

# 立法會

## *Legislative Council*

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### **Subcommittee to Study the Proposed Legislative Amendments Relating to the Establishment of a New Innovation and Technology Bureau**

#### **Background brief**

#### **Purpose**

This paper provides background information on the proposed legislative amendments relating to the establishment of a new Innovation and Technology Bureau ("ITB"). It also gives a brief account of the views and concerns expressed by Members on related issues.

#### **Background**

2. The Chief Executive announced in the 2014 Policy Address to re-initiate the setting up of the ITB to provide dedicated high level leadership on the development of innovation and technology. The proposed ITB will be led by the future Secretary for Innovation and Technology ("S for IT"). The new bureau will be responsible for formulating policies and promoting the development of innovation and technology as well as information technology in Hong Kong, and coordinating relevant efforts within the Government. The new bureau will take up the policy responsibilities in innovation and technology from the existing Commerce and Economic Development Bureau ("CEDB"). The two government departments that are responsible for innovation and technology matters, namely the Innovation and Technology Commission ("ITC") and the Office of the Government Chief Information Officer ("OGCIO"), will report to the ITB upon its establishment.

## **The Resolution and related legislative amendment**

3. The Secretary for Commerce and Economic Development ("SCED") has given notice to move a motion ("the proposed Resolution") at the Council meeting of 18 June 2014 to transfer the statutory functions related to technology from the SCED and Permanent Secretary for Commerce and Economic Development (Communications and Technology) to the S for IT and Permanent Secretary for Innovation and Technology.

4. The proposed Resolution will commence on the 14th day after the date on which the Finance Committee ("FC") approves the financial proposal relating to the establishment of the ITB. If the proposed Resolution is made and passed by the Council after the date on which FC approves the financial proposal, the proposed Resolution will commence on the 14th day after the proposed Resolution is made and passed.

## **Views and concerns expressed by Members**

5. On 14 and 15 April 2014, the Administration briefed the Panel on Information Technology and Broadcasting ("the ITB Panel") and the Panel on Commerce and Industry ("the CI Panel") respectively on the proposal to establish the ITB. The ITB Panel further held a special meeting on 3 May 2014 to receive views from members of the public and representatives of relevant stakeholders on the proposal. Most of the deputations/individuals attending the meeting expressed support for the Administration's proposal. Both Panels passed motions urging the Government to establish the ITB as soon as possible. The major views and concerns expressed by the two Panels are summarized as follows.

### Proposed structure of the new Innovation and Technology Bureau

6. At the ITB Panel meeting on 14 April 2014, some members opined that as the policy areas to be covered under the proposed portfolio of S for IT had already been covered by SCED, the proposed ITB would create a cumbersome structure and pose obstacles to the coordination work in policy implementation. Noting that innovation and technology were inseparable from each other, these members expressed disagreement about the title of the proposed ITB, Innovation and Technology Bureau, which seemed to separate "innovation" from "technology". These members also expressed doubts whether the purpose of the proposal to establish the ITB was to strengthen the Government's control of freedom of expression on the Internet.

7. Other members expressed support for the creation of the proposed ITB to sustain the development of innovation and technology of Hong Kong in the long run. They opined that OGCIO, being a Government department and a technical agency, was not in a position to take policy carriage in respect of innovation and technology. In this regard, these members disagreed that the proposed ITB was a cumbersome structure, and opined that innovation and creativity were two sides of the same coin and should not be separated. They suggested that Create Hong Kong ("CreateHK"), which was responsible for the development of creative industries, should also be transferred from CEDB to the proposed ITB along with OGCIO and the Innovation and Technology Commission ("ITC").

8. At the CI Panel meeting on 15 April 2014, some members opined that technology and creativity were closely intertwined and should not be separated from each other. These members also opined that the portfolios relating to creative industry, communications and broadcasting as well as the Intellectual Property Department should be transferred to the proposed ITB.

