

## **Progress Report on the Motion on “Studying the Establishment of an Innovation and Technology Bureau”**

### **Purpose**

On 6 July 2011, the Legislative Council (LegCo) passed the motion on “Studying the establishment of an innovation and technology bureau” moved by Dr Hon Samson TAM Wai-ho as amended by Dr Hon PAN Pey-chyou and Hon Emily LAU Wai-hing. The wordings of the motion are at **Annex**. This paper updates Members on the follow-up actions taken by the Administration in respect of the suggestions in the motion.

### **(a) Studying the Establishment of an Innovation and Technology Bureau**

2. The development of innovation and technology (I&T) is closely interplayed between industrial and economic growth. With its current portfolio, CEDB is in the best position to formulate and coordinate the policy initiatives and measures for fostering I&T growth. It allows the optimal use of resources and creates more synergy among the various sectors concerned.

3. During the LegCo Question and Answer Session held on 15 July this year, the Chief Executive said he would convey Members’ suggestion for establishing an I&T bureau to the next Chief Executive. The current term of the Government will continue to promote the development of I&T, and the Steering Committee on Innovation and Technology chaired by the Financial Secretary will continue to formulate policies and initiatives to achieve such objective.

### **(b) Providing Preferential Policies to Attract More Enterprises on the Mainland and Overseas to Come to Hong Kong**

4. To develop a vibrant I&T sector, other than galvanising the efforts of the academic and industry sectors, it is also important to attract investment into Hong Kong to complement our indigenous I&T activities. Other than collaborating with the Science Park to attract more quality research & development (R&D) based companies into Science Park Phase 3, ITC is also working closely with the Hong Kong Trade Development Council (TDC) and InvestHK (IHK) to synergise our

international promotion and marketing efforts.

5. Government has also introduced a range of policies to support the development of I&T both on the hardware and software sides.

#### Hardware

6. With the completion of the Hong Kong Science Park Phase 3 starting from 2013, the gross floor space will be increased by 47% to 330,000 m<sup>2</sup> upon its full completion in 2016. It will accommodate an additional 150 companies with around 4,000 R&D related jobs.

#### Software

7. The Innovation and Technology Fund (ITF) provides financial support for applied R&D. We have already completed the first phase of the review of ITF's funding mechanism and introduced improvement measures, including extending the scope of ITF to cover the production of prototypes/samples and the trial schemes to be conducted in the public sector. We have also reviewed the General Support Programme under the Fund, with a view to better utilising it for helping industry upgrade and creating an I&T culture. The \$200 million R&D Cash Rebate Scheme was also launched in April 2010. As at end-September 2011, 310 applications were approved involving over \$8.2 million cash rebate. We intend to continuously review our policies to create greater impetus to the development of I&T.

### **(c) Earmarking Land in Planning for Developing Innovation and Technology. Capitalising on the Edge of Hong Kong-Mainland Connection to Establish a Platform for I&T**

#### Land

8. To ensure optimal utilisation of land in the three existing Industrial Estates (IEs), the Hong Kong Science and Technology Parks Corporation (HKSTP) will continue to implement revitalisation measures, including encouraging grantees who are not fully utilising their IE sites to consider new projects or to look for new grantees by way of assignment.

9. Furthermore, both the North East New Territories New Development Areas (NDAs) and the Lok Ma Chau Loop sites are identified for high technology development, in which some 40 hectares of land to the north of Ping Che/Ta Kwu Ling NDAs have been reserved as

special industrial land for meeting long-term demand. The Lok Ma Chau Loop is planned primarily for higher education with supplementary elements on high technology R&D as well as cultural and creative industries. These two areas are still at their early planning stage, and we are working closely with the relevant departments to capitalise on the new development opportunities.

### Hong Kong-Mainland connection

10. Hong Kong is populated with only 7 million people. With a small domestic market, the best way of developing our I&T sector is to collaborate with the Mainland for reaching out to a bigger market as well as tapping into a much larger pool of manpower supply especially on the manufacturing and front line R&D aspect.

11. We are most encouraged that the National 12th Five Year Plan has devoted an individual chapter to Hong Kong and Macao, setting out clearly Central Government's support for the six new economic areas including the innovation and technology sector.

