

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 33rd meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 6 February 2015, at 5:10 pm

Members present:

Hon Tommy CHEUNG Yu-yan, SBS, JP (Chairman)
Hon CHAN Kin-por, BBS, JP (Deputy Chairman)
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon LEUNG Yiu-chung
Dr Hon LAU Wong-fat, GBM, GBS, JP
Hon Emily LAU Wai-hing, JP
Hon TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, 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
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon CHEUNG Kwok-che
Hon WONG Kwok-kin, SBS
Hon IP Kwok-him, GBS, JP

Hon Mrs Regina IP LAU Suk-ye, 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
Hon WU Chi-wai, MH
Hon YIU Si-wing
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 Alice MAK Mei-kuen, JP
Dr Hon KWOK Ka-ki
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, BBS, MH, JP
Hon CHUNG Kwok-pan
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
Hon Tony TSE Wai-chuen, BBS

Members absent:

Hon Ronny TONG Ka-wah, SC

Hon CHAN Hak-kan, JP
Dr Hon LEUNG Ka-lau
Hon Frankie YICK Chi-ming
Hon Kenneth LEUNG
Hon KWOK Wai-keung

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, 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)
Miss Janet WONG, JP	Commissioner for Innovation and Technology
Mr Johann WONG, JP	Deputy Commissioner for Innovation and Technology
Mr Victor LAM, JP	Acting Government Chief Information Officer
Miss Joey LAM, JP	Deputy Government Chief Information Officer (Policy and Community)

Clerk in attendance:

Ms Anita SIT	Assistant Secretary General 1
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Staff in attendance:

Mr Derek LO	Chief Council Secretary (1)5
Mr Daniel SIN	Senior Council Secretary (1)7
Mr Raymond SZETO	Council Secretary (1)5
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Michelle NIEN	Legislative Assistant (1)5
Miss Yannes HO	Legislative Assistant (1)6

Action

Item No. 1 – FCR(2014-15)36

**RECOMMENDATION OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 11 JUNE 2014**

Item No. 2 – FCR(2014-15)37

**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**

Motion to adjourn further proceedings of the Committee

The meeting continued with the deliberation of the motion to adjourn further proceedings of the Committee moved by Mr Alan LEONG pursuant to paragraph 39 of the Finance Committee Procedure.

2. Dr Kenneth CHAN and Mr LEUNG Yiu-chung spoke in support of the motion. They expressed disappointment towards the Administration's response to the questions about the establishment of the Innovation and Technology Bureau ("ITB"). They criticized the Administration for putting forth the proposals to establish ITB to reward the supporters of the Chief Executive ("CE").

3. Mr IP Kwok-him spoke against the motion. He expressed support for the Administration's decision to table agenda items according to its priorities. Prolonging discussions by moving the adjournment motion should not be supported.

4. The Administration did not have comments in response to the motion.

5. Mr Alan LEONG gave concluding remarks on his motion. The Chairman then put Mr LEONG's motion to vote. As requested by members, the Chairman ordered a division and the division bell was rung for five minutes. The Chairman announced that 21 members voted in favour of the motion and 35 voted against the motion. The votes of individual members were as follows –

For:

Mr Albert HO Chun-yan
Mr James TO Kun-sun
Ms Emily LAU Wai-hing
Ms Cyd HO Sau-lan
Mr Alan LEONG Kah-kit
Mr Albert CHAN Wai-yip
Ms Claudia MO
Mr Gary FAN Kwok-wai
Dr Kenneth CHAN Ka-lok
Mr SIN Chung-kai
Mr IP Kin-yuen
(21 members)

Mr LEE Cheuk-yan
Mr LEUNG Yiu-chung
Mr Frederick FUNG Kin-kee
Mr CHEUNG Kwok-che
Mr LEUNG Kwok-hung
Mr WONG Yuk-man
Mr WU Chi-wai
Mr CHAN Chi-chuen
Dr Fernando CHEUNG Chiu-hung
Dr Helena WONG Pik-wan

Against:

Mr CHAN Kam-lam
Mr TAM Yiu-chung
Mr WONG Kwok-hing
Mr Andrew LEUNG Kwan-yuen
Ms Starry LEE Wai-king
Dr Priscilla LEUNG Mei-fun
Mr IP Kwok-him
Mr Michael TIEN Puk-sun
Mr NG Leung-sing
Mr YIU Si-wing
Mr Charles Peter MOK
Ms CHAN Yuen-han
Ms Alice MAK Mei-kuen
Dr Elizabeth QUAT