9. According to the Administration, creativity and innovation and technology were both important in many business activities. For instance, creativity was crucial for sustaining the development of various industries, including the design industry which might not necessarily be related to technology. On the other hand, innovation and technology was also applied in many different areas, e.g. the financial industry. The Administration considered it not advisable to put every industry which involved an element of creativity or innovation and technology under the portfolio of the new ITB. Under the current proposal, the creative industries, telecommunications and broadcasting portfolios would remain under the CEDB. Such a design was in line with the objective of the Administration to allow the future ITB to focus on fostering the development of innovation and technology in Hong Kong.

Candidate for the post of Secretary for Information and Technology and manpower needs of the proposed structure

10. At the ITB Panel meeting on 14 April 2014, some members opined that the candidates to be considered for the post of S for IT should be familiar with the industry and possessed vision and foresight on the development of innovation and technology. Some other members queried whether the appointment of the proposed post of S for IT would be made under favoritism or nepotism. These members were of the view that the nominee for the post of S for IT should be invited to answer questions from Members in order to assess his suitability for the post. Some members noted that the current workload of ITC and OGCIO had already reached

their full capacity and enquired whether the ITC and the OGCIO would have sufficient manpower to deal with the increased workload under the proposed new structure.

11. The Administration advised that under the Principal Officials Accountability System, Principal Officials of the Hong Kong Special Administrative Region Government were appointed by the Central People's Government on the nomination of the Chief Executive. Under the current proposal, three politically appointed officials, four directorate civil service posts and 19 new non-directorate civil service posts would be created under the new structure. It would be up to the future S for IT to determine/enhance the structure, establishment and manpower needs of the ITB based on long-term development needs.

#### Alternatives to the proposed structure

12. At the ITB Panel meeting on 14 April 2014, some members expressed objection to the establishment of the ITB and opined that the Administration should consider other alternatives such as internal redeployment, or creating a new Permanent Secretary post under SCED to oversee the technology portfolio.

13. The Administration advised that there was broad consensus among the society and the industry that the establishment of the ITB to spearhead the development of innovation and technology should be the way forward. Besides, the current workload of ITC and OGCIO had already reached their full capacity, and all the existing permanent directorate officers were already fully engaged in their respective portfolios in promoting the development of innovation and technology with no room for redeployment.

#### Investments in research and development

14. At the CI Panel meeting on 15 April 2014, some members expressed concern that Hong Kong's gross expenditure on research and development ("R&D") as a ratio to Gross Domestic Product ("GDP") at around 0.7% remained low by international standard. These members enquired whether the Administration would increase the investments in R&D after the ITB was established.

15. The Administration advised that with a very small manufacturing base, Hong Kong's gross expenditure on R&D as a ratio of GDP was low. In terms of the ratio between public and private investments in R&D, the level of private investment in Hong Kong fell behind the preferred ratio of 30-70 in most developed economies. With a more focused purview, the

future ITB would be best placed to explore possible improvement measures to encourage private sector participation in R&D, and to improve the ecological environment to facilitate the realization and commercialization of R&D results.

### **Latest development**

16. At the meeting of the House Committee held on 23 May 2014, Members agreed that a subcommittee should be formed to examine the proposed legislative amendments relating to the establishment of the new ITB.

### **References**

17. A list of relevant papers is given below –

<http://www.legco.gov.hk/yr13-14/english/panels/itb/agenda/itb20140414.htm>

<http://www.legco.gov.hk/yr13-14/english/panels/ci/agenda/ci20140415.htm>

<http://www.legco.gov.hk/yr13-14/english/panels/itb/agenda/itb20140503.htm>

[http://www.legco.gov.hk/yr13-14/english/subleg/brief/sc106\\_brf.pdf](http://www.legco.gov.hk/yr13-14/english/subleg/brief/sc106_brf.pdf)

<http://www.legco.gov.hk/yr13-14/english/hc/papers/hc0523ls-58-e.pdf>

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