

By hand and by fax at 2840 0569

28 January 2015

Mr John C W TSANG GBM JP
Financial Secretary
25/F Central Government Offices
2 Tim Mei Avenue
Tamar Hong Kong

Dear Mr Tsang

On behalf of the Institution, I am pleased to submit herewith our views and suggestions as set out in the enclosure for your kind consideration in the preparation of the 2015-16 Budget.

For the welfare of the community as a whole and the development of the profession, we, with our expertise, welcome the opportunity to support the constructive initiatives of the Administration on areas of concern.

Yours sincerely



Ir Victor CHEUNG Chi Kong
President
The Hong Kong Institution of Engineers

Enc

VC/WC

Cc : Mr Gregory SO GBS JP, Secretary for Commerce and Economic Development
Mr Paul CHAN MH JP, Secretary for Development
Mr Eddie NG SBS JP, Secretary for Education
Mr WONG Kam Sing JP, Secretary for the Environment
Prof K C CHAN GBS JP, Secretary for Financial Services and the Treasury
Mr TSANG Tak Sing GBS JP, Secretary for Home Affairs
Mr Matthew CHEUNG GBS JP, Secretary for Labour and Welfare
Prof Anthony CHEUNG GBS JP, Secretary for Transport and Housing

Enclosure

**Views from the Hong Kong Institution of Engineers
to the Financial Secretary on the 2015-16 Budget**

The Hong Kong Institution of Engineers (HKIE) holds the strong view that Hong Kong should pursue to adopt a prudent yet developmental fiscal management strategy. We stress the importance of cautious spending, but advocate the need for courageous investment for long term development and for instilling hope for the future. Hence, we would like to provide the following recommendations, with focus on development over various perspectives, for facilitating the formulation of the 2015-16 Budget.

Budgeting for Long Term Development

2. The HKIE believes that enhancing the competitiveness of Hong Kong would depend largely on having excellent hardware, i.e. the infrastructures. Sustained commitment on creating our land reserves and maintaining world-class transportation hub would secure for us a strong foundation for attracting business opportunities. Building better infrastructural facilities also has positive impact on local citizens' employment opportunities as well as living conditions.

3. The HKIE opines that funding should be generously budgeted for ensuring the continual implementation of the current and upcoming infrastructural projects. Furthermore, Hong Kong should strive for adequate provisions to facilitate carrying out other feasibility studies and/or preparation works for our future initiatives, in particular creating a significant source of land supply such as the formation of the central waters artificial islands. For the long term prosperity, we fully support the concept of "saving for the future", for which saving target should be set for sustained, long-term funding on various construction projects to ensure Hong Kong having the optimal infrastructures and accommodations for conducting business and for ensuring the quality living of our citizens.

Enriching Multiple Industries

4. The HKIE welcomes the Administration to continue developing our financial and service sectors, while we believe that Hong Kong should also strengthen multiple industries for diverse modes of development and various sources of revenue generation. In fact, we feel that Hong Kong has still not fully capitalised our potential opportunities in various sectors, especially professional services and testing and certification etc. Hence, we strongly recommend the Administration to assign resources to support the healthy development of other pillars of the economy.

5. The HKIE believes that Hong Kong has been renowned for our well-trained and top-quality professionals. The Administration should leverage our advantage and facilitate the Hong Kong professionals to further excel and secure more global opportunities. In particular to the engineering profession, the HKIE invites the Administration to inject more resources in developing various engineering disciplines,

with initiatives ranging from training more new generation of engineering professionals, enhancing Hong Kong engineering standards, supporting more researches on engineering technologies, and facilitating the engineering practitioners' continuous development. The resources provided by the Administration in developing the Hong Kong engineering industry would in return yield exponential contributions from our engineering community for the overall benefit and development of Hong Kong.

6. Furthermore, Hong Kong should take leap in pursuing technology and innovation development. The HKIE supports intensifying those initiatives raised in the 2014-15 Budget on supporting the innovation and technology industry, such as supporting R&D activities in private enterprises and tertiary institutions, and hopes that such financial provisions will become recurrent funding in the coming financial years, to demonstrate the Administration's determination in steering Hong Kong as the smart city and the innovative hub. We further urge the Administration to establish more platforms and provide infrastructures for fostering collaboration among private enterprises, universities, research organisations, and other potential users to initiate more R&D activities and to promote the practical applications of the research results and their commercialisation.

