

立法會
Legislative Council

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Finance Committee of the Legislative Council

**Minutes of the 13th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 27 November 2015, at 5:13 pm**

Members present:

Hon CHAN Kin-por, BBS, JP (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 Abraham SHEK Lai-him, GBS, JP
Hon Tommy CHEUNG Yu-yan, GBS, 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 CHEUNG Kwok-che
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 WU Chi-wai, MH
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Dr Hon Kenneth CHAN Ka-lok
Hon CHAN Yuen-han, SBS, JP
Hon Alice MAK Mei-kuen, BBS, JP
Hon KWOK Wai-keung
Hon SIN Chung-kai, SBS, JP
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
Dr Hon Elizabeth QUAT, 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:

Hon CHAN Kam-lam, SBS, JP (Deputy Chairman)
Dr Hon LAU Wong-fat, GBM, GBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Dr Hon LEUNG Ka-lau
Hon Frankie YICK Chi-ming, JP
Hon Gary FAN Kwok-wai
Hon CHAN Han-pan, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Kenneth LEUNG
Dr Hon KWOK Ka-ki

Hon Dennis KWOK
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon Martin LIAO Cheung-kong, SBS, 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)1
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Andy CHAN Shui-fu, JP	Deputy Secretary for Transport and Housing (Transport) 2
Mr Philip HAR Mung-fei	Principal Assistant Secretary for Transport and Housing (Transport) 4
Mr Alfred SIT Wing-hang, JP	Deputy Director of Electrical and Mechanical Services (Regulatory Services)
Dr LEUNG Kin-man, JP	Assistant Director of Electrical and Mechanical Services (Railways)
Ms Annie CHOI, JP	Commissioner for Innovation and Technology
Mr Johann WONG, JP	Deputy Commissioner for Innovation and Technology
Mr Rayson CHAN	Acting Assistant Commissioner for Innovation and Technology (Funding Schemes)
Mr Edwin KEH	Chief Executive Officer, The Hong Kong Research Institute of Textiles and Apparel
Dr Frank TONG	Director, Research and Technology Development, The Research and Development Centre for Logistics and Supply Chain Management Enabling Technologies
Dr Lawrence CHEUNG	General Manager, The Automotive Parts and Accessory Systems Research and Development Centre
Mr Daniel YU	Chief Executive Officer, The Nano and Advanced Materials Institute

Clerk in attendance:

Ms Anita SIT

Assistant Secretary General 1

Staff in attendance:

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(2015-16)31

**RECOMMENDATIONS OF THE ESTABLISHMENT SUBCOMMITTEE
MADE ON 29 JUNE 2015**

EC (2015-16)7

**HEAD 42 – ELECTRICAL AND MECHANICAL SERVICES
DEPARTMENT**

The Chairman advised that the Committee would continue with the deliberation of the item EC(2015-16)7.

2. Mr LEUNG Yiu-chung expressed concern about the delay in improving the situation of pedestrians and vehicles competing for passage and overcrowded platforms at the Tuen Mun and Yuen Long Light Rail Stations. He questioned whether the responsibilities of the two Chief Engineer posts proposed for creation would include providing professional advice on railway facilities and operational policies. Deputy Director of Electrical and Mechanical Services (Regulatory Services) ("DDEMS(RS)") explained that due to physical constraints, the MTR Corporation Limited ("MTRCL") was unable to retrofit platform screen doors in Light Rail stations, but the Electrical and Mechanical Services Department ("EMSD") would remind MTRCL to keep a close watch on passenger flow to avoid any increase in safety risk. At the request of Mr LEUNG, DDEMS(RS) agreed to include risk assessment of peak hour passenger flow at Light Rail platforms as a priority task after this establishment proposal had been approved. Deputy Secretary for Transport and Housing (Transport) 2 added that the Administration had earlier announced that a study on the future development of the Light Rail would be included in the Public Transport Strategy Study, and would report to the Legislative Council as and when appropriate.

3. Mr Albert CHAN and Mr CHAN Chi-chuen expressed concern about the testing work conducted on train cars that MTRCL had purchased from the Mainland. Mr LEUNG Kwok-hung asked the Administration to provide information on the records of efforts made by the MTRCL to understand the manufacture of train cars and inspect the trains in the Mainland since train cars were purchased from Changchun in 2011.

[*Post-meeting Note*: The supplementary information submitted by the Administration was circulated to members on 22 January 2016, vide LC Paper No. FC97/15-16.]

