

**立法會**  
***Legislative Council***

LC Paper No. ESC169/17-18

(These minutes have been  
seen by the Administration)

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**Establishment Subcommittee of the Finance Committee**

**Minutes of the 21<sup>st</sup> meeting  
held in Conference Room 1 of Legislative Council Complex  
on Wednesday, 20 June 2018, at 8:30 am**

**Members present:**

Hon Mrs Regina IP LAU Suk-ye, GBS, JP (Chairman)

Hon Alvin YEUNG (Deputy Chairman)

Hon LEUNG Yiu-chung

Hon WONG Ting-kwong, GBS, JP

Dr Hon Priscilla LEUNG Mei-fun, SBS, JP

Hon Steven HO Chun-yin, BBS

Hon WU Chi-wai, MH

Hon Charles Peter MOK, JP

Hon CHAN Chi-chuen

Dr Hon KWOK Ka-ki

Hon KWOK Wai-keung, JP

Dr Hon Fernando CHEUNG Chiu-hung

Hon IP Kin-yuen

Dr Hon Elizabeth QUAT, BBS, JP

Hon Martin LIAO Cheung-kong, SBS, JP

Hon POON Siu-ping, BBS, MH

Dr Hon CHIANG Lai-wan, JP

Ir Dr Hon LO Wai-ki, SBS, MH, JP

Hon CHUNG Kwok-pan

Hon CHU Hoi-dick

Hon HO Kai-ming

Hon Holden CHOW Ho-ding

Hon SHIU Ka-fai

Hon SHIU Ka-chun

Hon YUNG Hoi-yan

Dr Hon Pierre CHAN  
Hon CHAN Chun-ying  
Hon KWONG Chun-yu  
Hon Jeremy TAM Man-ho  
Hon Gary FAN Kwok-wai  
Hon AU Nok-hin  
Hon Vincent CHENG Wing-shun  
Hon Tony TSE Wai-chuen

**Members absent:**

Hon James TO Kun-sun  
Hon Abraham SHEK Lai-him, GBS, JP  
Hon WONG Kwok-kin, SBS, JP

**Public Officers attending:**

Ms Carol YUEN Siu-wai, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Eddie MAK Tak-wai, JP	Deputy Secretary for the Civil Service 1
Dr Bernard CHAN Pak-li, JP	Under Secretary for Commerce and Economic Development
Mr Gary POON Wai-wing	Deputy Secretary for Commerce and Economic Development (Commerce and Industry)2
Ms Sabrina LAW Chung	Principal Assistant Secretary for Commerce and Economic Development (Single Window)
Mr Ricky CHONG Kwok-man	Principal Assistant Secretary for Innovation and Technology (1)
Ms Annie CHOI Suk-han, JP	Commissioner for Innovation and Technology
Mr Ivan LEE Kwok-bun, JP	Deputy Commissioner for Innovation and Technology

**Clerk in attendance:**

Ms Connie SZETO	Chief Council Secretary (1)4
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**Staff in attendance:**

Ms Mandy LI	Council Secretary (1)4
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Miss Yannes HO	Legislative Assistant (1)6
Ms Haley CHEUNG	Legislative Assistant (1)9

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The Chairman drew members' attention to the information paper ECI(2018-19)4, which set out the latest changes in the directorate establishment approved since 2002 and the changes to the directorate establishment in relation to the five items on the agenda. She then reminded members that in accordance with Rule 83A of the Rules of Procedure ("RoP"), they should disclose the nature of any direct or indirect pecuniary interest relating to the item under discussion at the meeting before they spoke on the item. She also drew members' attention to RoP 84 on voting in case of direct pecuniary interest.

**EC(2018-19)10      Proposed creation of one supernumerary post of Chief Systems Manager (D1) for a period of five years with immediate effect upon approval of the Finance Committee (FC); and retention of one supernumerary post of Administrative Officer Staff Grade C (D2) for a period of four years with immediate effect upon approval of the FC or from 24 June 2019, whichever is later, in the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau to take forward the development of a Trade Single Window in Hong Kong**

2.      The Chairman remarked that the staffing proposal was to create one supernumerary post of Chief Systems Manager ("CSM") (D1) for a period of five years with immediate effect upon approval of FC; and retention of one supernumerary post of Administrative Officer Staff Grade C ("AOSGC") (D2) for a period of four years with immediate effect upon approval of FC or from 24 June 2019, whichever is later, in the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau to take forward the development of a Trade Single Window ("TSW") in Hong Kong.

