

By hand and by fax at 2840 0569

13 February 2014

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 2014-15 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 Administration on areas of concern.

Yours sincerely



Ir Raymond CHAN Kin Sek
President
The Hong Kong Institution of Engineers

Enc

RC/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
for the Formulation of the 2014-15 Budget**

Introduction

The Hong Kong Institution of Engineers (HKIE) has always attached great importance to the continuous development of Hong Kong and enhancement of people's livelihood. We opine that strategic Budget planning will enable Hong Kong to optimise measures to address the aspirations of different levels in community and facilitate further economic development. Hence, we would like to provide our views and suggestions to the Administration for consideration in formulating the 2014-15 Budget.

Constructing for Hong Kong's Future

2. The HKIE believes that we should secure the valuable outcomes of the Hong Kong's previous endeavours and sustain such outcomes for the benefits of our future generations. Therefore, we opine that the financial gains of Hong Kong in recent decades should be strategically spent on generating a safety net against possible turbulent environment and securing constructive opportunities for wealth creation.
3. Construction initiatives are necessary to upkeep Hong Kong as a desirable place for residence and investment. With the grand objective of enhancing optimal level of land and housing supply, Hong Kong would also need to upgrade other necessary elements within the living and investment framework, namely transportation, communications, social/community facilities etc. In addition, Hong Kong would also need to embed favourable ground for developing other new/ infant industries and clusters of economic development, such as necessary infrastructures for applied research, data transfer and exchange, and testing and certification. All these long range developmental plans can hardly be fully materialised unless there are solid and sustaining financial resources reserved for such purposes.
4. We, therefore, support the Administration in assigning optimal reserves for capital works expenditure for Hong Kong's long-term development. To show the Administration's commitment in driving Hong Kong forward, we believe that regular fund should be set aside for a longer period, say at least 20 years, on developing and improving the infrastructures in Hong Kong. This long-term funding can give the public and investors a clear signal that Hong Kong is committed to develop in the long-run, even amidst any occasional, unpredictable economic downturn that might happen in future, thus building up confidence among them to sustain building and investing in Hong Kong. Furthermore, this can also lay a solid foundation for Hong Kong's economic development and maintain our competitive edge, as well as providing sufficient employment opportunities for professionals and workforce, especially those in the engineering and construction industries.

Driving for Better Living Quality

5. We believe that strategic allocation of our financial resources can in effect facilitate public policies that enrich our livelihood and improve both the hardware and software for our community development. We therefore aspire to see that more policy measures can be realised with financial support from the Administration for the betterment of our life.

6. With regard to the environment, we believe that the Administration should reserve more resources to manage and improve the environmental protection measures. We support the Administration to draw resources into strengthening our waste management framework and better enable us to deal with global warming challenges. In particular, we advocate that more financial support should be delivered on the following measures:

- Recycling: providing incentives for waste sorting/ separation in residential buildings and subsidies for recycling industries
- Treatment: construction of hi-tech incinerators
- Reduction: promoting wider use of electric vehicles and smart electricity meter as well as reduction at source
- Education: promotion to the public especially the youngsters to achieve the mindset shift in environmental protection

7. In the aspect of citizens' livelihood, we urge the Administration to assign resources to soothe the disparity between the rich and the poor as well as delivering comprehensive care towards all classes in society. Towards the grass root level, while immediate relieves to protect their access to safe residence, health care and social services are essential, the Administration should also inject resources to enhance their employment for leaving poverty in the long term and facilitating upward social mobility.

8. Towards the middle class, we urge the Administration to place no less concern on intensifying relief measures appropriate to them, such as providing more support and tax relief for housing, children education, supporting dependent parents/grandparents, and medical insurance to middle class citizens.

Fostering Human Strength

9. The HKIE urges the Administration to place quality manpower development as a prime concern. More endeavour should be put on ensuring that all levels of education and manpower training in Hong Kong could be enhanced. We trust that with a well-planned policy, substantial investment in human capital by education and training would not just provide a favourable condition for Hong Kong's development but also help to enhance the upward social mobility of the lower class, thus achieving overall improvement to the whole community.

10. Specific for our next generation, the HKIE supports the Administration to place more resources on post-secondary education. Funding should be enhanced for universities in educating well-rounded professionals (such as engineers) as well as

supporting research and development. We also support that more resources should be provided for students to pursue associate degree/ diploma/ certificate level of studies in other tertiary/ post-secondary institutions, especially in the fields projected to have high demand for technical professionals and skilled labours, like the construction industry.

11. We also stress the importance of upgrading the current workforce' capabilities to meet the unpredicted changing demand and the tight manpower supply. We opine that more resources should be provided on subsidising the workforce to strive for skill enhancement and knowledge enrichment. The Administration is therefore strongly suggested to increase subsidy apart from tax allowance for the working adults to pursue part-time award-bearing studies. Towards the unemployed, the employees' retraining courses should be further optimised with greater depth and practicality to cover various occupations with high labour shortage, thus further addressing the projected high manpower demand for technicians and supporting skilled labours, such as in the construction industry.

Sustaining Spirits of Entrepreneurship

12. The HKIE believes that Hong Kong's unique status and success in the previous decades depends a great deal on our entrepreneurship. We opine that Hong Kong should leverage such asset to secure further opportunities in development and wealth creation.

13. We hope that the Administration can place sufficient assistance to young entrepreneurs and deliver more support to small and medium sized enterprises to thrive. In particular, we suggest that priority should be given to those entrepreneurs pursuing applied research and commercialising of research outcomes, as well as to those developing in clusters with high development potential, such as the creative industries and testing and certification services.

14. In a wider and deeper perspective, the HKIE opines that it is high time for the Administration to devise plan to extend Hong Kong's entrepreneurship across the geographic limit and time span. Hong Kong should start taking a collective step to identify and secure desirable investment opportunities in the Mainland and overseas. Hong Kong should also start considering to develop a long-term reserve that would enable us to gather our capital strength to secure other new investment opportunities that would arise in future. We strongly believe that out of our long-held merit of prudent fiscal discipline, Hong Kong should also invigorate our well-developed entrepreneurship in preparation for further investment in the years to come, which would enable better utilisation of our current surplus for a more flourishing future.