

**立法會**  
***Legislative Council***

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**Panel on Commerce and Industry**

**Meeting on 16 April 2013**

**Background brief on promotion of innovation and technology**

**Purpose**

This paper provides background information on the promotion of innovation and technology in Hong Kong. It also provides a summary of views and concerns expressed by Members on the subject in previous discussions.

**Background**

2. In 2009, the Administration identified innovation and technology (I&T) as one of the six industries which Hong Kong enjoys clear advantages and should be further promoted. The National 12th Five-Year Plan, which was promulgated in March 2011, further affirms the Central Government's support for the development of I&T in Hong Kong.

3. To develop Hong Kong into a knowledge-based economy that thrives as an innovation hub in the region, the Administration has stepped up efforts to enhance collaboration among Government, the industry, academia and the research sector with a view to promoting research and development (R&D) as well as technology transfer. The Administration's approach in promoting I&T development is underpinned by the five core strategies as follows:

### Providing world-class technological infrastructure

4. The Hong Kong Science Park (HKSP) provides facilities, services and a dynamic environment that enable companies to nurture ideas, innovate and develop. Phases 1 and 2 of HKSP currently provides 20 state-of-the-art laboratory-fitted buildings offering 220 000 m<sup>2</sup> of R&D office space. The Administration has commenced the \$4.9 billion Phase 3 development which will increase the existing floor area by about 50% to 330 000 m<sup>2</sup> accommodating another 150 high-tech companies. Phase 3 will be completed in stages from early 2014 to 2016.

5. The three Industrial Estates (IEs) in Tai Po, Yuen Long and Tseung Kwan O provide land for industries which would upgrade Hong Kong's manufacturing bases but could not be operated in traditional multi-storey industrial buildings. To capture opportunities in high-tech industries in the longer run, the Administration is exploring the feasibility of expanding the Yuen Long IE.

### Offering financial support to R&D and technology transfer

6. At present, there are four major funding programmes under the Innovation and Technology Fund (ITF), namely Innovation and Technology Support Programme, University-Industry Collaboration Programme, Small Entrepreneur Research Assistance Programme, and General Support Programme, providing financial support to a spectrum of activities that boost Hong Kong's I&T capability. As at end-March 2012, ITF has supported over 2 700 projects at a total commitment of about \$6.4 billion. The uncommitted funding balance (i.e. available for funding new projects) was about \$2.1 billion.

7. In April 2010, the Administration launched the \$200 million-R&D Cash Rebate Scheme to reinforce the research culture among private companies and encourage them to establish stronger partnership with local public research institutions. Under the Scheme, a company receives a cash rebate on its expenditure in two types of applied R&D projects, namely projects under the ITF and those commissioned by companies and conducted by designated local public research institutions<sup>1</sup>. To enhance the attractiveness of the Scheme, the level of rebate has been increased from 10% to 30% since February 2012. By end-December 2012, the Scheme has approved 537 applications and \$36.8 million of rebate.

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<sup>1</sup> Designated local public research institutions under the Scheme include local universities; R&D Centres set up under the ITF; Hong Kong Productivity Council; and Vocational Training Council.

### Nurturing human resource development

8. The success of a knowledge-intensive I&T sector hinges on the availability of talents. As such, the Administration has placed increasing emphasis on human resource development, attracting the young generation to consider pursuing I&T as a life-long career, and providing exposure and incentives to them at different stages of their academic and intellectual development through various channels.

### Strengthening Mainland and international collaboration in science and technology

9. In the Mainland, the HKSAR Government has been working closely with the State Ministry of Science and Technology in Beijing through the Mainland/Hong Kong Science and Technology Co-operation Committee to identify and implement initiatives to dovetail the National 12th Five-Year Plan.

10. Internationally, the Administration has been actively promoting the strengths of Hong Kong to overseas universities and companies with a view to fostering research collaboration and the use of Hong Kong as a landing pad for access to the Mainland market.

### Fostering a vibrant innovation culture in the community

11. To instill a stronger innovation culture in the community, the Administration organizes various publicity programmes on a regular basis to sustain public interest in science and technology, such as the flagship event, InnoCarnival, as well as promotional videos, advertorials and interviews that feature the latest development relating to I&T.

### **Previous discussions**

12. The Panel on Commerce and Industry (the Panel) has discussed the Administration's policy and strategy on promoting I&T development in Hong Kong at Panel meetings on 19 April 2011, 20 March and 15 May 2012, as well as the Policy Briefing on 23 January 2013. Members have also followed up issues relating to I&T development in Hong Kong by way of Council questions and motion debate. The major views and concerns expressed by Members are summarized in the ensuing paragraphs.

## Technological infrastructure

13. At the Council meeting on 7 November 2012, a question was raised on the occupancy rate, as well as the admission criteria of the HKSP. Panel members also expressed concern about the revitalization and repositioning of IEs to facilitate the upgrading of technology level and broadening of industrial bases in IEs. The Administration was urged to explore the development of a fourth IE.

