

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 2nd meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 16 October 2015, at 5:41 pm

Members present:

Hon CHAN Kin-por, BBS, JP (Chairman)
Hon CHAN Kam-lam, SBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
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 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
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Dr Hon LEUNG Ka-lau
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 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 Charles Peter MOK, JP
Hon CHAN Chi-chuen
Dr Hon Kenneth CHAN Ka-lok
Hon CHAN Yuen-han, SBS, JP
Hon KWOK Wai-keung
Hon SIN Chung-kai, SBS, JP
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
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 Tony TSE Wai-chuen, BBS

Members absent:

Hon LEE Cheuk-yan
Hon James TO Kun-sun
Dr Hon LAU Wong-fat, GBM, 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 CHAN Hak-kan, JP
Hon CHEUNG Kwok-che
Hon WONG Yuk-man
Hon Gary FAN Kwok-wai
Hon MA Fung-kwok, SBS, JP
Hon CHAN Han-pan, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki

Hon Dennis KWOK
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Elizabeth QUAT, JP
Hon CHUNG Kwok-pan
Hon Christopher CHUNG Shu-kun, BBS, MH, JP

Public officers attending:

Ms Elizabeth TSE Man-ye, 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 Derek LO	Chief Council Secretary (1) ⁵
Mr Raymond SZETO	Senior Council Secretary (1) ⁷
Mr Frankie WOO	Senior Legislative Assistant (1) ³
Miss Yannes HO	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 meeting continued with the joint deliberation on the items.

Speaking arrangement

2. The Chairman reminded members wishing to speak to indicate so, as he would put the items under deliberation to vote, if no member requested to speak upon his prompts and no motions proposed under paragraph 37A of the Finance Committee ("FC") Procedure were received. However, he stressed that he had no intention to rush to put the items to vote before allowing a thorough deliberation.

3. Mr Albert CHAN and Mr Alan LEONG expressed praises for the Chairman's decision to grant extra speaking time for the Administration to provide elaborated responses to members' questions. They urged the Administration to respond to members' questions with complete and concrete answers.

Justifications for establishing an ITB

4. Dr CHIANG Lai-wan expressed support for the items. She said that the establishment of Innovation and Technology Bureau ("ITB") had been

delayed for over three years. There were pressing needs to establish a new bureau dedicated to facilitating the reindustrialization of Hong Kong for the benefits of long-term economic development. Also, she noted that talents in innovation and technology had not received adequate support in Hong Kong, and some notable talents had to develop their career elsewhere, such as the Mainland and the United States. She called on pan-democrat members not to continue filibustering.

A dedicated policy bureau

5. Mr Albert CHAN expressed worries that the establishment of ITB could lead to a waste of public money due to ineffective policies. He enquired about the vision and main policy objectives of ITB. Mr LEUNG Yiu-chung shared a similar view and urged the Administration to explain clearly the benefits of the establishment a dedicated policy bureau.

6. Mr CHAN Chi-chuen commented that the scope of responsibilities of ITB was rather narrow, and questioned the need to establish a dedicated policy bureau for innovation and technology. He said that retaining the policy portfolio for innovation and technology under Commerce and Economic Development Bureau ("CEDB") would enable more effective policy coordination with creative industries and trades.

7. Secretary for Commerce and Economic Development ("SCED") said that the Administration had been keen on coordinating across various professions for developing innovation and technology. The establishment of ITB would provide a dedicated focus on developing innovation and technology with the right leadership. The Administration was examining the possibility of collaborating research and development ("R&D") results across different professions with a view to commercializing pioneering products to potential markets, with successful results. The Administration was also keen on identifying land resources for development of innovation and technology such as revitalizing industrial complexes and developing new data centres.

Key performance indicators

8. Mr CHAN Chi-chuen enquired whether the Administration had identified key performance indicators for future evaluation of the work of ITB.

9. SCED responded that economic benefits in terms of Gross Domestic Product ("GDP") growth could be a performance indicator, but precise targets could not be set until the new bureau had taken over the policy portfolio.