3.      The Chairman pointed out that the Administration consulted the Panel on Commerce and Industry on the proposal on 15 May 2018. The

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Panel supported in principle the creation of the supernumerary post of CSM and the proposed extension of the post of AOSGC. At the meeting, a number of members pointed out that it would be too slow to fully implement TSW in 2023 at the earliest and they considered that the Administration should expedite the implementation of TSW so as to save the time and cost of the trading community and enhance the trade efficiency. Some members opined that the Administration should provide the implementation timetable in relation to various future aspects of TSW and the specific work processes in respect of the main duties to be undertaken by the two proposed posts, particularly the work arrangements for legislation and the design and development of the information technology ("IT") system, in order to ensure the full implementation of TSW in 2023. Some members were also concerned about the reaction to and acceptance of TSW among the trading community, as well as whether it was easy to operate the one-stop electronic platform to be provided under TSW.

Implementation timetable of the Trade Single Window

4. The Chairman, Mr AU Nok-hin and Mr Charles Peter MOK expressed concern about the lengthy time taken for TSW to be fully implemented in 2023 the earliest. They were worried that the technologies used for TSW by then would be outdated, thereby weakening Hong Kong's competitiveness in trade. Mr AU pointed out that neighbouring major economies, such as Singapore and Japan, launched TSW in 1989 and 2003 respectively.

5. Dr KWOK Ka-ki pointed out that TSW involved the development of a one-stop electronic platform under which the trade would lodge all trade documents with the Government for trade declaration and customs clearance purposes, and not many government departments were involved in Phase 1 of the implementation. He asked the Administration why TSW would need to be fully implemented in 2023 at the earliest.

6. Under Secretary for Commerce and Economic Development ("USCED") advised that Hong Kong was no less competitive than other economies in trade clearance efficiency. The Administration had been imposing minimal legislative restrictions on import and export of goods and introduced a number of measures to alleviate the burden of trade control on traders and carriers, with a view to expediting trade clearance efficiency. Such measures included the Government Electronic Trading Services ("GETS") launched since 1997; the Air Cargo Clearance System ("ACCS") and the Road Cargo System ("ROCARS") which were adopted in 1998 and 2010 respectively, and various voluntary schemes for sea

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cargoes.

7. USCED further remarked that the forthcoming TSW would allow for one-stop lodging of all trade documents and further improve efficiency in trade declaration and customs clearance. TSW was a highly sophisticated project with a mega scale, involving more than 10 government departments and over 50 trade documents. It would replace a number of existing clearance systems, including GETS and the transport mode-based frontend and backend systems in the Customs and Excise Department ("C&ED") (such as ROCARS and ACCS) to become the centralised platform for customs clearance. Moreover, in Phase 3 of TSW, the Administration would implement the pre-shipment documentation regime, which would necessitate considerable adjustments to the internal operations of all participating government agencies as well as that of the trading community, in particular the logistics sector. As a result, the Administration had proposed a timetable for implementing TSW in three phases.

8. Deputy Secretary for Commerce and Economic Development (Commerce and Industry)2 ("DSCED2") added that in drawing up the implementation timetable, the Administration had taken into account the necessary legislation work for implementing TSW, including drafting a new bill and amending existing legislation. In addition, the Administration would need to submit funding applications to FC for establishing TSW in order to conduct the relevant tender and procurement exercises for Phases 2 and 3 of TSW and the actual design and development of the system.

9. Mr Tony TSE enquired about details of the legislation work for TSW. USCED responded that the Administration had started the first part of the work involving the drafting of the principal legislation and the relevant bill was expected to be introduced into the Legislative Council ("LegCo") in 2019. DSCED2 added that the relevant legislative exercise would be carried out in two stages. Firstly, the Administration intended to introduce the aforementioned new bill into LegCo to underpin the establishment and use of TSW. The Administration would subsequently submit amendments to over 40 pieces of existing legislation (including the Import and Export Ordinance (Cap. 60) and its subsidiary legislations) to mandate the use of TSW and implement the pre-shipment documentation regime.

