

立法會
Legislative Council

LC Paper No. CB(1)1239/17-18

(These minutes have been seen
by the Administration)

Ref : CB1/PL/CI

Panel on Commerce and Industry

Minutes of meeting
held on Tuesday, 15 May 2018, at 2:30 pm
in Conference Room 1 of the Legislative Council Complex

Members present : Hon WU Chi-wai, MH (Chairman)
Hon SHIU Ka-fai (Deputy Chairman)
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon Christopher CHEUNG Wah-fung, SBS, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Hon CHAN Chun-ying
Hon LAU Kwok-fan, MH

Members absent : Hon Dennis KWOK Wing-hang
Hon Tanya CHAN

Members attending : Dr Hon Elizabeth QUAT, BBS, JP
Hon HO Kai-ming

**Public officers
attending**

: Agenda item IV

Commerce and Economic Development Bureau

Dr Bernard CHAN, JP
Under Secretary for Commerce and Economic
Development

Mr Gary POON
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry) 2

Ms Sabrina LAW
Principal Assistant Secretary for Commerce and
Economic Development (Single Window)

Mr James WONG
Senior Superintendent (Single Window)

Mr Eric SHUM
Senior Systems Manager (Single Window)

Customs and Excise Department

Mr Rudy HUI
Senior Staff Officer (Information Technology)

Agenda item V

Innovation and Technology Bureau

Mr Nicholas W YANG, GBS, JP
Secretary for Innovation and Technology

Mrs Millie NG, JP
Deputy Secretary for Innovation and Technology

Ms Annie CHOI, JP
Commissioner for Innovation and Technology

Agenda Item VI

Innovation and Technology Bureau

Mr Nicholas W YANG, GBS, JP
Secretary for Innovation and Technology

Mrs Millie NG, JP
Deputy Secretary for Innovation and Technology

Ms Annie CHOI, JP
Commissioner for Innovation and Technology

Ms Jane LEE
Secretary-General (Testing and Certification)
Hong Kong Council for Testing and Certification

Immigration Department

Mr MA Chi-ming
Assistant Director of Immigration
(Visa & Policies)

**Attendance by
invitation** : Agenda item V

Mr Albert WONG
Chief Executive Officer
Hong Kong Science and Technology Parks
Corporation

Mr George TEE
Chief Technology Officer
Hong Kong Science and Technology Parks
Corporation

Clerk in attendance : Mr Desmond LAM
Chief Council Secretary (1)3

Staff in attendance : Mr Joey LO
Senior Council Secretary (1)8

Mr Terence LAM
Council Secretary (1)3

Ms May LEUNG
Legislative Assistant (1)3

Miss Zoe YIP
Clerical Assistant (1)3

Action

I. Confirmation of minutes of meeting

(LC Paper No. CB(1)922/17-18 -- Minutes of meeting held on 27 February 2018)

The minutes of the meeting held on 27 February 2018 were confirmed.

II. Information papers issued since last meeting

(File Ref: CITB CR 102/53/1 -- Legislative Council Brief on United Nations Sanctions (Somalia) (Amendment) Regulation 2018

LC Paper No. CB(1)891/17-18(01) -- Reply from the Innovation and Technology Bureau in response to the suggestions made under paragraph 4.2 (except paragraph 4.2.1(j) and (k)) of the report on the Panel's duty visit to Israel (LC Paper No. CB(1)492/17-18))

2. Members noted the above papers issued since the last meeting.

III. Date of next meeting and items for discussion

(LC Paper No. CB(1)921/17-18(01) -- List of outstanding items for discussion

LC Paper No. CB(1)921/17-18(02) -- List of follow-up actions)

3. Members noted that the next regular Panel meeting would be held on 19 June 2018 at 2:30 pm to discuss the following items proposed by the Administration –

(a) Progress Report on Research and Development Centres in 2017-2018;
and

(b) Proposed amendments to Patents (General) Rules (Cap. 514C).

4. Ir Dr Hon LO Wai-kwok noted that the item "Preliminary idea on abolishing the "offsetting" arrangement under the Mandatory Provident Fund System" had been arranged for discussion at the May regular meeting of the Panel on Manpower. He suggested that the Administration be invited to further discuss with Panel members on the preliminary idea and its possible impact of the abolition on various industries at a future Panel meeting. The Chairman referred to the written responses from the Commerce and Economic Development Bureau and the Innovation and Technology Bureau to the suggestions made under the report on the Panel's duty visit to Israel, which had been circulated to members for information vide LC Paper Nos. CB(1) 620/17-18(01) and 891/17-18(01), and further suggested that the Administration be invited to discuss the suggestions of the report on the Panel's duty visit to Israel at a future Panel meeting. Members agreed to both the suggestions by the Chairman and Ir Dr LO.