## Initiatives supporting R&D and development of I&T

14. Panel members generally welcomed the Administration's decision to increase the level of cash rebate under the R&D Cash Rebate Scheme from 10% to 30% with effect from 1 February 2012. Some members requested the Administration to further consider providing more tax concessionary incentives, including doubling the tax deduction for investment in R&D, or other non-financial support to enterprises, so as to further stimulate private investment in R&D. Some members noted with concern that Hong Kong's gross expenditure on R&D as a ratio to Gross Domestic Product remained low by international standard. There were views that the Administration should allocate more resources to R&D development and further explore the co-operation between Hong Kong and the Mainland in innovation and technology under Hong Kong Closer Economic Partnership Arrangement and to increase the funding level and flexibility of ITF to encourage R&D in the industry.

15. Regarding the newly established Economic Development Commission, some Panel members were concerned that its Working Group on Manufacturing Industries, Innovative Technology and Cultural and Creative Industries covered a wide variety of industries and could not focus specifically on the development of I&T in Hong Kong.

16. Some Panel members called on the Administration to take the lead to adopt more local R&D results and step up its efforts in promoting commercialization of R&D results and technology transfer. At the Council meetings on 16 May 2012, 23 January and 27 February 2013, Members raised questions on whether the Administration would put in place policies/guidelines requesting government departments to give priority to using local technology products, and called for incentives to promote the realization and commercialization of R&D results in the public sector (including government departments, public bodies and trade associations, etc) as well as the commerce and industry sectors. Questions were also raised in respect of the Administration's plans and measures to support local technology-based enterprises in developing the Mainland market.

17. At the Council meeting on 19 December 2012, a question was raised regarding the Administration's short, medium and long term policies on promoting the development of a diversified economy, particularly the I&T industries.

### Human resource development

18. Some Panel members noted that not many university graduates chose to pursue a career in the R&D sector due to the lack of job opportunities. These members opined that the Administration should foster an innovation culture that placed more importance in I&T, and step up efforts in attracting international technology enterprises to set up R&D bases in Hong Kong, so as to create more job opportunities for university graduates with science and technology background.

### Proposal to set up Technology and Communications Bureau

19. At the Council meeting on 6 July 2011, Dr Hon Samson TAM Wai-ho moved a motion on "Studying the establishment of an innovation and technology bureau", urging the Administration to proactively study the establishment of an I&T bureau specifically tasked to co-ordinate and formulate Hong Kong's overall strategy of developing I&T, as well as to provide hardware and financial support to promote the development of I&T in Hong Kong. The motion as amended by Dr Hon PAN Pey-chyou and Hon Emily LAU Wai-hing was passed.

20. Given that the proposal on re-organization of the Government Secretariat, including the setting up of a Technology and Communications Bureau (TCB) had not been dealt with before the prorogation of the previous term of the Legislative Council, questions on whether the Administration would pursue the TCB proposal again were raised at the Council meeting on 24 October 2012 and the Panel meeting on 23 January 2013.

### **Recent development**

21. In the 2013-2014 Budget, the Financial Secretary (FS) pointed out that if technology research outcomes could be transformed into products with market potential, coupled with industrial production, technological development could make an even greater contribution to Hong Kong's economy. FS proposed that the six local universities<sup>2</sup> be each provided with a subvention of up to \$12 million through the ITF for a period of three years from 2013-2014 onwards to

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<sup>2</sup> The six local universities are City University of Hong Kong, Hong Kong Baptist University, the Chinese University of Hong Kong, the Hong Kong Polytechnic University, the Hong Kong University of Science and Technology, and the University of Hong Kong.

support the work of their technology transfer offices in commercializing their R&D results.

