidy for hiring research and development (R&D) staff is already in place according to the previous programme. Realising new industrialisation demands a large pool of local engineers,

technologists and technicians. Subsidies will serve as an incentive to drive more new labour force to join the industry. We believe a better package for local and young people will be beneficial to, and healthier for, the long-term development of the industry in terms of talent retention.

### **Building a Smart, Green and Resilient City**

14. To promote the use of electric vehicles (EVs), the Administration should consider reserving space for EV chargers in new development areas to enhance the charging network. With the first registration tax concessions for EVs, more private car buyers prefer to purchase EVs but the lack of charging infrastructure presents an obstacle. According to the Hong Kong Roadmap on Popularisation of Electric Vehicles announced in 2021, public charging facilities has mainly been providing ad hoc top-up charging services for EVs in need while driving. In order to encourage the use of EVs, it is crucial to make charging infrastructure part of the plan when designing the land use of new development areas.

15. The HKIE also suggests that the Administration considers providing support for small- and medium-sized enterprises in their green transition efforts and formulating regulations that facilitate long-term sustainability transition.

16. The HKIE wishes to stress the need to set aside financial resources, for example dedicated funding, interest-free loans, rent and rate relief and tax concessions, to incentivise and stimulate businesses for the recycling industry. The Government should also consider augmenting the land provision for the industry by releasing, some vacant tenure with longer term on top of EcoPark and other official sites. Instead of relying on government policies, market force should be well utilised to promote the development of the recycling industry for long-term sustainability.