(Post-meeting note: The above two suggested items had been scheduled for discussion at the June regular meeting. In order to allow more time for members to discuss the four items, the Chairman decided that the June regular meeting be extended to end at 6:00 pm. Members were informed of the meeting arrangement vide LC Paper No. CB(1)972/17-18 on 21 May 2018.)

Development Plan for a City Cluster in the Guangdong-Hong Kong-Macao Bay Area

5. The Chairman drew members' attention to the item "Development Plan for a City Cluster in the Guangdong-Hong Kong-Macao Bay Area" (i.e. item 6 of the List of outstanding items for discussion) and invited members to consider the request by Hon Charles Peter MOK, Chairman of the Panel on Information Technology and Broadcasting ("ITB Panel"), for the proposed joint meeting be held by the Panel, FA Panel, ED Panel and ITB Panel, as many issues covered in the joint duty visit to the Bay Area involved policy matters which were also of concern to members of ITB Panel. Members agreed. Mr Jeffrey LAM further suggested that the proposed joint meeting should be held shortly after the promulgation of the Development Plan for a City Cluster in the Guangdong-Hong Kong-Macao Bay Area. Members had no further comments on the arrangement for the proposed joint meeting.

Clerk

IV. Progress of the development of Trade Single Window and launch of Phase 1

(LC Paper No. CB(1)921/17-18(03) -- Administration's paper on "Progress of the Development of Trade Single Window and Launch of Phase 1"

LC Paper No. CB(1)921/17-18(04) -- Paper on the development of a Trade Single Window prepared by the Legislative Council Secretariat (updated background brief))

Presentation by the Administration

6. At the invitation of the Chairman, Under Secretary for Commerce and Economic Development ("USCED") briefed members on the latest progress of the development of the Trade Single Window ("TSW"), and sought the Panel's support for the staffing proposals regarding directorate posts in the Single Window Project Management Office ("PMO") (comprising the proposed extension of an existing supernumerary post of Administrative Officer Staff Grade C ("AOSGC") for four years from 2019 to 2023 and the proposed creation of a new supernumerary Chief Systems Manager ("CSM") (D1) post, for a period of five years up to 2023). Details were set out in the Administration's paper (LC Paper No. CB(1)921/17-18(03)).

Discussion

Implementation of Trade Single Window

7. Mr CHUNG Kwok-pan noted the latest progress of the development of TSW and welcomed the Administration's revised proposal on the implementation plan for Phase 3 of TSW to maintain the current post-shipment Import and Export Declarations ("TDEC") regime as the minimum legal requirement (i.e. TDEC to be submitted within 14 days after import or export). Noting that the last phase of the implementation of TSW (i.e. Phase 3) would only be ready to roll out in 2023 the earliest, Mr CHUNG enquired which phase of the implementation of TSW would involve the most complicated work and whether the Administration had made reference to the experiences of other jurisdictions in the time required for developing a similar trade declaration and customs clearance system. Sharing a similar view, Mr Jeffrey LAM and Mr Martin LIAO respectively urged the Administration to further explore means to advance the implementation of TSW.

8. USCED advised that TSW was a highly sophisticated project with a mega

scale, which involved close coordination with over 10 other Government agencies to spearhead different components of the project. The current proposed time-table for the implementation of TSW was already aggressive. That said, the Administration would strive to explore room for expediting the implementation of TSW with a view to allowing more time for progressive adoption of TSW by the trading community and enabling them to enjoy further trade facilitation early. The Administration would consider, for example, the possibility of speeding up Phase 2, say, by implementing it on a voluntary (rather than mandatory) basis. If achievable, this would allow the trade to submit some 30 types of trade documents, on top of the 13 types under Phase 1, through TSW and to get familiar with the system earlier as a voluntary e-option. In the meantime, the Administration would continue to closely monitor the latest development of TSWs in other jurisdictions.