10. Without substantive key performance indicators, Mr LEUNG Kwok-hung expressed doubts on the Administration's commitment to its policy objectives in innovation and technology. He remarked that Taipei had implemented concrete and quantified performance goals, such as a target percentage of GDP on R&D and a target number of companies engaged in innovation and technology. He expressed dissatisfaction with the Administration's reluctance to provide similar targets.

11. SCED said that the Administration's primary policy objective on innovation and technology was to cater for the needs of the innovation and technology community. As such, it might be difficult to outline specific performance targets.

Engaging the innovation and technology community

12. Mr LEUNG Yiu-chung enquired about the Administration's plan to improve engagement with the innovation and technology community for better collaboration.

13. SCED said that the Administration had established consultative bodies to engage with the innovation and technology community, with an emphasis on technological startups.

Commercialization and industrialization of research and development results

14. Mr Albert CHAN called on the Administration to facilitate the synergizing of R&D and industrialization. He expressed doubts on the narrative that there were insufficient talents and land resources in Hong Kong, and urged the Administration to implement policies to attract worldwide talents in innovation and technology to settle in Hong Kong through industrialization of R&D results. Dr CHIANG Lai-wan expressed agreement with Mr CHAN's opinion on industrialization. Mr LEUNG Yiu-chung also enquired how the ITB would promulgate the right policies to promote industrialization of innovation and technology.

15. SCED said that the Administration was indeed promoting the commercialisation of R&D results with a view to revitalizing industries that were previously in decline but could underpin new high value-added economic development. The Administration had noted a global trend of economic development in high value-added industries and green industries. Some identified directions of development were leveraging on the use of the Internet of Things to enhance supply chain logistics in manufacturing, as well as the

commercialization of local R&D results. The Administration was also committed to promoting collaboration among policy bureaux to drive commercialization of R&D results in various fields, and a new ITB would take the centre stage in these efforts.

16. Acting Commissioner for Innovation and Technology ("CIT Ag.") added that the Administration was committed to identifying market potential of R&D results so as to promote profitability and encourage private investments. The Administration had been listening to the needs of the R&D community and providing help through R&D centres as appropriate. The market-driven approach would provide the right incentives for R&D communities to continue their work. ITB, once established, would review existing policies related to talent acquisition, encouraging private investments and allocation of resources to support the innovation and technology community. He pleaded for the Committee's support to the establishment of ITB.

17. Ms Emily LAU expressed worries that the Administration's efforts to develop and commercialize innovation and technology across different areas, such as medicine and renewable energy, would be hampered by bureaucracy. Citing the Administration's wavering and ultimately antagonistic attitude towards Uber Hong Kong, she expressed grave doubts on the Administration's inter-bureau efforts.

18. SCED assured members that the Administration was committed to inter-bureau collaboration for development of innovation and technology. For example, InvestHK under CEDB had collaborated with Office of Government Chief Information Officer and Financial Services and the Treasury Bureau to promote FinTech (Financial Technology) startups. Also, CEDB had also been collaborating with Food and Health Bureau for R&D efforts in Chinese medicine. Nevertheless, with regards to Uber Hong Kong, SCED said that startups should promote its business and operate legally, and the Administration had to consider the views of relevant stakeholders before revising existing legislation and policies in favour of startups.

Cultivating talents for innovation and technology

19. Mr James TIEN expressed support for the establishment of ITB. He remarked that the major challenges in the development of innovation and technology were a shortage of talents to drive R&D efforts, as well as the size constraint of the Hong Kong market for commercialization vis-à-vis the Mainland market. He enquired how the ITB could help the innovation and technology community to overcome these major challenges.

20. Mr LEUNG Yiu-chung expressed worries that Hong Kong's career prospects in R&D had not been attractive to young talents. He enquired how the establishment of the new ITB could contribute to educating young talents to bolster the supply of talents for the R&D community.