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Contents of the Trade Single Window system

*The application of innovation and technology in the Trade Single Window*

10. The Chairman, Mr CHUNG Kwok-pan, Mr AU Nok-hin and Mr Charles Peter MOK pointed out that the rapid development of blockchain technologies had resulted in its widespread use in many fields. They asked whether such technologies would be applied in TSW system. Mr MOK remarked that before the Administration announced in 2016 the plan to launch TSW, he already conveyed the concern of the logistics sector about the fact that most overseas ports had established TSW. However, the Administration did not announce the plan until 2016. The Chairman and Mr AU asked whether the Administration would draw up a timetable for application of blockchain technologies in TSW. The Chairman was also concerned about whether the application of blockchain technologies would entail extra costs and whether mobile apps would be provided in TSW.

11. DSCED2 advised that when conducting technical studies for Phases 2 and 3 of TSW, the Administration would make reference to the innovative technologies adopted in similar systems in other economies, including blockchain technologies. He confirmed that the Government would take into account the demand for mobile apps by the trade when designing TSW system, in order to enable the trade to use TSW through mobile phones.

12. Mr Charles Peter MOK opined that Hong Kong should, instead of merely making reference to existing modes and technologies used by other TSW systems, take the initiative to apply other innovative technologies, which was necessary for Hong Kong's TSW system to stay ahead of those of other economies.

*Connections with Trade Single Windows in other economies*

13. In response to Mr CHUNG Kwok-pan's enquiry about the external connections of TSW, USCED advised that future consideration could be given to establishing mutual connections between Hong Kong's TSW and TSWs in other customs jurisdictions in accordance with the bilateral agreements reached between them.

14. Mr AU Nok-hin noted that the Asia-Pacific Economic Co-operation expected its member economies to develop TSWs in 2020, but Hong Kong would fully implement its TSW in 2023 at the earliest. He asked how the Administration would ensure that Hong Kong's trade would not be affected

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by the lack of connections between its TSW and TSWs in other economies, and when Hong Kong's TSW would launch "government to government connections" for the lodging of trade documents.

15. USCED pointed out that in order to enable Hong Kong's TSW to connect with other economies more quickly, the Administration would consider shortening the time required for the launch of Phases 2 and 3 of TSW as far as possible, with a view to fully implementing TSW as soon as possible.

16. DSCED2 added that unlike Hong Kong, some economies imposed tariffs or goods and services taxes on imported goods. Hong Kong had launched GETS to enable the trade community to submit several types of commonly used trade documents through electronic means. Regarding "government to government connections" through TSW, he advised that such connections involved exchange of information between different customs jurisdictions, and such practice was still at an early stage in the international community. Taking the Association of Southeast Asian Nations as an example, TSWs in its member countries currently supported the exchange of only one trade document of certificate of origin. The Administration would closely monitor the development of TSWs in other countries and regions.

*Dealing with the impact of the General Data Protection Regulation implemented by the European Union*

17. The Chairman, Mr Charles Peter MOK and Dr KWOK Ka-ki were concerned about how the Administration would deal with the possible impact on the implementation of TSW in Hong Kong arising from the implementation of the new General Data Protection Regulation ("the Regulation") by the European Union ("EU") in May 2018. They pointed out that the Regulation was globally applicable. Enterprises would be subject to the Regulation as long as they were involved in the handling of personal data within EU regardless of where they operated.

18. DSCED2 responded that TSW in Hong Kong must observe the Personal Data (Privacy) Ordinance (Cap. 486) and other relevant ordinances for the protection of privacy. When handling trade documents involving personal data, the relevant departments must obtain the consent of the information provider before they could release the personal data to a third party, unless required otherwise or exempted by law. Should the privacy laws in Hong Kong have to be amended or updated, it was envisaged that the relevant departments would follow up this matter appropriately. Principal Assistant Secretary for Commerce and Economic

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Development (Single Window) ("PASSW") added that the Administration would conduct privacy protection assessment for system design at different stages of the implementation of TSW and would study the protection of personal data with the Department of Justice during the legislative exercise.

