

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 36th meeting
held at Conference Room 1 of the Legislative Council Complex
on Saturday, 14 February 2015, at 1:10 pm

Members present:

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)
Hon CHAN Kin-por, BBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon CHAN Kam-lam, SBS, JP
Hon LEUNG Yiu-chung
Dr Hon LAU Wong-fat, GBM, GBS, JP
Hon Emily LAU Wai-hing, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, GBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon WONG Kwok-hing, BBS, MH
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Cyd HO Sau-lan, JP
Hon Starry LEE Wai-king, JP
Dr Hon LAM Tai-fai, SBS, JP
Hon CHAN Hak-kan, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Alan LEONG Kah-kit, SC

Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man
Hon Claudia MO
Hon NG Leung-sing, SBS, JP
Hon Steven HO Chun-yin
Hon WU Chi-wai, MH
Hon YIU Si-wing
Hon Gary FAN Kwok-wai
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Dr Hon Kenneth CHAN Ka-lok
Hon LEUNG Che-cheung, BBS, MH, JP
Dr Hon KWOK Ka-ki
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon SIN Chung-kai, SBS, JP
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, JP
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, BBS, MH, JP
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
Hon Tony TSE Wai-chuen, BBS

Members absent:

Hon James TO Kun-sun
Hon Vincent FANG Kang, SBS, JP
Hon Ronny TONG Ka-wah, SC
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Hon Paul TSE Wai-chun, JP
Hon Michael TIEN Puk-sun, BBS, JP
Hon James TIEN Pei-chun, GBS, JP
Hon Frankie YICK Chi-ming
Hon CHAN Yuen-han, SBS, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, JP
Hon KWOK Wai-keung

Hon Dennis KWOK
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Hon TANG Ka-piu, JP
Hon CHUNG Kwok-pan

Public officers attending:

Professor K C CHAN, GBS, JP	Secretary for Financial Services and the Treasury
Ms Elizabeth TSE Man-yee, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) ¹
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Gregory SO Kam-leung, GBS, JP	Secretary for Commerce and Economic Development
Miss Susie HO, JP	Permanent Secretary for Commerce and Economic Development (Communications and Technology)
Mr Joe WONG, JP	Deputy Secretary for Commerce and Economic Development (Communications and Technology)
Miss Janet WONG, JP	Commissioner for Innovation and Technology
Mr Johann WONG, JP	Deputy Commissioner for Innovation and Technology
Mr Victor LAM, JP	Acting Government Chief Information Officer
Miss Joey LAM, JP	Deputy Government Chief Information Officer (Policy and Community)

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Mr Derek LO	Chief Council Secretary (1)5
Mr Daniel SIN	Senior Council Secretary (1)7
Mr Raymond SZETO	Council Secretary (1)5
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Michelle NIEN	Legislative Assistant (1)5
Miss Yannes HO	Legislative Assistant (1)6

Action

**Item No. 1 – FCR(2014-15)36
RECOMMENDATION OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 11 JUNE 2014**

**Item No. 2 – FCR(2014-15)37
NEW HEAD "GOVERNMENT SECRETARIAT :
INNOVATION AND TECHNOLOGY BUREAU"**

**HEAD 47 – GOVERNMENT SECRETARIAT :
OFFICE OF THE GOVERNMENT CHIEF
INFORMATION OFFICER**

**HEAD 55 – GOVERNMENT SECRETARIAT :
COMMERCE AND ECONOMIC DEVELOPMENT
BUREAU (COMMUNICATIONS AND
TECHNOLOGY BRANCH)**

**HEAD 155 – GOVERNMENT SECRETARIAT :
INNOVATION AND TECHNOLOGY COMMISSION**

The meeting continued with the joint discussion of the items FCR(2014-15)36 and FCR(2014-15)37 for the establishment of the Innovation and Technology Bureau ("ITB").

Establishment of the Innovation and Technology Bureau

2. Mr CHAN Han-pan, Mr IP Kwok-him and Mr WONG Kwok-hing expressed support for the establishment of ITB and said that other countries and regions had accorded high priority to policies on innovation and technology.