21. SCED said that the Administration had identified fields with good potential for commercialization of R&D results in Hong Kong, such as developments in robotics. The new ITB would look to provide a one-stop service from incubation to commercialization to cater for the needs of the innovation and technology community. In identifying land resources, the Administration had identified the use of purpose-built multi-storey industrial complexes for revitalization and reindustrialization.

22. CIT Ag. supplemented that the Administration had focused on developing and retaining talents, and there was a sizable pool of R&D talents in Hong Kong. As of 2013, there were over 26 000 persons employed in R&D-related activities, and some 30% were working at the Hong Kong Science and Technology Parks ("HKSTP"). The new ITB would continue to strengthen these efforts.

23. In respect of education for young prospective talents to bolster the R&D community, SCED said that the Administration also understood the importance of educating young talents at an early stage, thus had implemented programmes for local secondary students. Government Chief Information Officer added that the Administration had implemented initiatives to educate secondary school students and cultivate their interests in innovation and technology, such as the Enriched IT Programme for Secondary School. There was also a startup incubation programme available at the HKSTP to help startups develop and recuperate from failure. The results of the programme were evident as the number of startups had recently grown from a few hundred to 1 500.

Request for a supplementary document

24. Mr Alan LEONG acknowledged the Administration's vision and policy objectives for innovation and technology. To confirm the Administration's commitment thereto, he requested the Administration to provide a supplementary document to explain in detail the Administration's vision and policy objectives on innovation and technology to justify the establishment of ITB. He specifically requested for the necessity of ITB in terms of facilitating a change in the ecosystem of innovation and technology. Ms Claudia MO, Mr LEUNG Kwok-hung, Mr CHAN Chi-chuen, Ms Cyd HO and Mr LEUNG Yiu-chung shared similar views and urged the Administration

to provide a supplementary document to respond to members' questions at this meeting. Mr Albert CHAN urged the Administration to clearly state its manifesto on industrialization of R&D results in such document.

25. SCED undertook to provide a supplementary document as requested by members.

Motion that proceedings of the meeting be now adjourned

26. Mr LEUNG Kwok-hung moved, without notice, under paragraph 39 of the FC Procedure that further proceedings of the Committee be now adjourned. He expressed dissatisfaction towards the Administration's policy direction in industrialization of local R&D results. He said that the Administration should promulgate policies to attract R&D results worldwide for commercialization in Hong Kong and to focus on several area. He called on the Administration to provide information on its focus on innovation and technology.

27. The Chairman thereupon proposed the question on Mr LEUNG's motion to adjourn. The Chairman directed that each member, when speaking on the question, should not make a speech for more than three minutes.

28. Mr Albert CHAN, Ms Cyd HO, Mr CHAN Chi-chuen, Mr LEUNG Yiu-chung and Ms Claudia MO spoke in support of the motion. The members commended the Administration for its more concrete responses to members' queries on the vision and policy objectives of the ITB. However, there were still doubts on the necessity and efficacy of establishing an ITB, the Administration's commitment on industrialization and R&D results, and how members could monitor the work of ITB without key performance indicators. Members urged the Administration to provide the supplementary document in response to the various questions asked during today's meetings and that the meeting should now be adjourned and deliberation be resumed at the next meeting when the supplementary document would be available to facilitate further discussion.

29. Mr IP Kwok-him, Mr NG Leung-sing and Ir Dr LO Wai-kwok expressed opposition against the motion. The members urged pan-democrat members not to continue filibustering, which they considered was detrimental to the development of innovation and technology in Hong Kong.

30. Before the Chairman put the adjournment motion to vote, Mr LEUNG Kwok-hung requested to withdraw his motion with the understanding that the Chairman would adjourn the meeting thereafter and deliberation be continued

after the receipt of the Administration's supplementary document. There being no dissenting voice, the Chairman declared that the motion was withdrawn. SCED undertook to provide the relevant document before the next FC meeting.

31. At 7:26 pm, the Chairman proposed to adjourn the meeting before the scheduled end time. There being no dissenting voice, the Chairman declared that the meeting be now adjourned.

Legislative Council Secretariat
22 February 2016