12. At a recent visit to Hong Kong, Vice-Premier Li Keqiang announced that the Central Government would step up effort to support Hong Kong in improving its innovation abilities such as expanding and deepening technological cooperation between the Mainland and Hong Kong, integrating our resources into Mainland's national innovation system, etc. Two new initiatives were introduced – (i) building the Hong Kong branch of national engineering technology research centres; and (ii) helping the setting up of high-tech industrial base in Hong Kong. We are actively following these up with our Mainland counterparts.

13. The sixth meeting of the Mainland/Hong Kong Science and Technology Co-operation Committee co-chaired by the Vice-Minister of Science and Technology and the Secretary for Commerce and Economic Development was held in Chengdu on 30 August this year. Both sides have agreed on initiatives to best dovetail with the 12th Five-Year Plan, including -

- promoting Hong Kong's participation in national science and technology programmes;
- nomination of Hong Kong experts to be included in the National Science and Technology Programmes Expert Database, etc.

14. As for Shenzhen/Hong Kong cooperation, progress has been made in various joint projects under the Three-Year Action Plan (2009-2011) of the Shenzhen/Hong Kong Innovation Circle. On 17 August 2011, the Shenzhen-based BYD Co. Ltd signed a memorandum of understanding on cooperation with Hong Kong research institutes to jointly develop electric vehicles. It will also set up an R&D centre in Hong Kong Science Park.

**(d) Providing Local Universities and Technological Research Institutes with Sufficient Resources to Train More Talents for Developing I&T and Promoting the Productisation of University Technological Research Projects**

15. The Government attaches great importance to the development of science and technology by universities. Starting from 2009-10, the University Grant Council (UGC) has begun to use the investment income of the \$18 billion Research Endowment Fund to support basic research. Applied R&D activity is supported by the ITF as mentioned above. ITC has also been working closely with the knowledge and technology transfer offices of local universities. For instance, ITC is reviewing its policies on Intellectual Property (IP) in regard to ITF projects. It also co-organised the Forum on Creating Synergy in Innovation and Technology on 8 July, which attracted the attendance of 4 Consul Generals (CGs) (Ambassador Amikam Levy, Consul General of Israel; Ambassador Stephen M. Young, Consul General of the United States; the Honourable Werner Hans Lauk, Consul General of Germany and the Honourable Alastair Morgan, British Consul-General, Guangzhou) and many eminent enterprises.

**(e) Expeditiously Reforming Hong Kong's Existing Patent Application System**

16. The Government is conducting a comprehensive review on the patent system and intends to issue a public consultation paper and set up an expert committee in the third quarter this year. It is hoped that, after collecting views from different stakeholders, the Government's proposed way forward can be announced in the first half of next year.

**(f) Creating an Atmosphere and Cultural Environment of Universal Support for Promoting I&T and Fostering the Development of a Digital Economy**

### Innovation culture

17. Featuring a wide range of promotional activities, this year's InnoTech Month will be launched in late October and spanning to early December. It has received support from about 50 programme partners including universities, R&D centres, professional bodies, government departments, technology enterprises and youth education organisations. There will be some 80 booths showcasing various aspects of I&T.

18. We will also continue the "Innovation and Technology Scholarship Award Scheme" which aims to nurture future leaders in science and technology, with the sponsorship of The Hongkong Bank Foundation.

### Fostering the development of a digital economy

19. Early in 11 July, the Government briefed the LegCo Panel on Information Technology and Broadcasting on the progress of initiatives facilitating a digital economy under the Digital 21 Strategy. The Government continues to launch a series of relevant initiatives such as –

- (a) formulating and implementing policies in promoting the development of data centres, providing support services and relevant information for parties interested in setting up data centres and exploring the feasibility of providing suitable land for the development of high-tier data centres;
- (b) promoting Hong Kong as a hub for trade, investment and innovation in the international context of information and communications technology (ICT);
- (c) promoting wider use of ICT among small and medium enterprises; and
- (d) making ongoing efforts in creating an environment in which a well-qualified information technology workforce can flourish and meet the needs of the society.