19. The Chairman and Mr Charles Peter MOK opined that the Administration's response had failed to address members' concern. They pointed out that the Regulation covered enterprises operating outside EU and the Administration's response could not rule out the possible impact of the Regulation on Hong Kong enterprises. Mr MOK cited the example that if an employee from EU inputted his personal data into TSW for trade declaration purpose on behalf of the Hong Kong enterprise for which he worked, the enterprise concerned might be subject to the Regulation. Although EU had not directed the actions which could be taken against government agencies which did not comply with the Regulation, Mr MOK opined that the Administration should assess the possible impact of the Regulation on enterprises. The Chairman requested the Administration to provide supplementary information on the impact of the data protection framework formulated under the Regulation of EU on TSW and how the Administration would ensure that its TSW plan would comply with the requirements of the Regulation.

*(Post-meeting note: The information provided by the Administration was circulated to members on 27 June 2018 vide LC Paper No. ESC160/17-18(01).)*

*Details of individual development phases of the Trade Single Window*

20. Mr WU Chi-wai enquired about details of the upgrading in each phase of TSW system and how it would facilitate the users of the trade community.

21. PASSW responded that Phase 1 of TSW covered 13 types of trade documents which could not be applied electronically (e.g. applications for individual import and export licences or permits) and had to be submitted in paper form at present. The trade community could participate in Phase 1 voluntarily by submitting the aforementioned documents to the Administration electronically in order to save time and costs. Phases 2 and 3 of TSW would cover more types of trade documents and the data in the system could be reused, thus minimizing data input efforts and errors by the trading community when handling trade documents. Moreover, the Administration would continue to listen to the views of the trade community on the upgrading of the system through six User Consultation Groups (whose membership covered various stakeholders in the trading



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and logistics sectors) in order to ensure that TSW would be able to meet the needs of various parties when it was launched.

22. Mr CHUNG Kwok-pan said that the trading community supported the early implementation of TSW. Noting that the Administration invited some representatives of the trades relevant to TSW to participate in the functionality tests in December 2017, he asked why the representatives from the textile industry were not invited.

23. DSCED2 advised that the representatives of the trades invited to participate in the functionality tests in December 2017 were those relevant to the trade documents covered in Phase 1 of TSW. Trade documents relevant to the textile industry would be covered in Phases 2 and 3 of TSW only and the Administration would invite the representatives of the industry to participate in the relevant functionality tests by then.

The duties of the proposed Chief System Manager and the relevant establishment

24. Dr KWOK Ka-ki noted that the proposed post of CSM would be filled by an IT expert with sufficient experience and knowledge in system development and management. He opined that a contractor with the aforementioned qualifications would be able to establish TSW more quickly and shorten the timetable for the full implementation of TSW. He requested the Administration to explain the need for the creation of the CSM post and the detailed expenses involved in the implementation of TSW.

25. USCED advised that TSW was a highly sophisticated project with a mega scale, which required the creation of the CSM post dedicated to leading IT development of TSW. Moreover, the CSM was required to maintain external liaison, like listening to the views of TSW users (including government departments and the trading community), and conduct technical studies in the IT unit under the Project Management Office under his leadership, in order to ascertain the overall technical design and the requirements of individual IT components in more specific details. The CSM would also oversee the working out of the funding proposals for TSW and the preparation of future procurement exercises, as well as provide advice on tender preparation, tender evaluation, monitor the performance of the company awarded the tender and the progress of the project. He said that the CSM would consolidate the demands of the users and the Government would set out the expenses for TSW in its paper on the funding application to be submitted to FC in due course.

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26. Mr Gary FAN pointed out that in 2015, the Administration transferred the Innovation and Technology Commission ("ITC") and Office of the Government Chief Information Officer ("OGCIO"), which were originally under the Commerce and Economic Development Bureau ("CEDB"), to the newly established Innovation and Technology Bureau ("ITB"), in order to focus on the development of innovative technologies. He was concerned why CEDB still needed to create posts to take forward IT projects, instead of requesting ITB to provide IT support or perform the duties of the proposed CSM for more efficient use of resources. He asked whether CEDB had discussed the proposal for the creation of the CSM post with ITB.