4. In response, DDEMS(RS) pointed out that MTRCL would send staff to the train car factory awarded with the contract to conduct inspections on the assembly of trains. An independent consultant on safety audit would also be commissioned to audit the manufacture of train cars and their inspection results. Moreover, the Railways Branch of the EMSD would also conduct checks on the critical safety components of trains and take part in their operational safety tests.

5. Mr LEUNG Kwok-hung, Mr Albert CHAN and Mr CHAN Chi-chuen held that it was necessary for the Administration to conduct random checks on the parts and components of new train cars purchased by the MTRCL from the Mainland, so as to ensure the quality of materials and their compliance with the relevant safety regulations. DDEMS(RS) reiterated that the Railways Branch of the EMSD would conduct tests and random checks on the critical safety components of railways to ensure the effectiveness of such parts and components. The Railways Branch would also examine the safety management system and asset management system of MTRCL, with a view to safeguarding the operational safety of railways.

Voting on EC(2015-16)7

6. There being no further question from members, the Chairman put the item to vote. At the request of Mr Albert CHAN, the Chairman ordered a division and the division bell was rung for five minutes.

7. The Chairman announced that 37 members voted in favour of and none voted against the item. The votes of individual members were as follows –

For:

Mr Albert HO Chun-yan
Ms Emily LAU Wai-hing
Mr WONG Kwok-hing
Mr Jeffrey LAM Kin-fung
Mr WONG Ting-kwong
Dr LAM Tai-fai
Mr CHEUNG Kwok-che
Mr IP Kwok-him
Mr LEUNG Kwok-hung
Mr Michael TIEN Puk-sun
Mr NG Leung-sing
Mr MA Fung-kwok
Mr CHAN Chi-chuen
Miss CHAN Yuen-han
Mr IP Kin-yuen
Mr Martin LIAO Cheung-kong
Mr TANG Ka-piu
Ir Dr LO Wai-kwok
Mr Tony TSE Wai-chuen
(37 members)

Mr LEE Cheuk-yan
Mr Abraham SHEK Lai-him
Prof Joseph LEE Kok-long
Mr Andrew LEUNG Kwan-yuen
Ms Starry LEE Wai-king
Mr CHAN Hak-kan
Mr WONG Kwok-kin
Mrs Regina IP LAU Suk-yee
Mr Albert CHAN Wai-yip
Mr James TIEN Pei-chun
Mr Steven HO Chun-yin
Mr Charles Peter MOK
Dr Kenneth CHAN Ka-lok
Miss Alice MAK Mei-kuen
Dr Elizabeth QUAT
Mr POON Siu-ping
Dr CHIANG Lai-wan
Mr Christopher CHUNG Shu-kun

8. The Chairman declared that the Committee approved the item.

Item No. 2 – FCR(2015-16)33

INNOVATION AND TECHNOLOGY FUND

HEAD 111 – INNOVATION AND TECHNOLOGY

Subhead 104 – The Nano and Advanced Materials Institute

Subhead 105 – The Hong Kong Research Institute of Textiles and Apparel

Subhead 106 – The Automotive Parts and Accessory Systems Research and Development Centre

Subhead 107 – The Research and Development Centre for Logistics and Supply Chain Management Enabling Technologies

9. The Chairman advised members that this item sought the Committee's approval of an increase in commitment of the following Subheads under Head 111 – Innovation and Technology –

- (a) From \$385.2 million by \$304.8 million to \$690 million for Subhead 104 – The Nano and Advanced Materials Institute;

- (b) From \$197.7 million by \$146.8 million to \$344.5 million for Subhead 105 – The Hong Kong Research Institute of Textiles and Apparel;
- (c) From \$228.2 million by \$71.5 million to \$299.7 million for Subhead 106 – The Automotive Parts and Accessory Systems Research and Development Centre; and
- (d) From \$207.9 million by \$154.5 million to \$362.4 million for Subhead 107 – The Research and Development Centre for Logistics and Supply Chain Management Enabling Technologies.

10. At the invitation of the Chairman, Mr WONG Ting-kwong, Chairman of the Panel on Commerce and Industry, reported that the Panel supported in principle the Administration's funding proposal. Panel members urged the Research and Development ("R&D") Centres to conduct more demand-driven applied R&D projects, devote more efforts to promoting project technologies to the industries and fostering commercialization of R&D outcomes, thereby generating commercial benefits for the commerce and industry sectors in Hong Kong. Some Panel members expressed concern that the total operating expenditure of the R&D Centres constituted a sizeable proportion of their annual R&D expenditure. They urged the R&D Centres to proactively explore ways to lower the operating expenditure and increase the commercialization income so as to enhance their cost-effectiveness, and set quantifiable commercialization targets to evaluate the performance of the R&D Centres.

