

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 3rd meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 23 October 2015, at 3:00 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
Hon WONG Kwok-kin, SBS
Hon IP Kwok-him, GBS, JP

Hon Mrs Regina IP LAU Suk-ye, 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 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 CHAN Yuen-han, SBS, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung
Hon Dennis KWOK
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
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 Priscilla LEUNG Mei-fun, SBS, JP
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Hon Paul TSE Wai-chun, JP

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 Shuk-yee, 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)
Ms Annie CHOI Suk-han, JP	Commissioner for Innovation and Technology
Mr Johann WONG, JP	Deputy 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
Ms Michelle NIEN	Legislative Assistant (1)5

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 the Committee would continue the unfinished joint discussion of items FCR(2014-15)36B and FCR(2014-15)37B carried over from the last meeting.

2. The Chairman further 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 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.

3. The Chairman reminded members to focus their speeches and questions on the items. Questions related to wider policy matters should be raised in Council or Panels. Members should also refrain from repeating questions and opinions previously raised by themselves or other members.

Motions proposed under paragraph 37A of the Finance Committee Procedure

4. The Chairman reminded members to submit motions moved under paragraph 37A of the Finance Committee Procedure ("FC Procedure") the soonest possible, if any, to allow himself more time to consider the admissibility of the motions with the assistance of the Secretariat. Members should indicate clearly on each motion which one of the two items they wished to express views on. He also called on members wishing to speak on the items to indicate so as soon as practicable.

5. The Chairman further advised that upon the completion of the joint discussion, the Committee would first deal with motions proposed under paragraph 37A of the FC Procedure on the item FCR(2015-16)36B, and he would then put the item FCR(2015-16)36B to vote. The Committee would then proceed to deal with motions proposed under paragraph 37A of the FC Procedure on the item FCR(2015-16)37B, and then he would put the item FCR(2015-16)37B to vote.

Supplementary document

6. The Chairman informed the meeting that in response to members' requests for a supplementary document detailing the Administration's responses to members' questions on the vision and policy objectives on innovation and technology, the Administration had provided a paper which had been circulated to members vide circular LC Paper No. FC9/2015-16.

7. At the invitation of the Chairman, Secretary for Commerce and Economic Development ("SCED") briefed members on the paper (LC Paper No. FC9/2015-16(01)) ("the Supplementary Document"). In gist, the Administration's policy vision was to further the development of innovation and technology through efficient commercialization, with a view to facilitating sustainable development providing high-value added employment opportunities. The Administration had identified various areas of focus for research and development ("R&D") and potential industrialization, such as robotics, and technologies relating to bio-medicine and aging population. With a market-driven approach, the Administration was also committed to cultivating a change in the ecosystem, attracting more talents in innovation and technology, promoting the market for R&D results and further developing Smart City

initiatives, and fostering inter-bureau collaboration on developing innovation and technology within the Government.

8. Mr Alan LEONG and Mr Dennis KWOK enquired about the status of the paper, which was not found on the meeting agenda. They asked whether the paper was a document supplementary to the discussion papers for the establishment of ITB, viz. FCR(2014-15)36B and FCR(2014-15)37B.

9. At the Chairman's invitation, the Clerk advised that paragraph 20 of the FC Procedure, which read: "the Administration may provide information notes to members in response to a request by members made at a previous meeting or on the Administration's own initiative", provided the procedural basis for follow-up papers provided by the Administration.

10. In reply to Mr Alan LEONG, SCED said that the Administration had no objection for the document to be construed as a supplementary document for the agenda items under consideration.

11. Mr Albert CHAN and Mr LEUNG Kwok-hung criticized the supplementary document provided by the Administration as unoriginal as it was merely an excerpt of existing policies already promulgated.

Establishment of an ITB

12. Mr James TO, Mr CHAN Chi-chuen, Mr Albert CHAN and Mr LEUNG Kwok-hung raised questions on the concrete benefits of establishing a dedicated ITB for driving policies for innovation and technology, as the Supplementary Document had already outlined a comprehensive policy direction with many initiatives spearheaded by Hong Kong Science and Technology Parks Corporation ("HKSTPC").

13. SCED responded that a dedicated policy bureau could provide focused high level leadership, and could strengthen policy coordination across stakeholders in the innovation and technology and information technology industries.

14. Ms Emily LAU remarked that inter-bureau collaboration within the Government had been criticized as bureaucratic and unresponsive, and questioned how the establishment of a new ITB could bring improvement.

15. SCED and Government Chief Information Officer ("GCIO") said that the Administration was committed to inter-bureau collaboration to develop Smart City initiatives, with a focus on data collection and analysis.