27. DSCED2 responded that in preparing the establishment of TSW, CEDB had been in close contact with OGCIO under ITB. Given that TSW was a highly sophisticated project with a mega scale and involved the development of a one-stop electronic platform to facilitate the lodging of all Business-to-Government trade documents, CEDB had to create a post to be filled by an IT expert to lead PMO and assist in formulating strategies on the IT direction of TSW project. He advised that the person to take up the CSM would be an IT professional who could utilize his expertise and experience in the development of TSW. He added that in taking forward IT projects, most bureaux or departments would create IT posts to provide professional support and assistance. IT personnel in ITB would be mainly responsible for coordinating IT policies and offer help for IT projects of a smaller scale undertaken by other bureaux or departments.

28. In response to Mr Charles Peter MOK's enquiry, DSCED2 confirmed that the CSM post would be taken up by a professional grade staff member from OGCIO under ITB.

29. Mr Tony TSE noted that the Administration proposed to extend some existing posts responsible for TSW in PMO and create new time-limited posts. But these posts would expire in 2023 (i.e. the earliest time when Phase 3 of TSW was expected to be implemented). He was concerned about the manpower arrangements for various duties (including operation and supervision) following the full implementation of TSW.

30. USCED advised that to strengthen the manpower support in PMO, the Administration would extend the existing 16 time-limited non-directorate civil service posts in PMO for four years up to 2023, and create eight additional time-limited non-directorate posts for five years up to 2023, in order to cope with the full implementation of TSW. TSW would be operated by C&ED after its full implementation. As for the manpower arrangements of PMO after 2023, the Administration would

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make a review at an appropriate time, taking into account the latest progress of TSW, the latest implementation timetable and manpower deployment on all fronts.

Voting on the item

31. The Chairman put the item to vote. She was of the view that the majority of the members voting were in favour of the item. She declared that the Subcommittee agreed to recommend the item to FC for approval. Dr KWOK Ka-ki requested that the item be voted on separately at the relevant FC meeting.

**EC(2018-19)11      Proposed creation of one permanent post of Administrative Officer Staff Grade C (D2) in the Innovation and Technology Commission with immediate effect upon approval of the Finance Committee to take forward policy initiatives to spearhead innovation and technology development in Hong Kong**

32. The Chairman remarked that the staffing proposal was to create one permanent post of Administrative Officer Staff Grade C (D2) (to be designated as Assistant Commissioner (Infrastructure) ("AC(Infrastructure)")) in the Innovation and Technology Commission ("ITC") with immediate effect upon approval of FC to take forward policy initiatives to spearhead innovation and technology ("I&T") development in Hong Kong.

33. The Chairman pointed out that the Administration consulted the Panel on Commerce and Industry on the proposal on 15 May 2018. The Panel supported in principle the staffing proposal. Some members urged the Administration to examine how the proposed post could assist in accomplishing the Central People's Government's mission for Hong Kong to become a global innovation hub, expanding the scale of the two research clusters and exploring the possibility of establishing more research clusters in the future.

Duties of the proposed post

34. Dr KWOK Ka-ki opined that the development of the Hong Kong-Shenzhen Innovation and Technology Park ("the Park") at Lok Ma Chau Loop ("the Loop") near Shenzhen by the Administration aimed at attracting the admission of Mainland research institutions. Dr KWOK

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said that he was not opposed to I&T development, but the development of the Park at the Loop by the Administration would entail huge costs while the facilitating measures (like the issuance of multiple entry permits) would benefit Mainland enterprises and talents only and it would be difficult to attract local technology talents to work at the Loop. He therefore would not support the creation of the proposed post.

35. Commissioner for Innovation and Technology ("CIT") advised that the duties of the proposed post of AC(Infrastructure) included : (a) to devise strategic plans for the establishment of key technology platforms in the Hong Kong Science Park ("Science Park") and oversee the operation of research clusters as key technology platforms for the promotion of innovation and technology; (b) to oversee policy, resources and housekeeping matters relating to Hong Kong Science and Technology Parks Corporation ("HKSTPC"); and (c) to oversee the development of physical technological infrastructure. HKSTPC had set up a wholly-owned subsidiary company, namely the Hong Kong-Shenzhen Innovation and Technology Park Limited, which would be vested with the responsibility to build the superstructure of the Park, as well as to operate, maintain and manage the same. CIT stressed that the Park was positioned to establish a key base for co-operation in scientific research through liaising with top-tier enterprises, research institutions and higher education institutions in the Mainland, overseas and Hong Kong, and would exchange and cooperate with excellent quality research talents. Moreover, the subsidiary company would conduct business and investment promotions targeting local and global enterprises.