### **Latest position**

22. The Administration will update the Panel on the promotion of I&T in Hong Kong at its meeting on 16 April 2013.

### **Relevant papers**

23. A list of relevant papers is in **Appendix**.

Council Business Division 1  
Legislative Council Secretariat  
12 April 2013

## Appendix

### Promotion of innovation and technology

#### List of relevant papers

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
19/4/2011	Panel on Commerce and Industry	Administration's paper          Minutes meeting	CB(1)1893/10-11(05)  <a href="http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/ci0419cb1-1893-5-e.pdf">http://www.legco.gov.hk/yr10-11/english/panels/ci/papers/ci0419cb1-1893-5-e.pdf</a>  of CB(1)2403/10-11  <a href="http://www.legco.gov.hk/yr10-11/english/panels/ci/minutes/ci20110419.pdf">http://www.legco.gov.hk/yr10-11/english/panels/ci/minutes/ci20110419.pdf</a>
6/7/2011	Council	Motion on "Studying the establishment of an innovation and technology bureau"      Administration's progress report on the motion	Hansard (Page 13791-13837)  <a href="http://www.legco.gov.hk/yr10-11/english/counmtg/hansard/cm0706-translate-e.pdf">http://www.legco.gov.hk/yr10-11/english/counmtg/hansard/cm0706-translate-e.pdf</a>  <a href="http://www.legco.gov.hk/yr10-11/english/counmtg/motion/cm0706-m3-prpt-e.pdf">http://www.legco.gov.hk/yr10-11/english/counmtg/motion/cm0706-m3-prpt-e.pdf</a>
20/3/2012	Panel on Commerce and Industry	Administration's paper          Minutes meeting	CB(1)1298/11-12(07)  <a href="http://www.legco.gov.hk/yr11-12/english/panels/ci/papers/ci0320cb1-1298-7-e.pdf">http://www.legco.gov.hk/yr11-12/english/panels/ci/papers/ci0320cb1-1298-7-e.pdf</a>  of CB(1)1787/11-12  <a href="http://www.legco.gov.hk/yr11-12/english/panels/ci/minutes/ci20120320.pdf">http://www.legco.gov.hk/yr11-12/english/panels/ci/minutes/ci20120320.pdf</a>

Date of meeting	Meeting	Minutes/Paper	LC Paper No.
25/4/2012	Council	Question No. 5 raised by Ir Dr Hon Raymond HO Chung-tai	Hansard (Page 8609-8619) <a href="http://www.legco.gov.hk/yr11-12/english/counmtg/hansard/cm0425-translate-e.pdf">http://www.legco.gov.hk/yr11-12/english/counmtg/hansard/cm0425-translate-e.pdf</a>
15/5/2012	Panel on Commerce and Industry	Administration's paper  Minutes of meeting	CB(1)1790/11-12(03)  <a href="http://www.legco.gov.hk/yr11-12/english/panels/ci/papers/ci0515cb1-1790-3-e.pdf">http://www.legco.gov.hk/yr11-12/english/panels/ci/papers/ci0515cb1-1790-3-e.pdf</a>  CB(1)2432/11-12  <a href="http://www.legco.gov.hk/yr11-12/english/panels/ci/minutes/ci20120515.pdf">http://www.legco.gov.hk/yr11-12/english/panels/ci/minutes/ci20120515.pdf</a>
16/5/2012	Council	Question No. 7 raised by Dr Hon Samson TAM Wai-ho	Hansard (Page 9877-9881)  <a href="http://www.legco.gov.hk/yr11-12/english/counmtg/hansard/cm0516-17-translate-e.pdf">http://www.legco.gov.hk/yr11-12/english/counmtg/hansard/cm0516-17-translate-e.pdf</a>
24/10/2012	Council	Question No. 9 raised by Hon Charles Peter MOK	Hansard (Page 606-607)  <a href="http://www.legco.gov.hk/yr12-13/english/counmtg/hansard/cm1024-translate-e.pdf">http://www.legco.gov.hk/yr12-13/english/counmtg/hansard/cm1024-translate-e.pdf</a>
7/11/2012	Council	Question No. 16 raised by Hon Charles Peter MOK	Hansard (Page 1485-1487)  <a href="http://www.legco.gov.hk/yr12-13/english/counmtg/hansard/cm1107-translate-e.pdf">http://www.legco.gov.hk/yr12-13/english/counmtg/hansard/cm1107-translate-e.pdf</a>
19/12/2012	Council	Question No. 17 raised by Dr Hon Elizabeth QUAT	Hansard (Page 3951-3955)  <a href="http://www.legco.gov.hk/yr12-13/english/counmtg/hansard/cm1219-translate-e.pdf">http://www.legco.gov.hk/yr12-13/english/counmtg/hansard/cm1219-translate-e.pdf</a>



Date of meeting	Meeting	Minutes/Paper	LC Paper No.
23/1/2013	Panel on Commerce and Industry	Administration's paper  Minutes of meeting	CB(1)436/12-13(03)  <a href="http://www.legco.gov.hk/yr12-13/english/panels/ci/papers/ci0123cb1-436-3-e.pdf">http://www.legco.gov.hk/yr12-13/english/panels/ci/papers/ci0123cb1-436-3-e.pdf</a>  CB(1)694/12-13  <a href="http://www.legco.gov.hk/yr12-13/english/panels/ci/minutes/ci20130123.pdf">http://www.legco.gov.hk/yr12-13/english/panels/ci/minutes/ci20130123.pdf</a>
23/1/2013	Council	Question No. 18 raised by Dr Hon Elizabeth QUAT	Hansard (Page 5167-5174)  <a href="http://www.legco.gov.hk/yr12-13/english/counmtg/hansard/cm0123-translate-e.pdf">http://www.legco.gov.hk/yr12-13/english/counmtg/hansard/cm0123-translate-e.pdf</a>
27/2/2013	Council	Question No. 16 raised by Hon Charles Peter MOK	Hansard (Page 7349-7358)  <a href="http://www.legco.gov.hk/yr12-13/english/counmtg/hansard/cm0227-translate-e.pdf">http://www.legco.gov.hk/yr12-13/english/counmtg/hansard/cm0227-translate-e.pdf</a>