

立法會
Legislative Council

LC Paper No. FC58/15-16

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seen by the Administration)

Ref : FC/1/1(1)

Finance Committee of the Legislative Council

**Minutes of the 74th meeting
held at Conference Room 1 of the Legislative Council Complex
on Saturday, 18 July 2015, at 9:00 am**

Members present:

Hon Tommy CHEUNG Yu-yan, GBS, JP (Chairman)

Hon CHAN Kin-por, BBS, JP (Deputy Chairman)

Hon Albert HO Chun-yan

Hon LEE Cheuk-yan

Hon LEUNG Yiu-chung

Hon Emily LAU Wai-hing, JP

Hon TAM Yiu-chung, GBS, JP

Hon WONG Kwok-hing, BBS, MH

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 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 NG Leung-sing, SBS, JP
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, JP
Hon YIU Si-wing, BBS
Hon Gary FAN Kwok-wai
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon CHAN Yuen-han, SBS, JP
Hon LEUNG Che-cheung, BBS, MH, JP
Hon Dennis KWOK
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon SIN Chung-kai, SBS, JP
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
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
Hon Tony TSE Wai-chuen, BBS

Members absent:

Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Dr Hon LAU Wong-fat, GBM, GBS, JP
Hon Abraham SHEK Lai-him, GBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon Ronny TONG Ka-wah, SC
Hon CHAN Hak-kan, JP
Dr Hon LEUNG Ka-lau
Hon CHEUNG Kwok-che
Hon Michael TIEN Puk-sun, BBS, JP
Hon James TIEN Pei-chun, GBS, JP
Hon WU Chi-wai, MH
Hon CHAN Han-pan, JP
Dr Hon Kenneth CHAN Ka-lok

Hon Kenneth LEUNG
Hon Alice MAK Mei-kuen, BBS, JP
Dr Hon KWOK Ka-ki
Hon KWOK Wai-keung
Dr Hon Helena WONG Pik-wan
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan

Public officers attending:

Ms Elizabeth TSE Man-ye, 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)
Mr Johann WONG, JP	Acting Commissioner for Innovation and Technology
Mr Victor LAM Wai-kiu, JP	Deputy Government Chief Information Officer (Consulting and Operations)
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
Mr Frankie WOO
Ms Michelle NIEN
Miss Yannes HO

Council Secretary (1)5
Senior Legislative Assistant (1)3
Legislative Assistant (1)5
Legislative Assistant (1)6

Action

Item No. 5 – FCR(2014-15)36A

**NEW HEAD "GOVERNMENT SECRETARIAT : INNOVATION
AND TECHNOLOGY BUREAU"**

Subhead 000 Operational Expenses

Item No. 6 – FCR(2014-15)37A

**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**

The Chairman said that the two items FCR(2014-15)36A and FCR(2014-15)37A were related to the establishment of a new Innovation and Technology Bureau ("ITB"). He directed that discussion on the two items be combined but they would be voted on separately.

2. The Chairman advised that the item FCR(2014-15)36A invited the Committee's approval, in conjunction with FCR(2014-15)36, for the creation of three non-civil service positions and four permanent civil service posts necessary for the establishment of ITB. The item FCR(2014-15)37A invited the Committee's approval, in conjunction with FCR(2014-15)37, for the changes to the 2015-16 Estimates of Expenditure to give effect to the establishment of ITB.

Co-operation with the Mainland and overseas countries

3. Mr Gary FAN expressed the opposition of Neo Democrats to the proposed ITB. Quoting an open document of the Commission on Strategic

Development which indicated that Hong Kong should play a "super-connector" role linking the Mainland and the world in innovation and technology development, he queried whether the proposed ITB was to complement the National 13th Five-Year Plan rather than supporting innovation and technology development in Hong Kong. Mr FAN asked for which policy areas relevant to promoting innovation and technology the Administration would have to co-ordinate and co-operate with the Mainland authorities and what policies could not be implemented without the proposed ITB. He also questioned how the Administration would ensure that the proposed ITB would protect the interests and the rights of the local technology industries.

4. Secretary for Commerce and Economic Development ("SCED") replied that innovation and technology were important economic drivers that underpinned the development of various economic sectors. Collaborations with overseas research and development ("R&D") centres, including those in the Mainland, were essential to technology development in Hong Kong. There had been cases of co-operation between the technology industries in Hong Kong and manufacturing industries in Mainland and Hong Kong had garnered advantages through the co-operation. Acting Commissioner for Innovation and Technology quoted an example of collaboration between a local university and an overseas company to illustrate the co-operation activities with overseas countries.

5. Dr Priscilla LEUNG expressed support for the proposed ITB and commented that it often took a long period of time before the impacts of policies on technology development could be realized. She urged for the establishment of ITB as soon as practicable. Dr LEUNG supported the initiative of fostering co-operation between the professional services industries of Hong Kong and the manufacturing industries of the Mainland, as such co-operation was beneficial to Hong Kong's economic development.

