

Budget to support business, foster talent and boost capacity for economic development

In his 2022-23 Budget today (February 23), the Financial Secretary, Mr Paul Chan, set out a raft of initiatives to ease pressure on businesses, particularly small and medium-sized enterprises (SMEs), and support the expansion of Hong Kong's growth capacity.

Mr Chan set aside resources to spur the progress of industries such as innovation and technology (I&T), financial services, arts and culture, and tourism.

To promote investment in sectors that have good potential for contributing to the economy, the Financial Secretary increased the funding allocation to the Hong Kong Growth Portfolio, under the Future Fund, by \$10 billion.

Of that amount, \$5 billion will be used to set up a new investment fund, namely the Strategic Tech Fund, while the remaining \$5 billion would be used to set up a GBA Investment Fund, which will focus on investment opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA).

Noting that the current-term Government had invested more than \$130 billion in promoting the development of I&T, Mr Chan said he would allocate additional resources "to keep reinforcing the entire value chain and the I&T ecosystem". Proposals include:

- * earmarking an additional \$10 billion to further promote the development of life and health technology;
- * providing \$440 million to strengthen support to the research and development activities of 16 State Key Laboratories and six Hong Kong Branches of Chinese National Engineering Research Centres in Hong Kong;
- * doubling the amount of subsidy under the Technology Start-up Support Scheme for Universities to \$16 million; and
- * injecting \$1.2 billion into the Construction Innovation and Technology Fund.

To promote I&T development in the financial sector, Mr Chan proposed allocating \$10 million to the Fintech Proof-of-Concept Subsidy Scheme to launch a new round of the scheme this year.

Tax concessions to encourage eligible family investment management entities managed by single-family offices are also tabled in the Budget, with a view to further enhancing the wealth management sector.

"I believe that the proposal will enhance our attractiveness as a hub for family offices, deepen Hong Kong's pool of liquidity and create more business opportunities for the financial sector and other professional sectors," Mr Chan said.

With tourism being particularly badly affected by the COVID-19 pandemic, the Financial Secretary earmarked \$1.26 billion to support and develop the tourism industry, including providing incentives to develop and launch tourism products, sponsor the training of practitioners, and support the work of the Hong Kong Tourism Board to revive the tourism industry.

"In light of fierce regional competition, we will get well prepared by providing additional resources for the promotion of cultural, heritage and green tourism projects with Hong Kong characteristics, enhancing tourism promotion and rolling out enticing promotional offers in a timely manner to attract tourists from outside Hong Kong," Mr Chan said.

Building Capacity

The Financial Secretary pinpointed land and manpower as the two major constraints on Hong Kong's economic growth.

"In order to ease these constraints, we must make vigorous efforts to create land and nurture talent," Mr Chan said.

"Doing so will not only make Hong Kong a better place in which to live and work, but also enable us to scale new heights in economic development, thereby maintaining social stability."

The Financial Secretary set aside \$100 billion from the cumulative return of the Future Fund to set up a dedicated fund to expedite the implementation of infrastructure works relating to land, housing and transportation within the Northern Metropolis.

The Northern Metropolis, an area covering about 300 square kilometres in the north of Hong Kong, will be home to some 2.5 million people and offer 650,000 jobs, including 150,000 in the I&T sector, upon full development.

Nurturing Talent

To upgrade the manpower skills of the workforce, the Financial Secretary set out various initiatives. They include:

- * increasing recurrent allocation up to \$400 million as needed to enhance training for medical professionals;
- * providing 500 more designated places to provide subsidies for students to take self-financing undergraduate programmes on healthcare;
- * earmarking \$10 billion for the completion of the works to upgrade and increase healthcare teaching facilities of universities to cope with about

900 additional healthcare training places;

* launching the Pilot Green and Sustainable Finance Capacity Building Support Scheme and the Pilot Scheme on Training Subsidy for FinTech Practitioners for the training of professionals;

* injecting \$100 million into the Cantonese Opera Development Fund to support the training of practitioners, and allocating \$37 million to provide professional training for conservators;

* allocating \$1 billion to the Construction Industry Council to support manpower training; and

* raising the subsidy ceiling of the Continuing Education Fund to \$25,000 and removing the upper age limit.

"The aim is to consolidate Hong Kong's status as a financial, commercial and I&T centre as well as to raise our productivity and competitiveness in the long run.

"We may, by leveraging our advantages under 'one country, two systems', achieve co-ordinated development with our neighbouring cities in the GBA, thereby creating enormous business opportunities and ample room for Hong Kong's development," Mr Chan said.

For more details on the 2022-23 Budget, click [here](#).