

**立法會**  
***Legislative Council***

LC Paper No. FC59/15-16

(These minutes have been  
seen by the Administration)

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**Finance Committee of the Legislative Council**

**Minutes of the 75<sup>th</sup> meeting  
held at Conference Room 1 of the Legislative Council Complex  
on Saturday, 18 July 2015, at 11:10 am**

**Members present:**

Hon Tommy CHEUNG Yu-yan, GBS, JP (Chairman)

Hon CHAN Kin-por, BBS, JP (Deputy Chairman)

Hon Albert HO Chun-yan

Hon LEE Cheuk-yan

Hon James TO Kun-sun

Hon LEUNG Yiu-chung

Hon Emily LAU Wai-hing, JP

Hon TAM Yiu-chung, GBS, JP

Hon WONG Kwok-hing, BBS, MH

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 IP Kwok-him, GBS, JP

Hon Mrs Regina IP LAU Suk-yee, GBS, JP

Hon Paul TSE Wai-chun, JP

Hon LEUNG Kwok-hung

Hon Albert CHAN Wai-yip

Hon WONG Yuk-man

Hon Claudia MO

Hon Michael TIEN Puk-sun, BBS, JP  
Hon NG Leung-sing, SBS, JP  
Hon Steven HO Chun-yin, BBS  
Hon Frankie YICK Chi-ming, JP  
Hon YIU Si-wing, BBS  
Hon Gary FAN Kwok-wai  
Hon MA Fung-kwok, SBS, JP  
Hon Charles Peter MOK, JP  
Hon CHAN Chi-chuen  
Hon CHAN Yuen-han, SBS, JP  
Hon LEUNG Che-cheung, BBS, MH, JP  
Hon KWOK Wai-keung  
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  
Hon Martin LIAO Cheung-kong, SBS, JP  
Dr Hon CHIANG Lai-wan, JP  
Ir Dr Hon LO Wai-kwok, SBS, MH, JP  
Hon CHUNG Kwok-pan  
Hon Christopher CHUNG Shu-kun, BBS, MH, JP  
Hon Tony TSE Wai-chuen, BBS

**Members absent:**

Hon CHAN Kam-lam, SBS, JP  
Dr Hon LAU Wong-fat, GBM, GBS, JP  
Hon Abraham SHEK Lai-him, GBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon Vincent FANG Kang, SBS, JP  
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN  
Hon Ronny TONG Ka-wah, SC  
Dr Hon LEUNG Ka-lau  
Hon CHEUNG Kwok-che  
Hon WONG Kwok-kin, SBS  
Hon Alan LEONG Kah-kit, SC  
Hon James TIEN Pei-chun, GBS, JP  
Hon WU Chi-wai, MH  
Hon CHAN Han-pan, JP

Dr Hon Kenneth CHAN Ka-lok  
Hon Kenneth LEUNG  
Hon Alice MAK Mei-kuen, BBS, JP  
Dr Hon KWOK Ka-ki  
Hon Dennis KWOK  
Hon POON Siu-ping, BBS, MH  
Hon TANG Ka-piu, JP

**Public officers attending:**

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) <sup>1</sup>
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)
Mr Johann WONG, JP	Acting Commissioner for Innovation and Technology
Mr Victor LAM Wai-kiu, JP	Deputy Government Chief Information Officer (Consulting and Operations)
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) <sup>5</sup>
Mr Daniel SIN	Senior Council Secretary (1) <sup>7</sup>

Mr Raymond SZETO  
Mr Frankie WOO  
Ms Michelle NIEN  
Miss Yannes HO

Council Secretary (1)5  
Senior Legislative Assistant (1)3  
Legislative Assistant (1)5  
Legislative Assistant (1)6

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Action

**Item No. 5 – FCR(2014-15)36A**

**NEW HEAD "GOVERNMENT SECRETARIAT : INNOVATION  
AND TECHNOLOGY BUREAU"**

**Subhead 000 Operational Expenses**

**Item No. 6 – FCR(2014-15)37A**

**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 Committee continued with the joint discussion of the items FCR(2014-15)36A and FCR(2014-15)37A related to the establishment of a new Innovation and Technology Bureau ("ITB").