6. During Dr Priscilla LEUNG's speech, Mr LEUNG Kwok-hung spoke loudly in his seat. The Chairman asked Mr LEUNG to stop speaking.

7. Mr Christopher CHUNG expressed support for the proposed ITB. He commented that given that the local information technology ("IT") sector had contributed to the development of the Mainland IT industries for a long time, Hong Kong could benefit from the business opportunities that arose as a result of closer collaboration with Mainland companies and taking an active role in the implementation of the National 13th Five-Year Plan.

8. Mr Charles MOK interrupted Mr Christopher CHUNG's speech and tried to clarify a comment of Mr CHUNG about him. The Chairman said that

Mr MOK should respond to Mr CHUNG's comments when it was his turn to speak.

9. Mr Gary FAN spoke loudly in his seat without permission. The Chairman warned Mr FAN to remain silent or otherwise he would order Mr FAN to withdraw from the meeting. The Chairman also asked Mr Christopher CHUNG to focus his speech on the agenda items.

Importance of the proposed ITB in innovation and technology development

10. Mr WONG Kwok-hing said that the Hong Kong Federation of Trade Unions advocated the establishment of an ITB as soon as practicable. He pointed out that the economy of Hong Kong should not rely solely on financial services and real estate developments. The community was in support of developing innovative technologies as a new direction for sustainable growth of the Hong Kong's economy. He pointed out that Singapore and Shenzhen had surpassed Hong Kong in terms of Gross Domestic Product ("GDP") in recent years because of their higher expenditure on R&D. He added that Singapore and South Korea, which were technologically advanced, had placed technology at the forefront of their economic development strategy and had already established dedicated authorities to steer policies on innovation and technology development.

11. Mr MA Fung-kwok expressed support for the proposed ITB. He quoted some world-renowned technology enterprises in Shenzhen, which he had visited during an activity organized for Hong Kong deputies to the National People's Congress ("NPC"), and pointed out that these new technology companies had contributed to a significant extent towards Mainland's GDP.

12. Mr IP Kwok-him expressed a similar view as that of Mr MA Fung-kwok. Mr IP said that Members belonging to the Democratic Alliance for the Betterment and Progress of Hong Kong were in support of the proposed ITB. He pointed out that, without the support from a dedicated bureau on technology development, Hong Kong would not be able to seize the opportunities provided by advancements in innovation and the commercial potential offered.

13. Mr Martin LIAO expressed support for the proposed ITB. He remarked that Hong Kong's gross expenditure on R&D as a ratio to GDP at around 0.7% was considerably lower than that of Shenzhen. Quoting the examples of two technology companies originated in Hong Kong but established in Shenzhen eventually, Mr LIAO considered that the technology development of Hong Kong would be dependent on the development of

technology industries in the Mainland. Moreover, policy and other support for technology development would be crucial to the sustainable growth of various industries in Hong Kong, not just the innovation and technology industries.

14. Mr Andrew LEUNG said that Members belonging to the Business and Professionals Alliance for Hong Kong supported the establishment of an ITB as soon as practicable for the economic development and the interest of the community of Hong Kong. He asked how the proposed ITB would unite the research, technology and design talents to build greater synergy among various stakeholders of the innovation and technology sector. SCED said the proposed ITB could focus on building an environment conducive to the development of innovation and technology, promoting high-level co-ordination among various stakeholders in the innovation and technology industries and co-ordinating resources across policy bureaux/departments. The innovation and technology ecosystem in Hong Kong would also be enhanced by the strengthened policy support.

Employment opportunities

15. Mr CHAN Kin-por urged for the early establishment of ITB. He commented that the development of technology industries would definitely bring about economic growth to Hong Kong and generate employment opportunities for the populace particularly the youth. The delay in the development of innovation and technology would impede the upward mobility of the young generation. Sharing a similar view, Mr NG Leung-sing expressed support for the proposed ITB and commented that the application of science and technology would enhance the competitiveness advantage of Hong Kong.

16. Mr LEUNG Yiu-chung said that the views expressed by some members about the prospect of new employment opportunities for young people engendered by the development of technology industries were not featured in the proposals. Sharing a similar view, Mr CHAN Chi-chuen cast doubt on how the establishment of an ITB would bring about employment opportunities and sought information on the details of the job positions to be created with the proposed ITB.

17. Mr Steven HO asked the Administration to elaborate how the proposed ITB would bring about employment opportunities in high-value added industries. SCED replied that the development of innovative and technology was one of the drivers to develop Hong Kong into a knowledge-based economy and an innovation hub for technologies and their application in the region. The Administration expected that ITB would promote high-value added industries

through innovation and R&D efforts, and develop cadres of highly skilled talent.