9. Deputy Secretary for Commerce and Economic Development (Commerce and Industry) 2 ("DSCED(C&I)2") added that it was the Administration's plan to roll out TSW in three phases, so as to enable its timely and orderly implementation. Phases 1 and 2, which would be launched in 2018 and 2022 the earliest respectively, would mainly cover trade documents for specific trades (e.g. licences for the import and export of specific controlled products). Phase 3 was targetted to be launched in 2023 the earliest, as it would cover those trade documents required or proposed to be required for all cargoes and would involve more complexities.

Need for technical support from the Chief Systems Manager post

10. Noting that the development of the information technology ("IT") system and legislative amendments were two major areas of work ahead in the development of Phases 2 and 3 of TSW, the Chairman enquired the relevant work plan in detail as he was concerned whether the entire TSW system could eventually be implemented as scheduled. He also asked whether the proposed creation of a supernumerary CSM post could be put on hold until the user requirements relevant to the design and development of the IT system were finalized.

11. DSCED(C&I)2 advised that, since it was established in 2016, the PMO had been sparing no efforts to take forward the TSW project, engage the trade, refine the implementation plan where appropriate, and map out the overall master plan. The TSW project had entered a critical stage requiring work with wider span and greater depth on various fronts, in particular the IT and policy and legislative fronts. On the IT front, having regard to the complexity of system design and development, there was a pressing need for the creation of a supernumerary CSM post to inject the necessary IT expertise into the PMO to help formulate strategies

on the IT direction of the TSW project. The PMO would indeed need to rely heavily on the expertise of the IT Unit (to be led by the proposed CSM post) to draw up specific requirements for the design and development of the system.

Technical requirements on the part of users in the trade

12. Mr Martin LIAO asked about the technical requirements for using the TSW system after the launch of Phases 2 and 3. USCED advised that to facilitate easier use of the TSW system as a one-stop electronic platform for lodging all Business-to-Government trade documents, the TSW system would support popular web browsers which were commonly used by the trade so as to encourage the trade's take-up.

Development cost of information technology system

13. In response to Mr Martin LIAO's enquiry on the estimated capital cost for the development of the IT system for the TSW project, DSCED(C&I)2 advised that, given its mega scale, the TSW project was expected to involve significant cost for the development of the IT system. The funding required would need to be approved by the Finance Committee ("FC") in future. It was, however, not feasible to arrive at a precise estimation at this stage, pending the technical studies to be conducted for Phases 2 and 3 to ascertain the overall technical design and requirements of IT components in more specific details. Such details were essential for the preparation of funding proposals and relevant procurement exercises, including the cost projection of the system development.

Engagement with the trade

14. Noting that the trade would be mandated by way of legislation to adopt the TSW system and submit trade documents after the launch of Phases 2 and 3, Dr CHIANG Lai-wan enquired whether the major stakeholders in the trading and logistics sectors were supportive of the TSW project. USCED advised that the trade was in support of the Administration's proposal to develop TSW. The Administration would continue to engage the industry widely through various channels, including the six User Consultation Groups to liaise with the trade. The Administration had also leveraged other existing platforms such as customer liaison groups and advisory boards of Government agencies, chambers and trade associations.

Other issues

15. While supporting in principle the Administration's initiative to develop TSW for one-stop lodging of all the 50-plus trade documents and submissions with Government for trade declaration and customs clearance purposes, which

would be conducive to the efficient processing of incoming and outgoing goods and uphold Hong Kong's competitiveness in trade in goods and position as a logistics hub, Mr Jeffrey LAM suggested that the Administration should consider taking the opportunity of developing TSW to make it also as a one-stop platform for the business sector to apply for various funding schemes in one go so as to largely simplify the application procedures of different funding schemes and to genuinely create a business-friendly environment for all businesses to thrive.

16. DSCED(C&I)2 advised that the Administration had been working to enhance the relevant funding schemes so as to help small and medium enterprises, including start-ups, capture economic opportunities and boost their competitiveness (which was an initiative in the 2018-2019 Budget). On Mr Jeffery LAM's suggestion, the Administration would make reference to the general practice of TSWs in other jurisdictions and look into the possibility of whether TSW to be established in Hong Kong could, say, provide hyper-links to the relevant funding schemes to facilitate funding applications.

