A breath of fresh air

Out of the Box

Tony Chan Fan-cheong is president of the Hong Kong University of Science and Technology. He has spent his life pursuing his dreams relating to teaching and research, and has unique views on education, scientific and technological development, and nurturing the young.

The FIRST POLICY address by our Chief Executive Carrie Lam Cheng Yuet-ngor has caught the attention of the entire city. Besides the myriad policies on the multitude of societal issues, I am particularly pleased to see the government’s commitment to diversify our economy and to invest in innovation and technology as well as education – half of the expenditures listed in the address are related to this.

The Heads of Universities Committee (of which I am a member) and the Hong Kong Institution of Science (of which I am president) have expressed support for these new policies.

The government’s plan to increase gross domestic expenditure on research and development from 0.73 percent to 1.5 percent of our gross domestic product has long been called for by stakeholders in IT. While that still puts us behind Korea (4.23 percent), Japan (3.28 percent), Singapore (2.4 percent) and China (2.07 percent), this doubling, with a concrete five-year timeline, sends a strong signal of the government’s commitment. I hope these resources will be allocated earlier than later.

The new R&D tax incentive (up to three times the expenditure is tax deductible) is aimed at encouraging private sector investment, and tilting the current balance of 60-40 (government to private) to 40-60.

This tax policy shall create a catalytic effect in the private sector.

Funding of at least HK$10 billion for university research is a nice surprise but much needed. Hong Kong university research funding has long been behind Singapore and China.

In the latest QS Asian Universities Rankings, the top two are from Singapore, with HKUST in 3rd, and three more from China coming up fast into the top 10. Our competitors’ investment in research universities has been much higher and more proactive.

Moreover, since the 344 academic reform in 2012, all Hong Kong universities have hired more professors to deal with the one-third increase in the number of undergraduate students, and the corresponding increase in University Grants Committee research funding has not kept pace with the increased need of research support for these additional professors.

The HK$120 billion Hostel Development Fund is an ingenious solution to a long-stated need of all UGC universities and will benefit many students.

Hostel life is integral to any university education, allowing our students to broaden their horizons by participating in more activities with their peers, both local and from overseas.

An increase in hostel spaces will spare the time and energy of traveling hours every day for students who live far from campus. It’ll also allow universities to increase the number of our local students who go for academic exchanges overseas, as the extra hostel spaces will allow us to receive more exchange students.

In addition, there is also proposed funding to subsidize local students to pursue research postgraduate degrees and to fund financial incentives for companies to hire local IT PhD graduates.

Whether these financial incentives will move the needle on the scale remains to be seen, but the new policies should at least be seen as encouragement to our local students.

Obviously, spending alone will not bring IT developments overnight: to bring real and sustainable development, we will also need to improve the environment of our IT ecosystem.

If Hong Kong aims to become a global IT hub, it may need to review its immigration policy to make it easier for global talent to come to work in the city.

Hong Kong may also need more flexibility in tax incentives to attract multinational technology companies to set up R&D laboratories here – our competitors already do. We need to celebrate and publicize successful role models.

But the biggest challenge lies in changing our mind-set and culture, to see the value of IT for the long-term benefit of Hong Kong, to encourage and support our young who have the talent to pursue their passion, and to diversify the one-dimensional social pressure to pursue only stable professional degrees, and to view entrepreneurship as a way of changing the world and pursuing one’s dream (and potentially getting rich along the way) rather than taking reckless risks.

All in all, I am very pleased with the first policy address. To me, it shows that our chief executive and her government have a clear vision on how to build a better Hong Kong, and I hope our government will get support from Legco for the funding.

The funding should be seen not as expenditure but as investment for a better future. There is no guarantee of success but for the sake of our future, I certainly hope we will give it a try.