Need for a dedicated policy bureau

18. Mr YIU Si-wing commented that Hong Kong had fallen behind the Mainland in terms of R&D expenditure. The innovation and technology ecosystem of Hong Kong should leverage on the advantages of the industrial and manufacturing sectors in the Mainland. The current policies and initiatives on promoting advanced technology industries in Hong Kong, such as the Cyberport and the Hong Kong Science and Technology Parks ("Science Park") developments, were rather fragmented. The policy portfolio of the Commerce and Economic Development Bureau ("CEDB") was too broad and there was a need to establish a dedicated policy bureau to focus on promoting innovation and technology development in Hong Kong.

19. Mr WONG Ting-kwong held the view that a dedicated bureau should be established to formulate policies and provide high-level co-ordination of resources and land management to steer the development of innovation and technology. The Innovation and Technology Commission ("ITC") would not be able to act like a policy bureau in policy formulation and co-ordination for promoting technology development.

20. Noting that CEDB could not focus on promoting innovation and technology development and deal with other policy matters at the same time, Mr LEUNG Yiu-chung asked what policy matters CEDB would focus on upon the establishment of ITB. SCED replied that the rationale for creating a new policy bureau with new non-civil service and additional civil service posts had been elaborated in the past. In short, upon the establishment of ITB, CEDB could dedicate efforts on various initiatives for economic development, such as the negotiation on free trade agreements with the ten countries of the Association of Southeast Asian Nations, the "One Belt, One Road" initiative, tourism development and liaison with industrial sectors.

21. Mr CHAN Chi-chuen sought information on the policies and initiatives for promoting innovation and technology development implemented by the Administration in the past three years and whether any of the policy objectives could not be achieved without establishing a new ITB. The Chairman said that the efforts that the Administration had put in the technology development had been elaborated at the meetings in the past.

22. Dr LAM Tai-fai said that he appreciated the importance of innovation and technology development. However, he was not yet totally convinced of the need for establishing the proposed ITB to achieve this objective. He opined that there were various approaches that could be adopted in fostering innovation and technology. He appraised that a dedicated policy bureau with expertise and high-level co-ordination could take the lead in exploring and identifying the most appropriate approach in developing technology in Hong Kong. Moreover, it would take time to realize the effects of the initiatives on innovation and technology in Hong Kong.

Policy portfolio of the Innovation and Technology Bureau

23. Mr LEE Cheuk-yan criticized that the incumbent Chief Executive was an obstacle to the development of innovation and technology. He did not see the need for establishment of the proposed ITB given that funding support was available for R&D projects on innovation and technology while research projects were undertaken by academia. He commented that the initiatives of Cyberport development and Science Park, which purportedly aimed to promote advanced technology industries in Hong Kong, had become nothing more than real estate developments. Mr LEE also quoted cases where the Administration had suppressed rather than encouraged innovation. Mr LEE asked the Administration to elaborate the vision for the development of innovation and technology industries.

24. In response, SCED said that the application of innovation and technology in various business activities would also foster the development of professional services industries and promote the development of a diversified economy in Hong Kong. He advised that the Science Park had implemented new strategies for the industrial estates which would focus on science, innovation and technology based industries, as the development of high value-added industries would enable Hong Kong to move up the economic value chain.

25. Mr Alan LEONG criticized the Administration for its reluctance to address the concerns expressed by some practitioners of the IT sector on proposed ITB. On the other hand, Mr Nicholas YANG, currently the Advisor to the Chief Executive on Innovation and Technology had taken the time to meet with pan-democrat Members to exchange views on the proposed ITB. During the meetings, Mr YANG had indicated that he had no objection to providing supplementary information including how the establishment of ITB could help achieve the expected objectives. Mr LEONG added that Mr YANG admitted that it would be difficult to present key performance indicators to illustrate the effectiveness of the proposed ITB, but he was willing to give this

due consideration. Mr LEONG urged the Administration to provide a concrete strategy and a clear vision for driving policies on innovation and technology before seeking the approval of the Finance Committee ("FC").

26. Mr SIN Chung-kai expressed opposition to the proposals on the establishment of ITB. He said that the Democratic Party had abstained from voting on the resolutions relating to the establishment of ITB at the Legislative Council meetings for a number of reasons. The size of the proposed ITB was small compared with other policy bureaux, and its scope was narrow. Those policy areas which were related to innovation, creative industries, broadcasting and intellectual property protection should be put under ITB. From the way the Administration handled the application for free television programme service licence by the Hong Kong Television Network Limited, he had reservation on the Administration's sincerity in the development of creative industries, which was closely related to the development of technology industries.