3. Mr IP Kwok-him, Mr WONG Kwok-hing and Dr Priscilla LEUNG expressed opposition against filibustering tactics to delay the establishment of ITB. Dr Priscilla LEUNG cited Israel as an example to illustrate how its countrymen demonstrated patriotism by contributing to local technological

development, and how this contrasted sharply with the present situation in Hong Kong where proposals for developing technology faced serious obstruction.

4. Ms Emily LAU criticized the Administration for intervening with the administration of universities in Hong Kong. She asked how long it would take for the proposed ITB to commence operation upon the Committee's approval. Permanent Secretary for Financial Services and the Treasury (Treasury) said that preparation for the establishment of ITB had largely been completed and the new Bureau would be able to operate shortly upon the Committee's approval of the items under discussion.

5. Commenting that the Administration had yet to formulate a vision and a strategy for developing innovation and technology in Hong Kong, Mr IP Kin-yuen asked whether the Administration would consider establishing a consultative committee to plan and consult for a comprehensive strategy before deciding on the establishment of ITB. Mr Albert CHAN and Mr Alan LEONG shared his view. Secretary for Commerce and Economic Development ("SCED") said that issues regarding the justifications for establishing ITB had been thoroughly deliberated in various committees of the Legislative Council, and establishing a bureau dedicated for high-level policy formulation and coordination was considered the most suitable arrangement.

6. Mr Albert HO asked how the establishment of ITB would boost the support for innovation and technology industries in Hong Kong. SCED said that ITB could provide high-level leadership and dedicated policy focusing on innovation and technology, which were long overdue.

7. Mr LEE Cheuk-yan said that support and funding for innovation and technology was already available under the existing organizational structure of the Administration and the establishment of ITB was unnecessary.

8. Ms Claudia MO and Dr Helena WONG said that the Administration's submissions on the items for establishment of ITB did not provide a clear justification and criticized the Administration for its reluctance to answer members' questions. They criticized the Administration for expediting the funding process for the proposed ITB to reward the supporters of the Chief Executive.

Financing technological start-ups

9. Mr WU Chi-wai asked how the Administration would co-ordinate among the new ITB, the Commerce and Economic Development Bureau ("CEDB") and the Financial Services and the Treasury Bureau ("FSTB") in

attracting investment from the private sector to finance technological start-ups and how the new ITB could resolve the difficulties currently encountered.

10. Secretary for Financial Services and the Treasury said that broadly speaking, FSTB was responsible for supervising the financial market and developing the financial infrastructure and upon its establishment, ITB would provide policy leadership in the development of innovation and technology which included channels for funding support for technological start-ups. SCED said that the Administration was keenly aware of the so-called "valley of death" faced by many technological start-ups during which they lacked capital to continue with their business before they could generate revenues. In this connection, the Administration was exploring with the Securities and Futures Commission the feasibility of crowdfunding, which might fill the gap in capital needed by these start-ups. ITB would continue with the current efforts of the Administration in attracting angel investors and venture capital to achieve a critical mass in financing technological start-ups.

Commercialization of innovations

11. Ms Cyd HO said that the principal obstacle to promoting innovation and technology and related employment opportunities was the lack of land provision for the production of commercialized innovations. She urged the Administration to review its land policy so that there would be sufficient land for local manufacturing and production of commercialized innovations.

12. SCED said that commercialization of innovations was not necessarily done locally and collaborations with other locations were common. Deputy Commissioner for Innovation and Technology supplemented that the Administration had been providing support for commercialization.

13. Mr LEUNG Kwok-hung expressed doubt about how local innovations could be promoted to Mainland and other countries successfully.

14. Ms Cyd HO said that the Administration should revitalize manufacturing industries in Hong Kong for better utilization of local innovations, such as the textile and apparel industries. Mr Albert HO shared the same view. Dr LAM Tai-fai said that textile and apparel industries constituted an integral part of high value-added industries in Hong Kong. Dr Fernando CHEUNG pointed that one of the research and development ("R&D") centres under the Innovation and Technology Fund ("ITF") was the Hong Kong Research Institutes of Textile and Apparel.