16. Mr James TIEN expressed support for the establishment of ITB. He said that the Administration should consider facilitating a business-friendly environment for the innovation and technology community to prosper on its own. He remarked that the business community had expressed skepticism towards the Administration's ability to keep pace with innovation and technology development, as evidenced by the obsolete information technology ("IT") systems still currently used by Government departments. He enquired whether the Administration had considered engaging the private sector to procure up-to-date IT systems.

17. SCED said that the Administration was committed to developing and applying state-of-the-art IT systems internally and externally to streamline workflows in tandem with the latest trends in public administration, such as adopting a "single window" approach for Government Electronic Trading Services.

18. Permanent Secretary for Commerce and Economic Development (Communications and Technology) ("PS(CT)) and GCIO supplemented that there were dedicated IT personnel to develop and update internal IT systems according to departmental needs. The Office of the Government Chief Information Officer was also committed to implementing new systems for use by Government departments, an example of which was the development of a cloud platform. The Administration would seek approval from the FC when there was a need to develop a new IT system for Government use.

Policy directions

19. Dr KWOK Ka-ki and Ms Claudia MO expressed serious doubts on the Administration's policy objectives, outlined in paragraph 13 of the Supplementary Document, to develop robotics and medical technologies, as the Administration had not allocated enough resources to the medical services for the public.

20. SCED said that the Administration was committed to exploring market potentials for R&D results related to medical technologies. Commissioner for Innovation and Technology ("CIT") supplemented that one of the focuses of ITB would be on the application of R&D outcomes, which included, inter alia, applying robotics for medical purposes and aiding the elderly. For example, the Hong Kong R&D Centre on Logistics and Supply

Chain Management Enabling Technologies had developed radio frequency identification technologies to help track elderly citizens and mentally handicapped patients in real time. The Administration had promoted this technology for trial use by senior homes and other non-government organizations, with positive feedback.

21. Mr Albert CHAN sought justifications for the Government to focus on the industries highlighted in the supplementary document.

22. SCED said that the Administration had appropriately adopted a market-driven approach and identified the various focal industries for R&D and re-industrialization based on their commercial potential and market reception.

23. Mr Dennis KWOK and Ms Claudia MO enquired about the Administration's policy direction to promote collaboration among the Government, industries, academia and the research sector. CIT said that the Innovation and Technology Fund ("ITF") had various schemes to cater for the needs of different sectors of the innovation and technology community, with a view to encouraging collaboration between industries and academia for commercialization of R&D results. Funding schemes were also introduced to support the trial of R&D results in the public sector.

Re-industrialization and commercialization

24. Referring to paragraph 13 of the Supplementary Document, Mr Dennis KWOK and Mr LEE Cheuk-yan enquired about the details of the Administration's plan for re-industrialization with the "through-train model".

25. Mr CHUNG Kwok-pan enquired about the progress of re-industrialization of Hong Kong in conjunction with the development of innovation and technology, and the Administration's strategy to attract more private investments.

26. SCED said that the re-industrialization of Hong Kong would dovetail with the commercialization of R&D results with a view to developing a high value-added economy, which was in line with the global trend. In order to realize the full market potentials of R&D results to maintain international competitiveness, the Administration had taken a holistic approach and revised the Industrial Estate ("IE") programme to provide for a change in the business model, so as to fully utilize scarce IE land resources and elicit investments in innovation and technology. With a "through-train model", the IEs would favour innovation technology industries, which would be vital to the sustained growth of economy, and the entire value chain from R&D, prototyping, product

design, production, testing and distribution, administration to marketing and branding would be covered.

27. CIT supplemented that under the new IE policy, HKSTPC would consider how to utilize unused plot ratio at the IEs for developing new manufacturing facilities, such as multi-storey industrial or commercial buildings, which could in turn facilitate the development of high value-added industries concomitant to the commercialization of R&D results.

28. Ms Cyd HO said that the Labour Party opposed to the establishment of ITB. She noted from paragraph 16 of the Supplementary Document that the Hong Kong Planning Standards and Guidelines, published by the Planning Department, had specified that the worker density for General Industrial Use was 35 square metre per worker. She enquired about the rationale behind the ratio and the salary level of these industrial workers.

29. SCED explained that the basis of the worker density for General Industrial Use was devised after a thorough research with reference to other countries. The Administration acknowledged that the present worker density was lower than the threshold set by the Hong Kong Planning Standards and Guidelines, and would promulgate policies to promote re-industrialization of the territory for high value-added industries.