Need for a dedicated policy bureau

2. Mr Albert HO stressed that the opposition from the members of pan-democrat camp to the proposed ITB had been raised repeatedly. The policy portfolio of the proposed ITB was small compared with other policy bureaux. The Administration could not provide details on the long-term policies for developing high value-added industries. Mr HO sought clarification on why the Administration was incapable of fostering technology development or formulate strategic policies on innovation and technology without setting up a new ITB.

3. Secretary for Commerce and Economic Development ("SCED") replied that the Administration had all along been making efforts to formulate initiatives on promoting innovation and technology over the past years. For example, funding had been provided for the Phase 3 development of the Hong Kong Science and Technology Parks ("Science Park"), and the Public Sector Trial Scheme under the Innovation and Technology Fund ("ITF") had been launched to provide funding support for producing prototypes and conducting trial schemes in the public sector to facilitate the commercialization of the research and development ("R&D") results. SCED stressed that with the proposed ITB, the Administration would be better able to provide dedicated focus and intensify its efforts to promote the development of innovation and technology.

4. Mr IP Kin-yuen considered that the policy initiatives on innovation and technology implemented by the Administration over the past few years lacked substance. The Administration should first devise a concrete proposal on the policy framework for fostering the development of innovation and technology in order that it could convince members that the proposed ITB would have clear and specific objectives to achieve.

5. Mr Albert CHAN expressed disbelief in the Administration's need for a dedicated policy bureau for innovation and technology as he considered that the Administration should first deal with other more pressing issues in the society such as poverty.

6. Dr Fernando CHEUNG declared that he was a teaching staff of Hong Kong Polytechnic University ("PolyU") and quoted a case of the first commercial electric vehicle developed in Hong Kong by PolyU to illustrate the inadequate support given for commercialization of local innovations. Due to insufficient funding support of the Innovation and Technology Fund for the research and development of the electric vehicle, the technology of electric vehicle had to be sold to a company in the United States and the vehicle was launched there instead of Hong Kong.

7. Dr Fernando CHEUNG expressed doubt on the need for a new ITB and its effectiveness in fostering innovation and technology since the Administration had not yet formulated its vision and strategy on innovation and technology. He relayed concerns expressed by various sectors, including the information technology ("IT") sector, regarding the difficulties in getting the Administration's response in their liaison with various government departments. He considered that the lack of relevant expertise and professionals in Hong Kong, rather than the lack of a new ITB, was the main obstacle to the development of innovation and technology.

8. Mr Jeffrey LAM expressed support for the establishment of the proposed ITB and said that there was already a consensus among various sectors of the community on its establishment. The new ITB would bring about career opportunities to the young people in Hong Kong. By spending more on research and development, some regional competitors, such as Singapore, Taiwan and South Korea, had surpassed Hong Kong in terms of technology development. In view of the rapid technology development in the Mainland, collaboration between the technology industries of Hong Kong and the Mainland should be encouraged.

9. Ir Dr LO Wai-kwok commented that while the target expenditure on R&D as a percentage of Gross Domestic Product ("GDP") of the Mainland in 2015 would be 2.2%, Hong Kong's expenditure on R&D remained low at 0.7%. Ir Dr LO said that the strategies for fostering innovation and technology in Hong Kong were already in place, and therefore, the establishment of a dedicated policy bureau on technology development was justified. Citing the application of technology as one of the directions under the action plan of the Mainland authorities in strengthening water management and preventing pollution, Ir Dr LO stressed that technology could be widely used to benefit people's livelihood in a community.