11. Mr Charles Peter MOK expressed support for the funding proposal. He was pleased to note that there were sustained improvements in the overall performance of the R&D Centres, and he also agreed that the R&D Centres would be conducive to promoting innovation and technology upgrading in their respective industrial sectors. He asked the Administration how it would further enhance the level of industry contribution.

12. Ir Dr LO Wai-kwok declared that he was a member of the Board of the Nano and Advanced Materials Institute. He expressed support for the funding proposal and urged the Administration to further encourage public sector organizations to take part in the trial projects. He also expressed concern about the relatively low level of commercialization income received by the R&D Centres for their R&D outcomes, and urged the R&D Centres to make further improvement in this regard.

13. Dr Elizabeth QUAT remarked that the Democratic Alliance for the Betterment and Progress of Hong Kong supported the funding proposal. She agreed with the development direction of the R&D Centres, and urged the authorities to improve its policies with a view to encouraging business sectors to invest in R&D projects. She also proposed that the authorities should put in place research centres of users' experience in order to help the R&D Centres in their commercialization of R&D outcomes.

14. Commissioner for Innovation and Technology ("CIT") responded that the R&D Centres had obtained increasing support from the industry as demonstrated by a gradual increase in industry contribution in recent years. The Government would ask the R&D Centres to continue to maintain close communications with the industry to learn more about its needs, so as to further solicit support from the industry for their R&D efforts.

15. Mr CHAN Chi-chuen enquired about the economic benefits and job opportunities that would be brought by the funding approval. CIT pointed out that in the year 2014-2015, the R&D Centres employed about 1 200 R&D personnel and over 170 administrative personnel. The funding would be conducive to promoting applied R&D, enhancing the knowledge of the R&D personnel in the industry, and upgrading the R&D technological level.

16. Mr Albert CHAN stressed that as an accountability official, the Secretary for Innovation and Technology ("SIT") had the responsibility to attend meetings of the Finance Committee ("FC") to answer members' questions. Mr CHAN Chi-chuen was disappointed that no representative from the Innovation and Technology Bureau was present at the meeting to answer members' questions.

17. CIT pointed out in response that this funding proposal was submitted to FC for deliberation arrangement several weeks ago. At that time, the Innovation and Technology Commission ("ITC") was still under the purview of the Commerce and Economic Development Bureau. It was agreed within the Government that the meeting would be attended by CIT and four representatives from the R&D Centres. Moreover, as the Controlling Officer of the Innovation and Technology Fund ("ITF"), CIT was the appropriate official to take care of this funding application.

Motion to adjourn further proceedings

18. At 6:13 pm, Mr Albert CHAN moved a motion under paragraph 39 of the FC Procedure that further proceedings of the Committee should then be adjourned. The Chairman thereupon proposed the question on the motion to adjourn. The Chairman directed that each member, when speaking on the question, might speak once for not more than three minutes.

19. Mr Albert CHAN stated the objective of the motion. He expressed dissatisfaction that SIT was not in attendance at this meeting to answer questions raised by members in relation to the relevant policies.

20. Mr CHAN Chi-chuen and Mr LEUNG Kwok-hung indicated support for the motion to adjourn further proceedings. Mr CHAN expressed concern that many questions regarding the funding application needed to be answered by SIT. Mr LEUNG pointed out that the applied R&D projects of the R&D Centres in the past had not achieved satisfactory results, and the level of industry contribution was far from satisfactory.

21. In response to the motion, Permanent Secretary for Financial Services and the Treasury (Treasury) remarked that in the Administration's previous two attempts to apply to FC for additional injection into ITF, the relevant meetings were attended by the Controlling Officer of the ITF, i.e. CIT, and the relevant officers from the ITC. Before the establishment of ITB, as the Controlling Officer, CIT was also responsible for formulating policies under the arrangement where ITC was an integral part of the relevant policy bureau. Hence, the current arrangement was not significantly different from the past ones.

22. Mr Albert CHAN gave responding remarks on his motion. The Chairman then put Mr CHAN's motion to vote. At the request of Mr CHAN, the Chairman ordered a division and the division bell was rung for five minutes.