### **(g) Learning from the Experience of Developing Cyberport**

20. The Cypberport project is an example of public private partnership (PPP). The PPP model has enabled the Cyberport project completed in the shortest possible time and that Government received a

reasonable return while its risk involved in the project development was minimal.

21. Cyberport has formed a strategic cluster of ICT and related companies as well as a critical mass of professional talents. It is home to over 60 companies and some half of them have an overseas origin. The IncuTrain Centre also admitted a total of 122 companies as incubatees. The incubatees have won 81 local and international industry awards and created 100 intellectual properties.

Innovation and Technology Commission  
October 2011

(Translation)

**Motion on**  
**“Studying the establishment of an innovation and technology bureau”**  
**moved by Dr Hon Samson TAM Wai-ho**  
**at the Legislative Council meeting**  
**of Wednesday, 6 July 2011**

**Motion as amended by Dr Hon PAN Pey-chyou and Hon Emily LAU Wai-hing**

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That with the constant changes and rapid development of new technologies in recent years and the resultant new challenges faced by the global economy, the development of an Internet-based economy is already an inevitable trend, and innovation and technology have also become a new development strategy of many countries, therefore, Hong Kong, while continuing to develop traditional industries, must formulate afresh a sustainable economic development strategy, so that through the development of new industries including innovation and technology, Hong Kong's competitiveness can be further upgraded; according to the findings of a survey on 'How the Internet is transforming Hong Kong's economy', in 2009, the total value of Hong Kong's Internet economy was already close to HK\$100 billion, representing 5.9% of the Gross Domestic Product ('GDP'), and it is expected that the Internet economy will continue to grow in the future at a rate even higher than the overall GDP growth rate, showing that the Internet economy will help upgrade Hong Kong's competitiveness vis-a-vis its neighbouring countries and cities, and will even become an important segment that can drive Hong Kong's economic progress and development; in order to facilitate the rapid and sustainable development of the Internet economy, the Government's participation and policy support are indispensable key elements; in this connection, this Council urges the Government to:

- (a) proactively study the establishment of an innovation and technology bureau specially tasked to co-ordinate and formulate Hong Kong's overall strategy of developing innovation and technology, so as to manifest the Government's determination and commitment in promoting the development of innovation and technology, and upgrade Hong Kong's international status in this respect;
- (b) provide preferential policies including land and taxation concessions, etc., to attract more enterprises on the Mainland and overseas, especially large technological enterprises, to come to Hong Kong for development or even set up headquarters in Hong Kong, so as to bring fresh impetus to Hong Kong's Internet economy and create more local employment opportunities, with a view to achieving economic development with employment as the priority;

- (c) earmark land in planning for developing innovation and technology, including using existing industrial estates, the Hong Kong Science Park and the land in the border river-loop areas as bases for innovation and technological research as well as the development of the relevant industries; and at the same time, capitalize on the edge of Hong Kong-Mainland connection to establish a platform for innovation and technology industries in the two places, so as to achieve co-ordination and complementarity of edge;
- (d) provide local universities and technological research institutes with sufficient resources, including specifying that the resources the Government puts into research and development must occupy a certain proportion in the Gross Domestic Product, and to tie in the relevant policies, so as to train more talents for developing innovation and technology, and promote the productization of university technological research projects; with the large enterprises from the Mainland and overseas coming to develop in Hong Kong, increase the opportunities for their exchanges with local talents, so as to upgrade the skills, quality and visions of local talents;
- (e) expeditiously reform Hong Kong's existing patent application system, including considering the progressive introduction of an 'original grant patent system' and enhancing the existing short-term patent system, so as to perfect Hong Kong's systems of patented invention and innovative design; and at the same time, protect the rights and interests of patent applicants, so as to enable local creativity to receive appropriate protection; and
- (f) strive for social and public recognition of developing innovation and technology in Hong Kong, so as to create an atmosphere and cultural environment of universal support for promoting innovation and technology and fostering the development of the Internet economy; and
- (g) learn from the bitter experience of developing Cyberport, adopt a transparent, open, fair and impartial approach to attract investors to develop in Hong Kong, and refrain from packaging property development projects as innovation and technology schemes.