

立法會

Legislative Council

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seen by the Administration)

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Finance Committee of the Legislative Council

Minutes of the 1st meeting held at Conference Room 1 of the Legislative Council Complex on Friday, 16 October 2015, at 3:30 pm

Members present:

Hon CHAN Kin-por, BBS, JP (Chairman)
Hon CHAN Kam-lam, SBS, 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 Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, 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 Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon WONG Yuk-man
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon James TIEN Pei-chun, GBS, JP
Hon NG Leung-sing, SBS, JP
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, JP
Hon WU Chi-wai, MH
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 Han-pan, JP
Dr Hon Kenneth CHAN Ka-lok
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung
Hon Dennis KWOK
Hon Christopher CHEUNG Wah-fung, SBS, JP
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
Hon POON Siu-ping, BBS, MH
Hon TANG Ka-piu, 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:

Dr Hon LAU Wong-fat, GBM, GBS, JP
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Hon CHAN Yuen-han, SBS, JP
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon Fernando CHEUNG Chiu-hung

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
Mr Joe WONG, JP	Acting Permanent Secretary for Commerce and Economic Development (Communications and Technology)
Mr Johann WONG, JP	Acting Commissioner for Innovation and Technology
Ir Allen YEUNG	Government Chief Information Officer
Mr Victor LAM Wai-kiu, JP	Deputy Government Chief Information Officer (Consulting and Operations)

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Ms Connie FUNG	Legal Adviser
Mr Stephen LAM	Senior Assistant Legal Adviser 2

Mr Derek LO
Mr Raymond SZETO
Mr Frankie WOO
Miss Yannes HO

Chief Council Secretary (1)5
Senior Council Secretary (1)7
Senior Legislative Assistant (1)3
Legislative Assistant (1)6

Action

Item No. 1 – FCR(2014-15)36B

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

Subhead 000 Operational Expenses

Item No. 2 – FCR(2014-15)37B

**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 Chairman said that two Finance Committee ("FC") meetings were scheduled for today and there would be a ten-minute break after the first meeting was adjourned.

2. The Chairman advised that the item FCR(2014-15)36B invited the Committee's approval, in conjunction with FCR(2014-15)36 and 36A, for the creation of three non-civil service positions and four permanent civil service posts necessary for the establishment of a new Innovation and Technology Bureau ("ITB"). The item FCR(2014-15)37B invited the Committee's approval, in conjunction with FCR(2014-15)37 and 37A, for the changes to the 2015-16 Estimates of Expenditure to give effect to the establishment of ITB. He directed that discussion of the two items be combined but they would be voted on separately.

Declaration of interest by the Chairman

3. Mr Albert CHAN queried that the Chairman might have direct or indirect pecuniary interest in the proposal under the items as he understood that the Chairman had assumed directorship in various insurance companies that could benefit from the establishment of ITB; and if that was the case, it would not be appropriate for the Chairman to preside over the meetings to deliberate on the items for the establishment of ITB.

4. At the invitation of the Chairman, Legal Adviser advised that under 83A of the Rules of Procedure a Member was prohibited from moving a motion or an amendments relating to a matter in which the Member had a direct or indirect pecuniary interest, or speaking on any such matter, except where the Member disclosed the nature of that interest, there was however no rule in the Rules of Procedure or in the procedure of FC which prohibited the Chairman from presiding at a FC meeting on the ground that the Chairman had a pecuniary interest or role conflict in the proposal under consideration by the meeting.

5. The Chairman declared that he had no direct or indirect pecuniary interest in the items related to the establishment of a new ITB, and clarified that currently he only held one remunerated position as a consultant to a company, the Hong Kong office of Munich Re, and he was not directly involved in the operation of the company.

Speaking arrangement

6. The Chairman said that discussions of the same proposals (under papers FCR(2014-15)36 and FCR(2014-15)36A as well as FCR(2014-15)37 and FCR(2014-15)37A) had been held at some FC meetings in February 2015 and the meetings on 18 July 2015 but the items were not yet voted on. The discussion on FCR(2014-15)36B and FCR(2014-15)37B at today's meetings should thus be regarded as a continuation of those previous discussions. In line with FC's established practice, the speaking queue, accumulated speaking rounds and applicable time-limits of those previous discussions would be carried over to the present discussion.