7. It is noted that many entrepreneurs pursuing innovative and emerging industries may have to start and grow from small to medium size, therefore it reflects that timely and adequate support and nurturing from the Administration to small-to-medium enterprises (SMEs) would be essential. In fact, in various sectors of our economy, the SMEs have contributed significantly to the gross domestic product and local employment opportunities. For continuously vitalising our economy and promoting entrepreneurship, Hong Kong should provide concrete financial support to SMEs in the form of tax relief or financial subsidies, especially to those SMEs pursuing innovation and technology and other potential sectors of business. We view that suitable allocation of financial support of SMEs would henceforward further build up the entrepreneurship and innovation culture among the young and the future generations.

8. The HKIE welcomes to see that in the 2015 Policy Address, the Chief Executive announces that the Government will set up the Youth Development Fund as one of the initiatives to assist young people in starting their own business. The HKIE opines that the Government should also encourage more young adults and mid-age people to venture establishing new businesses as well. Hence, the HKIE hopes that the 2015-16 Budget would assign financial resources to assist these people to start up businesses, particularly on the fields on emerging industries and technology and innovation. Furthermore, we support the Administration to inject more resources to relevant organisations which can provide communal supporting facilities, consulting services and assistance to new entrepreneurs in managing their businesses and marketing their products/services, so that the Government's initiatives on promoting entrepreneurship could be made more effective.

Developing Core Strength

9. The HKIE advocates the Administration to devote dedicated effort in developing our core strength – our people. We stress the importance of education and believe that Hong Kong should continue to groom more high quality professionals as well as supervisor/technologist level of workforce to cope with the characteristics of our economic development. To meet such a purpose, more financial incentives for further studies should be provided for youngsters as well as local workforce to pursue qualifications for such types of occupations.

10. We suggest the Administration to provide more subsidies to all school leavers for pursuing post-secondary education, especially on engineering and technology fields as well as other subject areas that anticipate manpower shortage in the coming years. Moreover, all young adults should be encouraged to pursue professional training and higher education, especially those who may have missed the chance of doing the University Grant Committee (UGC)–funded courses before. For secondary schools, we also appreciate for more funding to equip students with better preparedness for their future career development as well as better resources to facilitate schools in technology and science education.

11. For other working adults, we strongly request the Administration to further promote lifelong development for all people. We suggest to expand the scopes of the reimbursable course list of the Continuing Education Fund so that many essential subject areas such as engineering could also be included to encourage more professionals/technologists to pursue continuing education to further excel themselves and to enrich their lives.

Cultivating Better Environment

12. The HKIE agrees that Hong Kong should make every effort to address the imminent issues of climate change. With respect to promoting stronger measures for environmental protection, the HKIE strongly suggests Hong Kong to pursue the following initiatives with subsidies or incentives:

- Strengthen the support for the recycling industry
- Promote and facilitate the enhanced use of electric vehicles
- Promote the adoption of green building technologies in the construction of new buildings and renovation of old buildings
- Assist the residential buildings and households for installation of energy/water saving facilities
- Sponsor the sorting and collection of recycling materials in residential and commercial buildings

13. We also believe that Hong Kong should start to drive all stakeholders for systematic studying of the risk of climate changes and stepping up necessary preparedness/ measures for combating climate change.

Creating Cohesive and Hopeful Community

14. The HKIE considers that the citizens in every cluster of the community should enjoy the benefits of our economic achievements. The benefits of development should reach every citizen, and every citizen should be further supported for pursuing continuous development. Therefore, we hope that the 2015-16 Budget can suitably allocate resources to support poverty in a way to promote development and upward mobility of this class. In particular, we hope that the following initiatives should be enhanced:

- Subsidies for primary and secondary school students in obtaining after-class private tuition and extra-curricular activities that can benefit their study skills, foster their creativity, and enrich their horizons
- Cross-district transportation subsidies for students and working adults
- Subsidies for students in purchasing computers and obtaining internet access
- Child caring subsidies for working parents or those unemployed studying retraining courses

15. Of equal importance is that the Administration should devise suitable means to soothe the burden of many middle class people, especially to those who have considerable pressure in financing self-development, supporting families and paying mortgages/ high rents. Hence, the HKIE suggests that the following measures/initiatives for immediately addressing of the middle class' needs should be considered:

- Enhancing tax reduction for taxpayers who need to support children and elders
- Establishing tax relief on the following expenses:
 - child education
 - residential rent
 - private medical insurances
- Provision of tax incentives to encourage voluntary contributions in Mandatory Provident Fund

Conclusion

16. The HKIE believes in striving for sustained excellence, and we look forward to inspiring and nourishing the young for a better future. In the 2015-16 Budget, we strongly wish to see the Government's endeavour in addressing the need of every level of society by a balanced and equitable allocation of resources. With prudent yet strategic use of our revenues, it is anticipated that Hong Kong can further enhance our overall competitiveness and maintain to be a desirable place for our future generations to thrive and pursue their ambitions.