Dr LAU Wong-fat
Mr Vincent FANG Kang
Mr Jeffrey LAM Kin-fung
Mr WONG Ting-kwong
Mr CHAN Kin-por
Mr WONG Kwok-kin
Mr Paul TSE Wai-chun
Mr James TIEN Pei-chun
Mr Steven HO Chun-yin
Mr MA Fung-kwok
Mr CHAN Han-pan
Mr LEUNG Che-cheung
Mr Christopher CHEUNG Wah-fung
Mr Martin LIAO Cheung-kong

Mr POON Siu-ping
Dr CHIANG Lai-wan
Mr CHUNG Kwok-pan
Mr Tony TSE Wai-chuen
(35 members)

Mr TANG Ka-piu
Ir Dr LO Wai-kwok
Mr Christopher CHUNG Shu-kun

6. The Chairman declared that the motion was negatived.

7. The Committee resumed the deliberation on the items FCR(2014-15)36 and FCR(2014-15)37 related to the establishment of ITB.

Establishment of the Innovation and Technology Bureau

8. Dr LO Wai-kwok and Mr Martin LIAO expressed support for the proposals and said that Hong Kong had long sought a dedicated policy bureau for promoting innovation and technology. Mr LIAO said that the fragmentation of policy responsibilities had already hampered the growth in innovation and technology in Hong Kong, and the establishment of ITB should not be further delayed by political factors. They urged the Administration to expedite the establishment of ITB upon approval.

9. Mrs IP LAU Suk-ye, Mr Michael TIEN, Dr Priscilla LEUNG and Mr Jeffrey LAM expressed support for the establishment of ITB. Mr TIEN and Dr LEUNG said that the establishment of ITB was supported by the industry and academia. There was an urgent need to expedite the establishment of ITB to drive innovation and technology.

10. Mr Jeffrey LAM asked the Administration to address concerns on network security based on recent incidents on security breaches. Acting Government Chief Information Officer ("Atg GCIO") said that measures had been implemented to protect network users, such as the promulgation of the Cyber Security Information Portal for use by the public, and training provided for civil servants to enhance protection of Government networks.

11. Mr LEUNG Yiu-chung criticized the Administration for duplicating bureaucracy by establishing an extra policy bureau for policies on innovation and technology. Secretary for Commerce and Economic Development ("SCED") stressed that it was important to have a dedicated policy bureau to provide focused high-level leadership, and stronger policy co-ordination with various stakeholders in the innovation and technology, and information technology industries.

12. Mr Gary FAN queried how the rearrangement of administrative structure in the Government would lead to dedicated focus and intensified effort to promote the research and application of science and technology. Mr LEUNG Yiu-chung said that the Administration could, instead of establishing a new policy bureau, create new posts in existing departments.

13. Permanent Secretary for Commerce and Economic Development ("PSCED") said that the Administration appreciated the importance of innovation and technology and considered that ITB would provide focused attention, dedicated leadership and high-level co-ordination to spearhead the development of strategies to take forward the various initiatives advocated by the Administration.

14. Mr Gary FAN, Mr Albert HO and Mr Alan LEONG expressed doubt about the Administration's selection of political appointees for ITB. Mr FAN criticized the Administration for making use of the political appointments for ITB to reward CE's supporters. Mr LEONG and Mr KWOK Ka-ki urged the Administration to provide key performance indicators in policy formulation and selection of personnel for ITB and questioned whether the establishment of ITB was in reality a tool for rewarding supporters of CE.

15. SCED said that Secretary for Innovation and Technology ("S for IT") and Under Secretary for Innovation and Technology ("US for IT") had not been appointed. Practices for benchmarking performance in policymaking were in place, but it would be up to the new bureau to formulate its own policies.

16. Mr LEUNG Kwok-hung and Mr Albert CHAN expressed opposition against the proposal and said that a dedicated policy bureau was not necessary for driving policies on innovation and technology. Mr LEUNG urged the Administration to conduct a thorough review. To illustrate his point, Mr CHAN said that Israel, as a world-renowned technology hub, did not have a dedicated ministry to drive policies on innovation and technology.

17. Commissioner for Innovation and Technology ("CIT") and Atg GCIO said that the Administration had been striving to implement policies to help develop innovation and technology, and ITB would provide dedicated policy planning similar to other regional competitors.

18. Mr CHAN Chi-chuen asked the Administration to provide a comparative analysis of the proposed establishment of ITB and the following reorganization options –

- (a) renaming the Commerce and Economic Development Bureau ("CEDB") to Commerce, Industry and Technology Bureau ("CITB");
- (b) creating a new policy bureau with only political appointed officials and transferring existing civil service posts to the new bureau; and
- (c) creating a new branch under CEDB under the Under Secretary for Commerce and Economic Development.