7. Mr Albert CHAN raised objection to the Chairman's suggested speaking arrangement, as according to his understanding it was the practice of various committees of the Legislative Council that the counting of members' speeches would not carry over to a new legislative session.

8. Taking note of Mr Albert CHAN's view and the indication of some other members of their intention to speak on his suggested speaking arrangement, the Chairman said that as a special arrangement on this occasion, he would allow the counting of members' speeches be started afresh.

9. In reply to Mr Kenneth LEUNG's enquiry, the Chairman said that members' comments and questions in the previous discussions on the proposals for the establishment of ITB would be taken into account when he needed to make decisions to maintain the orderly and efficient conduct of proceedings of the Committee.

Justifications for establishing an ITB

10. Mr WONG Kwok-hing, Mr TAM Yiu-chung, Dr Elizabeth QUAT, Mr Christopher CHUNG and Mr CHAN Kam-lam expressed support for the items and called on pan-democrat members not to continue filibustering. The members remarked that the establishment of ITB, impeded by politicized debates for more than three years, was vital to Hong Kong's economic development and should not be further deferred for political reasons.

11. Mr CHAN Chi-chuen, Mr Albert CHAN, Ms Emily LAU, Mr Alan LEONG and Mr LEUNG Yiu-chung said that had the Administration explained clearly and concretely the vision and the blueprint with quantifiable policy objectives on innovation and technology, the proposals for establishment of ITB would have been approved. It was unfair to denigrate members' legitimate questions as filibustering tactics.

12. The Chairman reminded members to focus the deliberation on the items under discussion.

13. Mr LEUNG Kwok-hung expressed opposition to the establishment of ITB.

14. Mr Charles Peter MOK expressed support for the establishment of ITB, but said that it was the Administration's responsibility to dispel doubts about ITB's vision and efficacy in driving policies to develop innovation and technology in Hong Kong.

A dedicated policy bureau

15. Dr KWOK Ka-ki, Mr Albert CHAN and Mr LEUNG Kwok-hung expressed grave doubts on the need to establish a dedicated policy bureau to drive policies on innovation and technology, as some global leaders in

innovation and technology, such as the United States, Taipei and Israel, had not established similar institutions.

16. Mr LEUNG Yiu-chung said that without a clear explanation on the visions and policy framework, establishing the new ITB would only add redundancy to the bureaucracy. Mr CHAN Chi-chuen, Mr Gary FAN and Mr LEE Cheuk-yan expressed a similar view and urged the Administration to explain the distinctive benefits of a dedicated policy bureau, and provide supplementary information with details.

17. Ms Claudia MO criticized the Administration for establishing ITB as a means to reward the political allies of the Chief Executive.

18. Secretary for Commerce and Economic Development ("SCED") said that there were strong justifications to establish a dedicated policy bureau, with strong support from the innovation and technology community. There was an urgent need for Hong Kong to step up its commitment in developing industries in innovation and technology, as evidenced in the recently-published Global Competitive Index by the World Economic Forum, where Hong Kong was ranked 23rd in innovation, well behind some of the regional competitors such as Singapore. It was also imperative for Hong Kong to drive innovation and technology to create new and high value-added job opportunities for young people, thereby fostering a diversified and robust economy and promoting social mobility.

19. SCED further said that the establishment of ITB as a dedicated policy bureau would provide focused high level leadership, and stronger policy coordination across stakeholders in the innovation and technology and information technology industries. The new ITB would strengthen, both in depth and breadth, the policy and support for the development of innovation and technology, from research and development to application and commercialization, thereby enhancing the ecosystem of innovation and technology.

Timeframe for policy implementation

20. Ms Claudia MO expressed doubts on whether the policy objectives that could be achieved by the Government in the current term with less than two years remaining.

21. SCED stressed that establishing ITB was beneficial to Hong Kong's economy in the long run. He added that it would take 14 days for ITB to start operating upon the Committee's approval and the new Bureau could commence its work expeditiously.

22. Noting that it would only take 14 days for ITB to come into operation, Mr CHAN Chi-chuen remarked that it would not be possible for the new posts to be created to be taken up by appointees selected from an open recruitment. He enquired whether the civil service staff to be deployed to the ITB were existing staff within Commerce and Economic Development Bureau.