15. SCED said that innovation produced by R&D centres could be utilized in a wide range of manufacturing industries including the textile and apparel industry, but the issue of revitalizing manufacturing industries was unrelated to the present discussions on establishment of ITB.

16. Ms Emily LAU enquired whether the Administration would adopt commercialized local innovations in its procurement of supplies for the Government. Commissioner for Innovation and Technology said that while the Administration was unable to give priority to local products as it was bound by procurement principles under the World Trade Organization, Government departments were encouraged to adopt local innovations on a free-of-charge basis. The Public Sector Trial Scheme under ITF provided funding for local R&D supported by ITF to be used in the public sector for free. Mr CHAN Chi-chuen said that the Administration's refusal to give priority to commercialized local innovations in its procurement was not conducive to driving innovation and technology.

Other issues

17. Dr LAM Tai-fai requested the Administration to address the rumour on the prospective appointee of the Secretary for Innovation and Technology. The Chairman said that the question had been repeatedly asked and the Administration had responded.

18. Dr Helena WONG said that the CEDB should be held accountable for ineffective policies on innovation and technology. She expressed disagreement with the Administration's approach of creating new bureaux to address shortfalls in policymaking.

19. Dr Fernando CHEUNG said that the administrative expenses constituted an unreasonably large proportion of total expenses on research projects under ITF.

20. Mr Gary FAN asked whether the Administration had quantitative targets for development of creative industries, such as the number of employees concerned and the economic contribution of these industries as a percentage of Gross Domestic Product of the territory. SCED said that creative industries were not under the purview of the proposed ITB.

Motion to adjourn discussion on item FCR(2014-15)36

21. Mr Albert HO moved, without notice, discussion on item FCR(2014-15)36 be then adjourned pursuant to paragraph 39 of the Finance Committee Procedure.

22. The Chairman thereupon put the question on Mr Albert HO's motion and directed that each member, when speaking on the question, could speak once for not more than three minutes each.

23. Mr Albert HO introduced his motion. He expressed dissatisfaction towards the lack of a clear strategy in driving policies on innovation and technology, and commercialization of R&D outcomes. He said that the Administration should consider alternative arrangements such as establishing a high-level consultative committee to review existing policies and to formulate a comprehensive strategy for innovation and technology.

24. Mr IP Kin-yuen, Dr Helena WONG, Mr Gary FAN, Mr CHAN Chi-chuen, Mr LEUNG Kwok-hung, Ms Cyd HO, Mr Alan LEONG, Dr KWOK Ka-ki and Mr LEE Cheuk-yan expressed support for the motion. In gist, members who supported the motion criticized the Administration for its reluctance to address queries and concerns raised. These members also urged the Administration to offer a clear vision and a strategy in driving policies in innovation and technology before establishing ITB. Members expressed disagreement with the Administration's approach of expediting the funding process for the proposed establishment of ITB by withdrawing other items. The Administration's motive of establishing ITB was also questioned by the members.

25. Dr Priscilla LEUNG, Dr Elizabeth QUAT and Mr CHAN Kin-por expressed opposition against the motion. In gist, these members expressed disagreement with using filibustering tactics to stall the Chief Executive's efforts in establishing ITB. These members considered that the proposed ITB was crucial in driving policies on innovation and technology, which had already fallen behind regional competitors.

26. When Dr KWOK Ka-ki was making his speech, the Chairman reminded him that the remarks "橡皮圖章" and "厚顏無恥" in his speech had been ruled by the President of the Legislative Council in the past to be offensive and insulting language about Members. Dr KWOK Ka-ki retracted those expressions.

Action

27. Mr LEE Cheuk-yan and Dr Helena WONG raised "a point of order" that some of the remarks in the speech that Dr Elizabeth QUAT made earlier was insulting and violated Rule 41(4) of the Rules of Procedure. The Chairman said that he would not deal with the matter, because Dr QUAT spoke some time ago and no member took issue about that on the spot.

28. The Chairman declared that the meeting be adjourned and the Committee would continue with the debate on the motion at the next meeting after a break of 10 minutes.

29. The meeting was adjourned at 3:12 pm.

Legislative Council Secretariat

12 June 2015