

Press Release

The Hong Kong Institution of Engineers' Response to the 2024-25 Budget

(Hong Kong, 28 February 2024) The Hong Kong Institution of Engineers (hereafter “the HKIE”) welcomes the Government's adoption of some of the recommendations previously submitted by the HKIE in the 2024-25 Budget unveiled by the Financial Secretary. We believe these recommendations will help Hong Kong seize opportunities and promote high-quality development. The HKIE would like to provide the following response to this year's Budget:

Planning of Infrastructure Development

The HKIE endorses what the Government, responding to societal needs, has undertaken in recent years to push rigorously for land and housing supply projects, namely its review of works projects' cost-effectiveness and its adjustment of their implementation schedules based on project priorities and urgency. More appropriately, projects at a relatively mature stage will continue to be taken forward, such as site formation and infrastructure works for the Northern Metropolis. On the other hand, projects at the preliminary planning or conceptual stages, such as the strategically positioned Kau Yi Chau Artificial Islands, will have their implementation schedules adjusted in accordance with their importance and have the relevant studies taken forward. The HKIE believes that this approach helps balance the current financial performance with the need for future investment, and ensures the orderly implementation of major infrastructure projects, thereby facilitating the development of the engineering industry.

Talent Trawling

The Government has indicated that the Top Talent Pass Scheme and other arrangements will be reviewed in the middle of the year, and a Global Talent Summit will be hosted. We would like to point out that human resources of the engineering and construction industries have a significant impact on Hong Kong's future development in infrastructure, innovation, industry, and many other areas. In addition to various immigration policies to attract overseas talent, it is hoped that the Government would implement, at the earliest opportunity, the HKIE's earlier recommendations to enhance the incentive for hiring engineering graduates. Suggested initiatives include increasing subsidies and quotas for engineering companies participating in the HKIE's training scheme, and providing short-term subsidies to companies hiring overseas graduates.

In terms of talent cultivation, the HKIE is pleased to see the Government allocating more resources to promote IT education – providing additional funding of over HK\$130 million for the “Knowing More About IT” Programme and subsidies of up to HK\$300,000 for each publicly funded primary school in the next two academic years.

We are receptive to coordinating and arranging members to provide professional engineering advice for primary and secondary schools through programmes such as the “Back to School Programme” and “One School One Engineer”, thereby establishing a talent reserve for the engineering profession in the long term.

Facilitating Land and Housing Supply

The HKIE is delighted to note that the Government has accepted our earlier recommendations to study the feasibility of investing in the supply chain of Modular Integrated Construction (MiC). We believe that the establishment of the Building Testing and Research Institute later this year will help encourage the industry to apply innovative technologies. The HKIE would like to point out that both the industry and the entirety of Hong Kong are facing a decline in the working population; the construction industry, in particular, is in great need of talent. Improving efficiency through innovation and technology not only mitigates labour shortage but also promotes the development of the whole industry chain.

The HKIE agrees with the Government that market conditions are to be considered in determining the quantity, types and pace of land sales. As the Government accelerates land development, such practices offer greater flexibility and ensure the fitting use of land resources. Since the various housing and infrastructure developments all involve social resources, the HKIE looks forward to the Government’s support of development projects to enhance Speed, Efficiency, Quality and Quantity. While adhering to the principle of ensuring quality and safety, each approving department should act not only as a “regulator” but also as a “facilitator” to help expedite project progress and streamline the approval process.

Promoting Innovation and Technology and New Industrialisation

The HKIE supports the Government’s various initiatives to promote innovation and technology (I&T), among which the Lok Ma Chau Loop (The Loop) will play a crucial role. These initiatives include the establishment of Greater Bay Area International Clinical Trial Institute in the Hetao Shenzhen Hong Kong Science and Technology Innovation Co-operation Zone, the release of White Paper on the Development of the Hong Kong-Shenzhen Innovation and Technology Park later this year, the allocation of HK\$2 billion to support the InnoHK research clusters to establish presence in the Loop, and the allocation of HK\$200 million to assist start-ups engaging in life and health technology through incubation and acceleration programmes. These initiatives demonstrate the Government’s commitment to promote I&T development and signify the important role of the Loop in advancing such development both locally and regionally across the Greater Bay Area (GBA).

The HKIE also welcomes the Government’s staunch support for enterprise and university research and development (R&D). These include allocating HK\$6 billion to subsidise the establishment of life and health technology research institutes, launching New Industrialisation Acceleration Scheme, allocating HK\$3 billion to

implement the Frontier Technology Research Infrastructure Support Scheme, as well as introducing into the Legislative Council a proposal regarding the implementation of the “patent box” tax incentive, which will reduce the tax rate for profits to 5%. This will help encourage R&D and facilitate breakthroughs out of the blue.

Building a Smart, Green, and Resilient City

The HKIE acknowledges the Government’s efforts to promote sustainable development. We appreciate the extension of the first registration tax concession for electric vehicles (EVs), advancing the popularisation of EVs even further. The use of Sustainable Aviation Fuel locally is also encouraged, and the application of solar panels on government building façades is explored through a pilot scheme. We also support the Government’s invitation for expression of interest in the construction and management of smart and green mass transit systems in East Kowloon, Kai Tak, and Hung Shui Kiu/Ha Tsuen within this year. This initiative seeks to address, through innovative solutions, long-standing traffic issues affecting residents in these areas.

The HKIE is pleased by the Government’s continual commitment to strengthening Hong Kong’s position as an international aviation and maritime logistics hub by initiating research on optimising tax incentive for the maritime industry and providing block registration incentives to attract ship owners to register their vessels in Hong Kong extensively. As for the aviation industry, the Government will enhance service connections with existing major routes and routes along the Belt and Road in alignment with the construction of the national “Air Silk Road” so as to actively “go global” and expand Hong Kong’s aviation industry.

Seizing the Opportunities from GBA

The economy within the GBA is filled with innovation and creativity, with different cities and industries having their own advantages. To assist professionals in “going global”, the HKIE hopes that the Government will take the lead in engaging relevant Mainland authorities to explore the expansion of mutual recognition of professional qualifications. This will enable more engineers to practice in the mainland through CEPA or other relevant agreements.

Hong Kong, and China as a whole, are currently striding towards high-quality development, where cooperation between Hong Kong, the Mainland, and the GBA will become increasingly important. The HKIE and the engineering industry will continue to contribute our engineering knowledge and expertise, working hand in hand with various sectors to build a better Hong Kong.

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