23. Acting Permanent Secretary for Commerce and Development (Communications and Technology) said that civil service staff for ITB could be redeployed from existing Government bureaux/departments according to established practices.

Policy objectives on innovation and technology

24. Citing the Administration's denial to issue a free television programme service license to the Hong Kong Television Network, Dr KWOK Ka-ki and Ms Claudia MO expressed reservations about the Administration's commitment to driving policies on innovation and technology. Ms Emily LAU shared a similar concern, as the Administration had faltered in its commitment to support Uber Hong Kong, a thriving technological startup.

25. Mr Alan LEONG noted that fostering a change in the ecosystem for innovation and technology was contingent upon a variety of factors, including talent retention, encouragement of capital investments, as well as infrastructure development. In terms of these factors, he enquired about the policy objectives and the key performance indicators to evaluate the efficacy of the policy formulation and implementation of ITB in facilitating a change in the ecosystem.

26. SCED replied that one of the objectives of the new ITB was to create a vibrant ecosystem for the government, industry, academia and research sectors to interact under a favourable environment with excellent software and hardware support for the development and application of technologies. The proposed ITB would be responsible for formulating holistic policies to support the development of technology infrastructure and manpower; encourage synergy among Government, industry, academia and research sector in such regard; and would leverage on the advantages of the industrial and manufacturing sectors in the Mainland together with the innovation and technology ecosystem in Hong Kong. The Administration was also committed

to promoting the development of green technologies and smart technologies, such as the Internet of Things, to drive the development of high value-added industries in Hong Kong.

27. Acting Commissioner for Innovation and Technology added that the Administration had identified various areas for potential improvement for focused development of innovation and technology for talent retention, capital investments and infrastructure. In terms of employment opportunities for talents, the Hong Kong Science Park ("HKSTP") had provided employment to over 10 000 persons, most of which were research and development ("R&D") talents. The industrial estates in Hong Kong also provided employment to over 20 000 persons in manufacturing industries. The new ITB could help strengthening existing policies to develop global competitive edges for Hong Kong.

28. Mr Alan LEONG and Mr LEUNG Kwok-hung expressed dissatisfaction with the lack of concrete policy goals for evaluation of the benefits of ITB. They urged the Administration to set clear and quantifiable objectives, such as target growth as a percentage of the total Gross Domestic Product, or a target percentage of private investment in innovation and technology.

29. Mr Charles Peter MOK called on the Administration to improve communications with the innovation and technology community, as well as promulgating favourable policies for the sector such as tax breaks, and reforming the Government's procurement system in favour of retaining talents and procuring local R&D results.

30. SCED said that the Administration had identified areas for improvement in driving innovation and technology with quantifiable objectives. For instance, the Administration had noted that in terms of the ratio between public and private investments in R&D, the level of private investment had fallen below the usual ratio of about 30-70 in most developed economies. With a more focused purview, the future ITB would be best placed to explore possible measures to raise the ratio of private investment. Also, the Administration had also accorded priority to promoting the commercialization of R&D results. The new ITB could strengthen the collaboration with the HKSTP to cater support for innovation and technology development from upstream to downstream. The new ITB could focus on devising favourable policies for R&D results from incubation, R&D, production, commercialization to sales management.

31. Mr James TIEN expressed support for the establishment of ITB. He remarked that the major challenges faced by Hong Kong were a shortage of talents in innovation and technology, as well as the Hong Kong market's limited size for profitable commercialization. He enquired whether the Administration had formulated policies to tackle these challenges. Mr LEUNG Yiu-chung expressed similar worries that the innovation and technology sector had not provided an attractive prospect for local and overseas talents. He opined that it was important for the Administration to instil a culture in favour of innovation and technology in collaboration with the technology community and the education sector to convince young talents that Hong Kong provided good career prospect for them.

32. SCED said that there were plenty of talents contributing to innovation and technology developments in Hong Kong. The Administration would continue to adopt a market-driven approach and engage the community for formulating the best policies to support R&D and other efforts.

33. Government Chief Information Officer supplemented that the Administration had recently launched the Enriched IT Programme in Secondary Schools with a view to identifying and cultivating young talents for innovation and technology. To date, eight secondary schools had been selected to run the programme and the Administration was open to the prospect of expanding it to other schools upon review.