30. Referring to paragraph 10 of the Supplementary Document, Dr Helena WONG remarked that the Administration's past economic doctrine of positive non-interventionism had precipitated a significant decline of the manufacturing industries in the past decades. She asked for specific examples on how the Administration planned to revitalize manufacturing industries, and whether any performance targets, in terms of Gross Domestic Product, could be identified.

31. SCED said that in recent years, the rising labour costs in the Mainland had opened up new opportunities for re-industrialization of Hong Kong, especially in collaboration with R&D results in robotics. The Administration envisioned that successful commercialization of R&D results could enhance competitiveness of products made in Hong Kong for various industries.

Cultivating talents

32. Mr LEE Cheuk-yan expressed worries about insufficient opportunities for talents in innovation and technology.

33. PS(CT) said that the Administration was committed to driving policies to encourage young talents in innovation and technology to develop a career in R&D in Hong Kong.

34. SCED said that the Administration had accorded high importance to cultivating young talents through education in both secondary schools and postsecondary institutions. The Enriched IT Programme in Secondary School was intended for cultivating young talents in an early stage. The Administration had noted members' opinion on education for innovation and technology and the new ITB would continue to review existing policies for favourable policies to encourage young talents to develop a career in R&D.

Land provisions

35. Mr Albert CHAN commented that a considerable proportion of Hong Kong Science and Technology Park's ("HKSTP") tenancy consisted of commercial firms unrelated to innovation and technology, which was not conducive to effective use of space for re-industrialization and commercialization of R&D results.

36. CIT said that the HKSTPC had effected reforms to ensure that only firms with a heavy focus on R&D would be offered tenancy at the HKSTP and other venues managed by HKSTPC.

37. Ms Cyd HO enquired about the provision of new land for re-industrialization. Mr Albert CHAN shared similar concerns and urged the Administration to provide land for developing new office and industrial buildings.

38. SCED said that new land had been identified in Kwu Tung North (about 17 hectares), Lok Ma Chau (8 hectares), Hung Shui Kiu (8 hectares) and other areas in New Territories North (about 41 hectares) for building new multi-storey industrial or business buildings to facilitate the development of high value-added industries.

Key performance indicators

39. In spite of the more concrete policy directives illustrated by the supplementary document, Mr LEE Cheuk-yan urged the Administration to commit to identifying quantifiable key performance indicators for future evaluation of the work of ITB. Quoting paragraph 24 of the Supplementary Document regarding the R&D Cash Rebate Scheme under ITF, he said that the Administration had not provided quantified performance indicators such as the

number of applicants and successful R&D results based on the Scheme. Mr Albert HO shared a similar view and asked for cost-benefit analyses and performance indicators to evaluate the work of ITB.

40. SCED said that the Supplementary Document provided a vision on policy objectives for innovation and technology as requested by members. The Administration had identified concrete policy objectives such as the provision of land at IEs for innovation and technology. However, pending the establishment of ITB, it would be premature to provide key performance indicators at this stage. The Administration would review the efficacy of individual policies with Members at relevant Panels of LegCo.

41. CIT supplemented that the R&D Cash Rebate Scheme, promulgated in 2010, aimed to boost private investments by sharing part of the cost on R&D in the form of cash rebates. In 2010, there were 244 applications under the scheme with only about 7.3 million rebated, the figure of which had seen encouraging improvement to over 50 million by 2014-15. The Administration took note of Members' comments about the ITF and other findings by the Audit Commission and would strive to improve policy making for innovation and technology.

42. Mr Albert HO expressed worries that government-driven initiatives to develop innovation could be in contradiction with the Government's prevailing market-driven approach to economic development.

43. SCED said that it was the prerogative of the Administration to implement policies to bolster the development of economic drivers such as innovation and technology, and such efforts should not be construed as an intrusion to the free market economy.

Other issues

44. Ms Cyd HO called on the Administration to improve its dialogue with young people to explore new employment opportunities, such as arranging bilateral summits between Government officials and young people.

45. SCED expressed agreement that the Administration was responsible for engaging young people to improve their employment situation. The Administration would further diversify local economic development to bring about more employment opportunities in favour of young people.

46. Dr KWOK Ka-ki criticized the Administration for cronyism as it had appointed only allies of the Chief Executive to the Advisory Committee on Innovation and Technology, while bypassing Mr Charles Peter MOK, the LegCo Member representing the Information Technology Functional Constituency. He remarked that the Administration had not cleared public doubts of using ITB as a means to reward the political allies of the Chief Executive.

47. SCED affirmed that the Administration's choice of persons for appointment to advisory bodies was based on merits of individual members.

48. The Chairman declared that the meeting be now adjourned and discussion of the items be carried over to the next meeting.

49. The meeting was adjourned at 4:58 pm.

Legislative Council Secretariat
22 February 2016