27. Mrs Regina IP said that the organizational change of CEDB and creation of a new bureau for innovation and technology was suggested by the New People's Party as early as June 2011. The New People's Party had all along supported the establishment of ITB. She remarked that the proposed ITB was small in terms of staffing establishment and the amount of estimated operational expenses. Technology and creativity were closely intertwined while intellectual property was an integral part of innovation and technology. As such, Mrs IP suggested that, apart from ITC and the Office of the Government Chief Information Officer, the policy oversight of the Create Hong Kong and the Intellectual Property Department should also be put under the new ITB at an opportune time in future. She considered the creation of the position of the Bureau Director for overseeing policies on technology development necessary as it would give Mr Nicolas YANG a proper status to facilitate high-level liaison and co-ordination with the senior management of various sectors in Hong Kong, such as the vice-chancellors of local universities. The manpower allocated to the new ITB would provide support to the work of the Bureau Director.

28. Mr LEUNG Yiu-chung held the view that the Administration should create new posts in the existing departments instead of establishing a new policy bureau which would be a waste of resources. He queried why the communication with the innovation and technology sectors, without establishing a new bureau, could not be enhanced. Mr CHAN Chi-chuen shared Mr LEUNG's view.

Commercialization of local innovations

29. Ms Cyd HO said that she was supportive of the development of innovation and technology in Hong Kong. Referring to the examples of world-renowned technology enterprises based in Shenzhen quoted by members of the pro-establishment camp, she commented that the commercialization of R&D results was the key to the sustainable development of innovation and technology and creating employment opportunities.

30. Noting that funding support had all along been given for driving innovation and technology such as injection into the Innovation and Technology Fund, Ms Cyd HO opined that the Administration should strengthen management and utilization of the resources allocated to innovation and technology, in particular the support for the realization of R&D results. Ms HO asked the Administration to advise on whether increasing the manpower provision for CEDB could enable a more effective resources management of the funding support to R&D sectors. SCED responded that the Administration would formulate strategies to encourage more investments in innovation and technology with a view to expanding the relevant industries.

Free flow of Internet information

31. Ms Claudia MO expressed scepticism that the real purpose of establishing ITB was to pave way for promoting integration between Hong Kong and the Mainland. Ms MO opined that the Administration intended to limit the free flow of information on the Internet by setting up a surveillance system through the establishment of ITB.

32. Mr LEUNG Kwok-hung and Mr Albert CHAN spoke with each other in their seats during Ms Claudia MO's speech. The Chairman warned Mr LEUNG and Mr CHAN not to cause disturbance by talking loudly.

Other views

33. Mr Charles MOK supported the establishment of a dedicated policy bureau to drive policies on innovation and technology but he did not support the establishment of the proposed ITB in haste. He expressed regret that the creation of the proposed ITB had been dragged on for many years. He said that practitioners in the IT sector and the community at large supported the establishment of a new policy bureau dedicated to innovation and technology when the proposal was put forward in 2012. However, many of them had doubts on the justifications provided by the Administration for the proposed and criticized the Chief Executive for his reluctance to conduct consultation with the

IT sector on the matter. Mr MOK opined that if consultation with members and the IT sector could be undertaken during the summer recess, it was hopeful that FC would approve the proposals on the establishment of ITB in October 2015.

34. Mr CHAN Chi-chuen pointed out that the vision and scope of work of a new bureau, i.e. Technology and Communications Bureau, in the proposal for the re-organization of policy bureaux in 2012 were different from those mentioned in current proposals on the ITB. Therefore, the allegation that the establishment of ITB had been delayed for three years was unjustified. SCED advised that the proposed Government Secretariat re-organisation in 2012 involved different policy areas and a number of bureaux. The proposed ITB was to reflect the Administration's recognition of the importance of innovation and technology to the economic development of Hong Kong.

35. Mr WONG Kwok-hing, Dr Priscilla LEUNG, Mr IP Kwok-him, Mr CHAN Kin-por, Mr TANG Ka-piu, Mr Steven HO, Mr YIU Si-wing criticized members of the pan-democrat camp ("pan-democrat members") for procrastinating the funding process through filibustering on the proposals. The establishment of ITB should not be further delayed by political factors, or the medium and long-term economic development of Hong Kong would suffer.

36. In response to Ms Cyd HO's comment that the visit to Shenzhen's technologies enterprises mentioned by some members was arranged for NPC deputies only, Mr TANG Ka-piu suggested that a duty visit to Shenzhen be organized during summer recess to allow pan-democrat members to learn about the latest development of the technology industries in the Mainland. Mr Steven HO commented that pan-democrat members might still procrastinate the funding process even if a duty visit to Shenzhen was arranged for them. SCED responded that the Administration would provide assistance to such a duty visit if necessary. The Chairman said that this suggestion might be pursued at the Panel on Information Technology and Broadcasting if members so wished.

37. The Chairman declared that the meeting be adjourned and the deliberation on the agenda items would continue at the next meeting after a break of 10 minutes.

38. The meeting was adjourned at 10:58 am.