Initiatives by the Hong Kong Science and Technology Parks

34. Ms Cyd HO and Ms Emily LAU expressed appreciation that the Administration had taken initiatives to impress members with its commitment to the development of innovation and technology during the summer recess. Representatives of the Hong Kong Science and Technology Parks Corporation ("HKSTPC") had arranged meetings with them to provide in-depth analysis of Hong Kong's current situation and competition, as well as the Administration's collaboration with the HKSTPC to encourage local commercialization of R&D results. They requested the Administration to provide supplementary information to demonstrate these policy initiatives.

Commercialization of local research and development results

35. Ms Cyd HO enquired about the Administration's policies to promote commercialization and industrialization of local R&D results, as she understood that, from meetings with representatives of the HKSTPC, there were already plans being contemplated and implemented.

36. SCED confirmed that the Administration indeed had plans to promote the commercialization of local R&D results by creating technology clusters within the HKSTP, the Cyberport and industrial estates so as to link up R&D and production facilities for better commercialization and industrialization. ITB, once established, would provide dedicated policy focus in these areas.

Innovation and technology in public organizations

37. Mr Gary FAN said that the recent incident where a faulty system upgrade of an internal application by Hospital Authority ("HA") led to service interruption had cast grave doubts on the efficacy of the Administration's efforts to drive development on internal information technology systems for Government departments and other public organizations. He enquired how the Office of the Government Chief Information Officer ("OGCIO") or the new ITB could prevent similar incidents from occurring in public services.

38. SCED clarified that as HA was a statutory organization, its information technology ("IT") development was not under the purview of OGCIO. Nevertheless, the Administration had liaised with HA regarding the incident. To improve the quality of internal applications for public organizations as well as to bolster support to local R&D, the Administration had also encouraged public sector organizations to procure local R&D products. Deputy Government Chief Information Officer (Consulting and Operations) ("DGCIO(C&O)") added that OGCIO would issue guidelines to Government bureaux/departments to enable their IT development suitable to the needs of individual departments.

39. Mr WU Chi-wai expressed concerns about the Administration's commitment to driving innovation and technology within the Government, as he noted that the Administration had not phased out internal systems that would be deemed obsolete in the private sector. Mr Charles Peter MOK shared a similar view.

40. Mr Christopher CHUNG enquired about the reasons for retaining obsolete internal IT systems.

41. DGCIO(C&O) said that Government bureaux/departments were required to produce an annual IT projects portfolio, with the necessary funding provided, to implement systems suitable for their operational needs. Some legacy systems were deemed to be functional and suitable for operational needs and thus did not need to undergo updates. Plans for updates for systems would also have to take into account interoperability with other existing systems in operation and thus should proceed prudently after careful evaluations.

42. Mr Charles Peter MOK urged the Administration to improve upon interdepartmental collaboration on formulating policies for innovation and technology, as well as transparency in consultative committees.

43. SCED said that the Administration had actively engaged the innovation and technology sector through various channels and dialogues beyond consultative committees.

Invitation to Mr Nicholas YANG, the Advisor to the Chief Executive on Innovation and Technology to attend Finance Committee meetings

44. Mr WU Chi-wai said that the Committee should consider inviting Mr Nicholas YANG, who currently held the positions of the Advisor to the Chief Executive on Innovation and Technology, the Chairman of the Advisory Committee on Innovation and Technology and Non-official Member of the Executive Council, to attend FC meetings to answer members' questions on the Administration's policy directions on innovation and technology as well as establishment of ITB.

45. SCED explained that Mr YANG's appointed positions were accountable to the Chief Executive and the Government rather than the Legislative Council. As such, it might not be suitable for him to attend FC meetings.

46. The Chairman added that Mr YANG was not a public officer, and thus was not obliged to attend FC meetings. Also, the matter had been raised before and in response to a relevant circular, most members indicated that they did not support inviting Mr YANG to attend FC meetings.

47. At 5:32 pm, the Chairman declared that the meeting be adjourned and the Committee would continue with the discussion at the next meeting due to start at 5:40 pm.

48. The meeting was adjourned at 5:32 pm.