19. PSCED responded that renaming CEDB to CITB or creating a new branch under CEDB would not provide the benefits of a high-level leadership and dedicated focus on policy making in innovation and technology. Creating a new bureau without additional civil service posts (in particular the post of a Permanent Secretary) was also not practical and would deviate from the existing administrative setup of other policy bureaux.

Policy portfolio of the Innovation and Technology Bureau

20. Mr CHUNG Kwok-pan asked the Administration to explain the role of ITB in co-ordinating across policy bureaux on commercialization of innovation and technology, which would span across the policy portfolios of CEDB and ITB. SCED said that existing avenues were already in place to cope with collaboration between policy bureaux for innovation and technology.

21. Noting that after the establishment of ITB, basic research and development ("R&D") remained under the purview of the Education Bureau ("EDB"), while applied R&D would be taken over by ITB, Mrs Regina IP asked the Administration to explain the role of ITB in co-ordination between the two.

22. CIT said that the Administration had noted the importance of collaboration and the Innovation and Technology Fund ("ITF"), under the purview of the Innovation and Technology Commission ("ITC"), was already in collaboration with EDB to provide assistance to applicants of the University Grants Committee and the Research Grants Council to apply for funds under ITF for commercialization of R&D results.

23. Mr TO Kun-sun asked whether ITB would be responsible for policies on information security and the interception of communications and surveillance, such as policies on retention of surveillance records by the law enforcement departments. SCED said that the policies concerned were under

the Security Bureau, and the new ITB would participate in cross-bureau co-ordination based on the relevant ordinances.

24. Mr WU Chi-wai and Mr Frederick FUNG requested the Administration to provide a quantified breakdown of policy portfolios between CEDB and ITB. Mr FUNG said that the policy portfolio under ITB was much smaller in scale as compared to other policy bureaux.

25. SCED said that the policy portfolios of the two bureaux could not be easily quantified. The Administration would review the manpower provisions for ITB after ITB was set up for a period of time.

26. Mr Albert HO said that the proposed organization of ITB was not conducive to effective policymaking for innovation and technology. He urged the Administration to reconsider transferring the policy portfolios on broadcasting and communications to ITB.

27. SCED responded that the proposed structure of the new ITB was expected to fully capture the opportunities provided by advancements in technology and the commercial potential they offered through a dedicated high-level leadership, and stronger policy co-ordination across the innovation and technology industries. He also pointed out that innovation and technology played a significant role in various business activities beyond the technological sector.

28. Mr LEUNG Yiu-chung, Ms Claudia MO, Mr Frederick FUNG and Mr KWOK Ka-ki criticized the Administration for its reluctance to answer members' questions about visions and policies regarding ITB. SCED said that questions concerning visions on innovation and technology would have to be addressed by the prospective S for IT after the establishment of the bureau.

Commercialization of local innovations

29. Ms Cyd HO said that all along innovations in Hong Kong had not been given adequate support for commercialization. To illustrate her point, Ms HO said that the Hong Kong Polytechnic University had to sell the electric vehicle that it had developed to a Mainland company for production instead of developing a production line in Hong Kong. She said that the lack of land for industrial production was the principal obstacle to commercialization of innovation and technology, which could not be removed by the establishment of ITB.

30. SCED responded that commercialization of innovations could take place in Hong Kong or other places, both of which would be considered successful in promoting export of locally developed intellectual properties.

31. Mr WU Chi-wai asked how ITB would collaborate with CEDB with respect to commercialization of innovations and new technologies. SCED said that inter-bureau collaboration to commercialize innovations was already in place. CIT supplemented that ITC, to be brought under ITB, would continue to be responsible for promoting and co-ordinating commercialization of innovations.

Report No. 53 of the Audit Commission

32. Dr Fernando CHEUNG and Mr Albert HO urged the Administration to review the efforts by the Administration on driving innovation and technology, such as the management of ITF and the commercialization of scientific development by R&D Centres, in light of the recommendations made in Report No. 53 of the Audit Commission ("the Audit Commission Report").

33. CIT said that the Administration noted the recommendations of the Audit Commission Report and had conducted a review subsequently. Progress reports had been made to the Panel on Commerce and Industry as well as the Director of Audit on improvements by the Administration.

Freedom of information

34. Ms Claudia MO opined that the Administration intended to limit the freedom of information through the establishment of ITB.

35. The Chairman declared that the meeting be adjourned.

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

Legislative Council Secretariat

5 June 2015