10. Mr CHAN Kin-por said that the development of innovation and technology would no doubt generate employment opportunities for the youth as they were interested and talented in technology. To illustrate his point, Mr CHAN quoted some world-renowned technology enterprises in Shenzhen the workforce which comprised a sizeable proportion of young employees.

11. During Mr CHAN Kin-por's speech, Mr Albert CHAN spoke loudly in the meeting room. The Chairman asked Mr CHAN to stop speaking.

12. Dr Elizabeth QUAT said that members and the community at large recognized the importance of innovation and technology to Hong Kong. The technology sector and commercial sector had all along hoped that a dedicated bureau on innovation and technology would be established as early as possible. Hong Kong had fallen behind neighbouring cities in terms of competitiveness in science and technology.

13. During Dr Elizabeth QUAT's speech, Mr LEUNG Kwok-hung spoke loudly in his seat. The Chairman asked Mr LEUNG not to interrupt other members when they were speaking.

14. Mr Christopher CHEUNG expressed support for the establishment of the proposed ITB. He remarked that the development of innovation and technology could reduce the over-reliance of Hong Kong's economy on a few industries. Technology development could foster economic development and enhance the competitive advantage of Hong Kong.

15. Dr LAM Tai-fai requested the Administration to address the rumour that Mr Nicholas YANG, currently the Advisor to the Chief Executive on Innovation and Technology, would be the prospective appointee of the Secretary for Innovation and Technology ("S for IT") upon the establishment of ITB. He suggested that SCED might consider proposing to the Chief Executive to appoint Mr Nicholas YANG as an Under Secretary so as to kick-start the work on development of innovation and technology before the approval of the Finance Committee was given to the proposals under discussion. Sharing a similar view, Mr CHAN Chi-chuen suggested that the Administration should consider creating a new branch under the Commerce and Economic Development Bureau ("CEDB") and an additional post of Under Secretary. SCED replied that the appointment of the S for IT would be made by the Central People's Government. The Administration considered the creation of the position of Director of Bureau with dedicated focus on innovation and technology the best option.

#### Envisaged role of the proposed Innovation and Technology Bureau

16. Mr Albert CHAN criticized that the proposed ITB would provide opportunities for collusion between the Administration and selected business sectors. Criticizing the initiative of Cyberport development, which purportedly aimed to promote advanced technology industries in Hong Kong but had become a real estate development, he cast doubt on the effectiveness of the proposed ITB in fostering innovation and technology.

17. Quoting a message mentioned by a member of the Executive Council that the shortage of land and labour in Hong Kong could not support the development of high value-added industries, Mr Albert CHAN opined that the Administration's initiative to promote innovation and technology as a means to foster the development of high value-added industries was infeasible. He cast doubt on the achievement of the proposed ITB as anticipated by members of the pro-establishment camp. Mr CHAN commented that the proposed ITB would only serve as another channel for transfer of benefits between the Government and selected business sectors.

18. Mr LEUNG Kwok-hung said that the success of one of the renowned technology enterprises in Shenzhen, which was quoted by some members at the

previous meeting, was in fact reliant on the funding injection by the relevant Mainland authority rather than a home grown business. He opined that education development would underpin technology development; however, the Government expenditure on education in Hong Kong was considerably lower than that of developed countries. Mr LEUNG added that the strategies of other regions, such as Singapore, Taiwan, and New York, would only focus on specific areas of innovation and technology development. Quoting a view expressed by Mr Nicholas YANG that the proposed ITB would provide a platform to encourage more R&D investment from the commercial sector, Mr LEUNG expressed reservations on the effectiveness of the new ITB in boosting R&D investment.

19. Mr LEUNG Kwok-hung also expressed doubts on whether the expertise and experience of Mr Nicolas YANG were relevant in leading a policy bureau to foster the development of innovation and technology. Mr WONG Yuk-man shared this view.