36. Mr CHAN Chun-ying expressed support for the staffing proposal. He noted from the Government paper that the portfolio of the proposed post was wide. He asked how the Administration would identify candidates for the post and whether the post would be taken up by an Administrative Officer.

37. Mr Alvin YEUNG enquired about whether the post would be filled through open recruitment or internal promotion, as well as the manpower arrangements before the creation of the post, including whether the relevant duties would be shared among existing directorate staff in ITC.

38. CIT advised that the proposed post would be filled by an Administrative Officer through internal deployment. In taking forward the research clusters, the proposed post holder would liaise and negotiate with the institutions intending to apply for admission into the research clusters, and would assist the Governing Committee of the research clusters in assessing the relevant institutions and follow up the signing of the

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tripartite agreement. Meanwhile, there were two teams led by two staff designated as Biotechnology Director and Science Advisor respectively in ITC to provide technical support for technology-related matters. She said that with the experience of a directorate staff and support from the technology teams, the post holder could meet the requirements of the proposed post.

39. CIT further pointed out that since 2015, the new initiatives and ongoing tasks carried out by ITC had been growing in complexity but the directorate establishment in ITC had not increased. As the existing directorate officers in ITC were already fully engaged with their own heavy portfolio and workload, it would not be viable for any one of them to share the additional duties without adversely affecting the quality and efficiency of their work. To cope with the heavy workload arising from these new initiatives and tasks, ITC saw the need to strengthen its directorate support by creating an AOSGC post to promote the development of the two research clusters and HKSTPC.

40. Mr Gary FAN noted from the Government's paper that regarding the establishment of the research clusters, the duties of the proposed post would include monitoring the tripartite agreement to be signed between the Government, the centre's parent institution and HKSTPC to govern the Government's cooperation with each research centre/laboratory. He asked how the Administration would ensure that the holder of the proposed post would have the qualifications required for monitoring the tripartite agreement so that the agreement would not affect employment opportunities for local I&T personnel.

41. CIT advised that AC(Infrastructure) at D2 rank would have sufficient qualifications and experience to monitor the tripartite agreement. She added that the Administration would provide financial support to the research laboratories of non-profit-making scientific research institutions that would establish their presence in these two clusters to cover their capital and operation expenses. The tripartite agreement would set out clearly the respective rights and obligations of different parties, including the modus operandi of the research centre/laboratory, the area of research, sharing of intellectual property rights, the arrangement for and minimum number of research team leaders/members dispatched from the parent institution to the research centre, financial governance matters (e.g. open tender requirements) when public monies were involved, arrangement on hiring and training of local talents, etc.

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The new Infrastructure Division

42. Mr CHAN Chun-ying noted from the Government's paper that the new Infrastructure Division comprised a total of 20 non-directorate posts, including nine officers to be deployed from other divisions. He enquired about the divisions from which these nine officers came and their grades.

43. CIT advised that the new Infrastructure Division would provide support in the delivery of duties relating to the two research clusters and HKSTPC. The nine officers to be deployed to the Infrastructure Division came from different grades, including Administrative Officer, Trade Officer and Engineer, etc.

44. Mr CHAN Chi-chuen pointed out that according to the information set out in Programme (5) Infrastructural Support under "Head 155 — Government Secretariat: Innovation and Technology Commission" in the Controlling Officer's Report of the 2018-2019 Budget, the financial provision for 2018-2019 was \$43.2 million more than the revised estimate for 2017-2018, representing an increase of up to 306.4% and the expenses involved the creation of 29 posts. He asked whether these posts included the proposed permanent directorate posts and the 11 additional non-directorate posts for the new Infrastructure Division. CIT noted Mr CHAN's enquiry. She pointed out that apart from the 11 additional non-directorate posts, the new Infrastructure Division would recruit other staff on non-civil service terms to provide support.

45. Mr CHAN Chi-chuen requested the Administration to provide the estimate for the annual operating expenditure of the new Infrastructure Division, including the total expenditure for the 20 non-directorate posts. CIT undertook to provide the information requested by Mr CHAN after the meeting.

