

Ref : F/820/8/7

Tel : 2810 3280

18 July 2015

Ms Annette Lam  
Clerk to Panel  
Legislative Council Panel on Commerce and Industry  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

Dear Ms Lam,

### **Administrative Support in R&D Centres**

At the meeting of the Panel on Commerce and Industry on 16 June 2015, Members enquired about the cost of providing administrative support in R&D Centres and how did this feature versus other costs.

The operating expenditure of the R&D Centres<sup>1</sup> comprises the following components –

- (a) direct research which includes conducting basis research to build up their technological capability and determine their future R&D focuses;
- (b) vetting of non-centre projects which includes identifying potential industry clients and research partners for future collaboration;
- (c) commercialisation and marketing which includes building network with the relevant industry and stakeholders and disseminating their R&D outcomes; and
- (d) administrative support which includes expenses related to the operation of the Centres' headquarters including electricity, other utilities, accommodation cost, salaries and related costs for administration colleagues, etc.

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<sup>1</sup> The Government is supporting the effective operation of the R&D Centres through operating expenditure funded by the Innovation and Technology Fund (except ASTRI which for historical reasons is funded separately from Government's annual recurrent subvention).

The following table sets out the breakdown of various components of the operating expenditure in 2014-15 –

	Operating Expenditure in 2014-15 (\$ million)				
	Direct Research	Vetting of Non-Centre Projects	Commercialisation and Marketing	Administrative Support	Total
Automotive Parts and Accessory Systems R&D Centre (APAS)	7.6	1.1	3.2	1.9	13.8
Hong Kong Applied Science and Technology Research Institute (ASTRI)	50.5	N/A <sup>(Note)</sup>	27.7	44.8	123.0
Hong Kong Research Institute of Textiles and Apparel (HKRITA)	2.8	6.8	11.1	3.4	24.1
R&D Centre for Logistics and Supply Chain Management Enabling Technologies (LSCM)	2.8	1.8	10.7	9.5	24.8
Nano and Advanced Materials Institute (NAMI)	27.7	3.1	13.3	9.5	53.6
<b>Total</b>	<b>91.4 (38%)</b>	<b>12.8 (5%)</b>	<b>66.0 (28%)</b>	<b>69.1 (29%)</b>	<b>239.3</b>

*Note: As all the projects undertaken by ASTRI are conducted by its staff, it does not need to vet and manage non-Centre projects like the other four R&D Centres.*

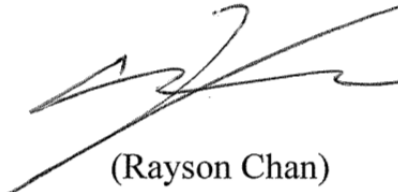
As shown in the above table, about 30% of the operating expenditure is devoted to administrative support.

As requested by Panel Members, the ratios of the cost of administrative support over R&D expenditure of the R&D Centres in 2014-15 are set out below –

	Cost of Administrative Support (\$ million)	R&D Expenditure (\$ million)	Ratio
APAS	1.9	34.7	5%
ASTRI	44.8	236.9	19%
HKRITA	3.4	40.7	8%
LSCM	9.5	35.1	27%
NAMI	9.5	41.1	23%
<b>Total</b>	<b>69.1</b>	<b>388.5</b>	<b>18%</b>

I should be most grateful if you would relay the above information to Panel Members for their reference.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Rayson Chan', written in a cursive style.

(Rayson Chan)

for Commissioner for Innovation and Technology