#### Transfer and allocation of policy responsibilities

20. Ms Emily LAU opposed the establishment of the proposed ITB as the Administration's proposals lacked necessary details. Ms LAU noted that under the current proposal, the new ITB would not take up the policy areas relating to creative industries, broadcasting and film. Ms LAU asked SCED to clarify whether he was so fully loaded with the other existing work areas of CEDB that he did not have the capacity to take up the policy portfolio on innovation and technology, and whether he had proposed not to transfer the portfolio of creative industries to the new ITB.

21. Mr CHUNG Kwok-pan shared a similar view of Ms Emily LAU about the transfer of the policy responsibilities and he considered the proposed policy portfolio of the new ITB too narrow. He suggested that if the policy areas relating to creative industries, broadcasting and intellectual property, together with Innovation and Technology Commission ("ITC") and the Office of the Government Chief Information Officer ("OGCIO"), were transferred from CEDB to the new ITB, there would be seven policy areas under the purview of CEDB and five policy areas under the new ITB. In that way, there would be a better balance of the policy responsibilities and workload between CEDB and the new ITB.

22. In response, SCED said that a Technology and Communications Bureau, instead of ITB, was proposed under the re-organisation of the Government Secretariat in 2012. In view of the growing importance of innovation and technology in the global trend nowadays, the ITB was proposed



to foster technology development in Hong Kong. The policy portfolios of the proposed ITB, covering those of the existing ITC and OGCIO such as the Cyberport and Science Park developments, were considered wide in scope.

23. SCED added that creative industries included design, architecture, advertising, film, music, television, and publishing etc., which were closely related not only to innovation and technology sectors but also to other policy portfolios such as broadcasting and intellectual property. Keeping the policy oversight of creative industries and broadcasting under CEDB would allow more room for the future ITB to focus on the development of innovation and technology in Hong Kong. Nevertheless, the Administration was open-minded to the proposed transfer of such portfolios to the ITB in future depending on development needs.

24. Mr CHAN Chi-chuen sought clarification on the time and efforts devoted to innovation and technology development within the current term of office of SCED and the work to be transferred to the new ITB. SCED replied that it was difficult to quantify the time and efforts he had spent on individual policy areas under his purview, which covered a broad range of policy responsibilities. Meetings had been held regularly for various issues including innovation and technology. A new dedicated policy bureau could provide stronger policy co-ordination across innovation and technology sectors to enhance the synergy.

#### Operation of the proposed Innovation and Technology Bureau

25. Mr LEUNG Che-cheung urged for the expeditious establishment of an ITB. The leadership of professionals with relevant expertise would be crucial to the policy formulation for the development of innovation and technology. He sought clarification on whether the addition of manpower for the new ITB would comprise professionals of innovation and technology.

26. SCED advised that there would be a net increase of 26 posts in the new ITB. Permanent Secretary for Commerce and Economic Development (Communications and Technology) added that there would be a total of 34 posts in the ITB, among which eight posts would be transferred from the CEDB. The ITC and OGCIO under the purview of the proposed ITB would comprise around 1 000 existing posts.

#### Expenditure on research and development

27. Mr Tony TSE said that the architectural sector supported the proposed ITB and urged for its establishment as soon as practicable. Given

that the expenditure on R&D as a share of GDP of technologically advanced competitors in the region had significantly surpassed that of Hong Kong, Mr TSE sought information on whether the Administration considered the R&D investment in the past inadequate and whether it had any plan to increase the expenditure on R&D upon the establishment of the proposed ITB.

28. SCED replied that the ITF had provided funding support to around 4 400 projects and five R&D Centres amounting to around \$9.3 billion since it was established in 1999. The proposed ITB would formulate policies to encourage various sectors to increase investment in R&D to upgrade their technological level and develop the high value-added industries. He added that both the Administration and the sectors could increase investment in R&D as driven by the market forces.