*(Post-meeting note: The information provided by the Administration was circulated to members on 26 June 2018 vide LC Paper No. ESC159/17-18(01).)*

The work of the Innovation and Technology Commission

46. Mr Charles Peter MOK expressed support for the creation of the proposed post. He pointed out that ITC had a heavy workload in that it was responsible for implementing the policies for I&T development. It also managed the operation of various funding schemes under the Innovation and Technology Fund ("ITF"), supported the operation of research and development centres, assisted in promoting the development

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of HKSTPC, etc. He was concerned about whether the financial resources and manpower of ITC were adequate to take forward various initiatives/plans, and the actual effectiveness of the implementation of these initiatives. In this connection, he urged the Administration to review the division of responsibilities and work process between ITB and ITC, with a view to promoting the diversified development of I&T industry and balancing the needs of various stakeholders.

47. CIT responded that ITB was responsible for formulating and implementing holistic policies relating to I&T while two executive arms under ITB, namely ITC and OGCIO, were responsible for implementing policies relating to I&T and various funding schemes. HKSTPC and the Hong Kong Cyberport Management Company Limited would assist in handling the applications submitted under the Technology Talent Admission Scheme and would make recommendations to ITC after examining information provided by technology companies or institutions. The Administration would regularly review manpower requirements and try its best to coordinate the work of various departments so that they could discharge their duties properly.

Establishing two research clusters

48. Mr AU Nok-hin noted from the Government's paper that the Administration proposed to establish two research clusters at the Science Park, namely the cluster on healthcare technology and the one on artificial intelligence ("AI")/robotics technology. The establishment of the two clusters would require high level liaison and negotiation with heads of both local and non-local parties of high international standing. He suggested that the Administration should take the initiative to approach potential partners for admission into the two research clusters to facilitate cooperation between them and local research and development teams. He also enquired about the details of the negotiations between the Administration and these institutions. Mr Alvin YEUNG enquired about the specific strategies the Administration would formulate to attract the right mix of renowned institutions to admit to the two research clusters.

49. CIT concurred with the views of Mr AU Nok-hin. She advised that Hong Kong enjoyed clear advantages in healthcare technology and AI/robotics technology areas, the application of which would benefit the entire community. The two proposed research clusters aimed at attracting the world's top scientific research institutions and technology enterprises to Hong Kong for collaboration with local universities and scientific research institutions. Such clusters would pool and nurture more technology talent in Hong Kong, which would not only provide opportunities for local

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technology and research talents to participate in advanced R&D, but also facilitate the robust development of the relevant industries in Hong Kong. She added that local universities also collaborated with private companies in conducting research and development, and academia-industry collaboration played a vital role in promoting I&T development in Hong Kong. The Government was negotiating with a number of powerful international research institutions while research institutions and technology enterprises which intended to establish their presence in Hong Kong would also liaise with the Government. As the negotiations were still underway, it was inappropriate to disclose the details at the present stage.

50. Noting that the Administration would set up governing committees to be responsible for approving the admission of institutions and overseeing the operation of the two clusters, Mr Gary FAN requested the Administration to explain the detailed structure of the governing committees and how it would ensure that the governing committees would select institutions for admission into the research clusters in a transparent manner. Mr CHAN Chun-ying also enquired about the role of the proposed post in the governing committees of the research clusters.

51. CIT responded that the Government planned to set up governing committees for the two research clusters respectively to oversee the operation of the clusters, in order to ensure that the quality and focus of publicly-funded research activities would align with the Government's expectations and overall directions. Moreover, HKSTPC was required under the law to submit a corporation annual report, statement of accounts and auditor's report to the Government annually. The Government would scrutinize the above reports to ensure the proper use of resources and fulfilment of the Corporation's public mission of supporting the I&T sector through its business activities. The above reports would also be tabled in LegCo. HKSTPC was also required to give an account of the work of its subsidiary company, namely the Hong Kong-Shenzhen Innovation and Technology Park Limited, in its future reports. On the other hand, the proposed post would provide the necessary administrative support (e.g. secretariat services) and views to the governing committees for the research clusters, in order to assist the members of the governing committees in effectively overseeing the operation of the clusters.

52. Mr CHAN Chi-chuen enquired whether the Administration would draw up any quantifiable indicators for the post of AC(Infrastructure), so as to monitor the progress of the establishment of the two research clusters and their utilization, as well as to assess the benefits to be brought by the clusters to Hong Kong's overall economy.