23. The Chairman announced that four members voted in favour of and 20 members voted against the motion. The votes of individual members were as follows –

For:

Mr LEUNG Kwok-hung
Ms Claudia MO
(4 members)

Mr Albert CHAN Wai-yip
Mr CHAN Chi-chuen

Against:

Ms Emily LAU Wai-hing	Mr WONG Kwok-hing
Mr Jeffrey LAM Kin-fung	Mr Andrew LEUNG Kwan-yuen
Ms Starry LEE Wai-king	Mr WONG Kwok-kin
Mr IP Kwok-him	Mrs Regina IP LAU Suk-yee
Mr Michael TIEN Puk-sun	Mr NG Leung-sing
Mr Steven HO Chun-yin	Mr YIU Si-wing
Mr Charles Peter MOK	Miss CHAN Yuen-han
Miss Alice MAK Mei-kuen	Mr KWOK Wai-keung
Dr Elizabeth QUAT	Ir Dr LO Wai-kwok
Mr Christopher CHUNG Shu-kun	Mr Tony TSE Wai-chuen
(20 members)	

24. The Chairman declared that the Committee negated the motion.

Continuation of discussion on agenda item FCR(2015-16)33

25. The Committee continued with the deliberation of agenda item FCR(2015-16)33.

The non-attendance of SIT

26. Mr LEE Cheuk-yan and Mr James TO expressed their regret at the non-attendance of SIT. Mr TO held that SIT should attend the meeting to give an account of his vision and concept with regard to the development of innovation and technology in Hong Kong. Mr WU Chi-wai mentioned that SIT had expressed his vision in respect of promoting industrialization in Hong Kong upon assuming office. He requested SIT to provide the relevant blueprint. Mr CHAN Chi-chuen urged SIT or officials at the rank of Permanent Secretary to attend the next meeting.

27. CIT responded that SIT would attend the joint meeting of the Legislative Council Panel on Commerce and Industry and Panel on Information Technology and Broadcasting to be held in December 2015 to brief members on his policy concepts.

Effectiveness of the R&D Centres

28. Mr LEE Cheuk-yan stressed that it was necessary to monitor the effectiveness of ITF. He expressed concern that the commercialization income of the four R&D Centres had remained on the low side over the years. Mr James TO expressed similar views. Mr WU Chi-wai enquired about the efforts made by the R&D Centres to overcome the difficulties encountered in the course of commercialization of R&D outcomes.

29. CIT remarked in response that R&D efforts required investment of substantial resources and accumulation of experience. Whether R&D projects could be commercialized depended on a number of factors, including changes in the market and other competitive technologies available in the market. Hence, it was particularly important that R&D projects should be market-driven and able to better meet the needs of the industry. As a matter of fact, while the level of industry contribution had been improving continuously over the past few years, there had also been a general upward trend of the number of projects under the Public Sector Trial Scheme, which demonstrated that the projects of the R&D Centres could better meet the needs of the industry. The Government would ask the R&D Centres to continue their efforts to promote commercialization of R&D outcomes.

30. Mr CHAN Chi-chuen enquired about the number of R&D outcomes of the R&D Centres used in local production over the past years. Mr KWOK Wai-keung considered that insofar as the R&D outcomes of the R&D Centres were concerned, the number of applications for patents could serve as one of the indicators used in monitoring the effectiveness of the R&D Centres.

31. CIT remarked that there had been many examples of R&D outcomes used in local production in recent years. In fact, apart from commercialization, R&D outcomes could also be employed to enhance the efficiency and effectiveness of the operation of the industry. Successful examples in this connection included an R&D project of the Research and Development Centre for Logistics and Supply Chain Management Enabling Technologies which effectively enabled the Hong Kong Customs and Excise Department to streamline the technology involved in its customs clearance procedures.

32. Mr LEUNG Kwok-hung expressed concern about the R&D projects and effectiveness of both the Nano and Advanced Materials Institute and the Hong Kong Research Institute of Textiles and Apparel. Chief Executive Officer, The Nano and Advanced Materials Institute responded that local enterprises had a strong demand for advanced materials. Over the past 18 months, the Institute had commenced about 75 R&D projects with over 50 local enterprises, laying the foundation for providing enterprises with locally developed and relatively cheaper advanced materials. One of the successful examples was the production of a facemask which offered a higher breathability and a higher protection of bacteria than facemasks manufactured by the 15 leading facemask manufacturers of the world. Both the R&D and production of the product concerned were conducted in Hong Kong, bringing business opportunities to local enterprises. Chief Executive Officer, The Hong Kong Research Institute of Textiles and Apparel pointed out that a number of projects

of the Research Institute had come to fruition in recent years. While there had been a continued improvement in the percentage of industry contribution, the commercialization income of the current year was also expected to reach the amount of about \$3 million.

33. At 7:10 pm, the Chairman declared that the meeting be adjourned, and that the outstanding items would be carried over to the next meeting for further deliberation.

34. The meeting was adjourned at 7:10 pm.

Legislative Council Secretariat
20 May 2016