Summing up

17. The Chairman concluded that the Panel supported in principle the Administration's staffing proposals. He relayed members' view that the Administration should proactively explore room for expediting the implementation of TSW so as to enhance the trade efficiency and save the time and cost of the trading community. The Administration was also urged to address members' concerns raised during the discussion and to provide more detailed information on the major tasks to be performed by the proposed directorate posts in the coming five years so as to ensure a smooth and timely implementation of the last phase of TSW, which would facilitate further discussions at the Establishment Subcommittee and FC.

V. Measures to support the Hong Kong Science and Technology Parks Corporation and the establishment of technology research clusters; and creation of an Assistant Commissioner post in the Innovation and Technology Commission

(LC Paper No. CB(1)921/17-18(05) -- Administration's paper on "Proposals to Strengthen the Research and Technological Capabilities of Hong Kong"

LC Paper No. CB(1)921/17-18(06) -- Paper on the Hong Kong Science and Technology Parks Corporation prepared by the Legislative Council Secretariat (updated background brief)

LC Paper No. CB(1)966/17-18(01) -- Written questions provided by
(tabled at the meeting and subsequently issued on 16 May 2018) Hon CHU Hoi-dick dated 15 May 2018)

18. The Chairman drew members' attention to Rule 83A of the Rules of Procedure which provided that members should not speak on a matter in which they had a direct or indirect pecuniary interest, except where they disclosed the nature of that interest.

Presentation by the Administration

19. At the invitation of the Chairman, Secretary for Innovation and Technology ("S for IT") sought members' support for the Administration's proposals, which included: (a) the establishment of two research clusters at the Hong Kong Science Park ("HKSP") and provision of \$10 billion to support research centres/laboratories operated by non-profit-making institutions at the two clusters; (b) provision of \$10 billion to the Hong Kong Science and Technology Parks Corporation ("HKSTPC") to support healthcare and artificial intelligence ("AI") and robotics technologies researches, and its other tenants/incubatees; and (c) creation of a permanent directorate post of Administrative Officer Staff Grade C ("AOSGC") in the Innovation and Technology Commission ("ITC") to implement various new innovation and technology ("I&T") initiatives. Details of the Administration's proposals were set out in the paper (LC Paper No. CB(1)921/17-18(05)).

Discussion

Control mechanism

20. Mr CHAN Chun-ying raised no objection to the Administration's funding proposals which sought to strengthen the research and technological capabilities of Hong Kong. As regards the control mechanism for the establishment of the two research clusters, Mr CHAN sought details of the operation of the Governing Committee to be set up to oversee the operation of the two proposed research clusters at HKSP. Mr CHAN was also concerned about the operation details of the control mechanism which would be put in place by HKSTPC to monitor the use of fund (i.e. the proposed funding of \$10 billion to HKSTPC for providing key

facilities and strengthening support for its tenants/incubatees) based on its current mechanism and corporate governance procedures.

21. Commissioner for Innovation and Technology ("CIT") advised that the proposed Governing Committee would be responsible for approving the admission of institutions and overseeing the operation of the two research clusters. Several committees would be set up under the Governing Committee serving different purposes, such as: (a) a committee to oversee the direction, performance and R&D outcomes of the research centres/laboratories in the research clusters; (b) an audit committee to oversee the management of funds of the research clusters; and (c) a committee to oversee the provision and adequacy of facilities to support the research clusters.

Need for strengthening directorate support

22. Mr CHAN Chun-ying expressed support for the creation of one permanent directorate post of AOSGC in ITC to implement various new I&T initiatives. He enquired about the detailed duties and responsibilities of the post which would be designated as Assistant Commissioner (Infrastructure) ("AC(Infrastructure)").

23. CIT advised that the proposed AC(Infrastructure) post would be responsible for devising strategic plans for the establishment of the two research clusters and overseeing their operation, and other research related facilities and infrastructure. AC(Infrastructure) would, in addition to the duties relating to the two research clusters, take over matters relating to HKSP from the existing AC(Infrastructure and Quality Services), which would be retitled as AC(Finance and Quality Services). AC(Finance and Quality Services) would continue to perform the duties relating to the management of the Innovation and Technology Venture Fund ("ITVF"), implementation of the R&D enhanced tax deduction, and oversight of the Standards and Calibration Laboratory, Hong Kong Accreditation Service, and Product Standards Information Bureau.