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53. CIT advised that the Administration would devise indicators on the number of R&D projects completed and the number of talents trained. In considering the admission applications from individual research institutions, the Administration would devise appropriate indicators on the number of R&D projects and the number of talents trained in accordance with the relevant development plans, such as the scale and financial arrangements of the research centres/laboratories, so as to monitor and ensure that the research clusters would bring the expected benefits to Hong Kong. The Government expected that the number of research centres/laboratories set up in the two research clusters would increase year by year. As the operation of the research centres/laboratories became more established and more R&D projects commenced, the Government would adjust the relevant indicators and report the effectiveness of the implementation of the research clusters in HKSTPC's annual report and in the Controlling Officer's Report of the Budget.

54. Dr Fernando CHEUNG pointed out that Hong Kong's ageing population had resulted in an increasing demand for healthcare and long-term care services. However, the quality of services provided by some residential care homes was poor and they also lacked experience in the use of healthcare equipment. Dr CHEUNG enquired about the details of the R&D outcomes of the proposed research cluster on healthcare technologies, including whether the R&D results would be applied to the services provided by residential care homes and long-term care services, as well as the examples where R&D results promoted by the Government through various funding schemes (such as "the Innovation and Technology Venture Fund") were widely adopted.

55. CIT responded that the proposed research cluster on healthcare technologies would attract world-class scientific research teams to set foot in Hong Kong and collaborate with local research teams to conduct R&D on healthcare technologies and equipment. Moreover, the Government had been promoting and supporting applied R&D projects which contributed to the upgrading of technology levels of industries, as well as encouraging and subsidizing projects with greater potentials for realization/commercialization through ITF. For example, the Public Sector Trial Scheme provided support to organizations (including the R&D Centres) that had completed ITF R&D projects for production of prototypes/samples and conducting of trials in the public sector to facilitate and promote the realization and commercialization of R&D results of ITF projects. The Administration would provide supplementary information as requested by Dr Fernando CHEUNG.

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*(Post-meeting note: The information provided by the Administration was circulated to members on 26 June 2018 vide LC Paper No. ESC159/17-18(01).)*

The Technology Voucher Programme

56. Mr KWONG Chun-yu pointed out that as of the end of February 2018, applications from more than 800 enterprises had been received under the Technology Voucher Programme ("TVP"), but the TVP Committee had approved over 300 applications only. He enquired about the number of applications received since the launch of TVP, the latest number of applications approved and the reasons for rejecting the applications.

57. CIT responded that the TVP Committee had received about 1 000 applications so far and had assessed 620 of them, of which nearly 600 had been approved, representing a success rate of up to 95%. Some applications were awaiting supplementary information from the applicant enterprises. ITC had relaxed TVP's eligibility criteria and reduced the documents required to be submitted by the applicant enterprises, which would streamline the application and assessment process and hence shorten the assessment time. Moreover, ITC was promoting TVP by uploading short video clips (e.g. micro film) on the social media to share successful cases. The main reason for rejecting some applications was that the projects concerned were not covered by TVP, for example, they were not using technological services to upgrade the companies' business processes, etc.

Other views

58. Mr KWONG Chun-yu was concerned about the arrangement for the collection of a handling charge of \$8 per ticket from those who purchased tickets through online booking and mobile ticketing application by the Urban Ticketing System ("URBTIX"). He said that he raised an oral question on this issue at the LegCo meeting on 23 May 2018. He asked whether the Administration would consider reviewing the arrangement and lowering the handling charge when conducting the open tendering process for the new ticketing system and related services in the third quarter of 2019.

59. CIT advised that the collection of handling charges by URBIX was outside the purview of ITC and unrelated to the creation of the proposed post. ITC did not have the relevant information. She undertook to relay Mr KWONG Chun-yu's request to the relevant department and provide supplementary information after the meeting.

Action

*(Post-meeting note: The information provided by the Administration was circulated to members on 26 June 2018 vide LC Paper No. ESC159/17-18(01).)*

*(At 10:22 am, the Chairman asked members whether they agreed to extend the meeting by 15 minutes. No members expressed objection.)*

60. The Chairman remarked that as some members were still waiting for their turn to ask questions, the Subcommittee would continue the discussion on this item at the meeting on 26 June 2018.

61. The meeting ended at 10:44 am.

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