#### Comments on members' stances regarding the items

29. Quoting the messages he had received from some of the practitioners of Information Technology sector, Mr Charles MOK said that the views of the IT sector on the proposed ITB were diversified. Mr MOK stressed that he was in support of the establishment of ITB and he, being a member representing the Information Technology functional constituency, would strive to lobby support from pan-democrat members and the IT sector.

30. Mr Christopher CHUNG read passages from two newspaper articles published in January 2014 in which Mr Charles MOK expressed supporting views on the establishment of ITB and criticized Mr MOK for taking a different stance on the proposed ITB at the meeting.

31. Dr Elizabeth QUAT said that the establishment of ITB had been a long-held consensus among various sectors of the community. Dr QUAT opined that Mr Charles MOK should make an effort to lobby the support of pan-democrat members to stop filibustering and to approve the items expeditiously.

32. Mr TAM Yiu-chung pointed out that the proposal on the establishment of a dedicated policy bureau for overseeing policies on innovation and technology had in fact been submitted under the proposed re-organization of the Government Secretariat before the incumbent Chief Executive had taken up his office. Mr TAM said that, according to a media report, Mr Charles MOK had suggested to the incumbent Chief Executive to establish a new ITB and promised to lobby support from pan-democrat members.

33. Mr Charles MOK interrupted Mr TAM Yiu-chung's speech and tried to clarify a comment of Mr TAM about him. The Chairman asked Mr MOK to stop speaking.

34. Dr CHIANG Lai-wan appealed to members to support the establishment of the proposed ITB. She held the view that funding support should be given to the establishment of the proposed ITB so as to hire a team of professionals to devise strategies on innovation and technology. Upon the establishment of ITB, comprehensive strategies for promoting innovation and technology could be formulated, and members could then assess the effectiveness of the policies implemented by the new ITB.

35. Mr KWOK Wai-keung expressed support for the proposed ITB. He opined that while it was difficult for the proposed bureau to produce impact in short term, the proposed ITB should be given a chance to take forward the strategy for innovation and technology. As regards some members' views on development of manufacturing industries in Hong Kong for better utilization of local innovations, Mr KWOK commented that the high value-added industries should be developed as the high land cost in Hong Kong was an obstacle to the establishment of a manufacturing base for technology industries.

Speed of the Committee in deliberating the items

36. Mr Jeffrey LAM, Mr LEUNG Che-cheung, Ir Dr LO Wai-kwok, Mr KWOK Wai-keung, Mr Christopher CHEUNG, Mr CHAN Kin-por, Dr Elizabeth QUAT, Mr Christopher CHUNG, Ms Starry LEE and Mr TAM Yiu-chung criticized pan-democrat members for procrastinating the funding process and stalling the Government's efforts in establishing ITB through filibustering on the proposals. They opined that the establishment of ITB should not be further delayed due to members' political stances, lest the economic development of Hong Kong would suffer. They appealed to pan-democrat members for cooperation so that the items could be approved expeditiously.

37. Mr CHAN Chi-chuen pointed out that the proposal in the unrealized attempt to re-organize the Government Secretariat in 2012 was on establishing a Technology and Communications Bureau and that the current proposal on ITB had been first announced by the incumbent Chief Executive in his 2014 Policy Address. Therefore, the Legislative Council had so far taken one and a half years to deal with the proposal, but not three years as the Chief Executive had recently alleged.

Action

38. In response to Mr IP Kin-yuen's criticism that the Administration's request for scheduling additional meetings from 14 to 18 July 2015 was to compel the Committee to pass the items on ITB, the Chairman commented that the ITB items had been on the agenda when he decided to hold the additional meetings which were not scheduled solely for the deliberation of the ITB items.

39. The Chairman declared that the meeting (the last scheduled FC meeting of the current legislative session) be adjourned and expressed thanks to members, officials and the Legislative Council Secretariat for their support in the past year.

40. The meeting was adjourned at 1:07 pm.

Legislative Council Secretariat

21 December 2015