24. Dr Elizabeth QUAT declared that she was a member of an advisory committee of the Smart Region of HKSP. She expressed support for the Administration's proposals to establish the two research clusters for healthcare and AI/robotics technologies, and to create a permanent directorate post of AOSGC to implement the new I&T initiatives. Dr QUAT enquired about the roles of HKSP and the proposed directorate post in implementing the Central People's Government's mission for Hong Kong to become a global innovation hub. The Deputy Chairman shared a similar view and urged the Administration to accelerate the I&T development in Hong Kong so as to catch up in the I&T race and to become an international I&T hub.

25. S for IT advised that the Administration's objective was to cultivate a

vibrant I&T ecosystem and attract more research centres/laboratories to set up in Hong Kong, in support of the Central People's Government's mission for Hong Kong to become a global innovation hub. In this regard, the two research clusters to be set up in HKSP, which had been designated as a state-level scientific and technological enterprise incubator, would leverage Hong Kong's strong research capability and international outlook.

Measures to attract overseas research centres/laboratories to set foot in Hong Kong

26. In response to Dr CHIANG Lai-wan's enquiry about the Administration's measures to attract overseas R&D centres/laboratories to set foot in Hong Kong, CIT advised that Hong Kong's universities had strong research capability and international credibility in healthcare technologies and on AI and robotics technologies. Hong Kong also had strong appeal to overseas R&D institutions on the basis of its sound legal and taxation systems, as well as its solid intellectual property protection regime. In fact, subsequent to the announcement of the 2018-2019 Budget proposal to earmark \$10 billion to support the establishment of two research clusters on healthcare technologies and AI/robotics technologies, the Administration had been in touch with a number of overseas R&D centres and universities which were interested in collaborating with local universities in setting up research centres/laboratories. S for IT added that apart from overseas universities, local universities were also welcomed to join the research clusters.

27. Mr Charles Peter MOK declared that he was member of an advisory committee of the Smart Region of HKSP, and supported the policy direction of establishing the two research clusters at HKSP. He opined that apart from attracting overseas R&D talents, the Administration should reach out to Hong Kong R&D graduates from overseas universities. In response to Mr MOK's enquiry about the target proportion of local vis-à-vis non-local talents to be attracted to work at the two research clusters, CIT advised that at this juncture, there was no preset target proportion of local vis-à-vis non-local talents or funding quota. That said, the incoming research institutions would be requested to hire both local and non-local R&D talents to facilitate exchange and sharing of knowledge and expertise. It was expected that local talents would outnumber non-local talents.

Funding arrangement

28. In response to Dr CHIANG Lai-wan's enquiry about the relative funding to be allocated between the two research clusters on healthcare technologies and on AI and robotics technologies, CIT advised that there was no preset funding quota between the two research clusters, although the healthcare technologies cluster might incur higher costs in terms of equipment and consumables.

Supporting measures

29. The Chairman considered that the Administration's measures to attract overseas R&D talents to Hong Kong were insufficient. In his view, the Administration should provide "fertile soil" in Hong Kong for the retaining and nurturing of a pool of R&D talents. He urged the Administration to take a proactive approach in inviting Hong Kong graduates who had chosen to pursue abroad a career in R&D, especially in healthcare or AI/robotics technologies, to return to Hong Kong for career development and contribute to the I&T development in Hong Kong. In this connection, the Administration should implement measures to encourage local students to pursue Science, Technology, Engineering and Mathematics ("STEM") education, so as to strengthen Hong Kong's I&T ecosystem. Mr MA Fung-kwok shared a similar concern. He urged the Administration to implement measures to retain local doctoral and postdoctoral R&D graduates to work in Hong Kong.

30. S for IT advised that the Administration had earmarked about \$78 billion in the past two years in establishing a thriving I&T ecosystem and strengthening research capability in Hong Kong. In order to step up efforts to develop I&T, the Administration had proposed to provide companies with enhanced tax deduction for their spending on qualifying R&D activities. The development of the Lok Ma Chau Loop into Hong Kong-Shenzhen Innovation and Technology Park and the development of a city cluster in the Guangdong-Hong Kong-Macao Bay Area would also contribute to a thriving I&T ecosystem. To train and pool together more technology talents, the Administration had rolled out ITVF, and would launch the "Technology Talent Admission Scheme" and run a "Postdoctoral Hub Programme" to provide funding support for enterprises to recruit postdoctoral talent for scientific research and product development. Moreover, the Administration would expand the scope of the current Internship Programme to benefit more enterprises and STEM graduates. The Smart City Blueprint for Hong Kong, with a vision to building Hong Kong into a world-class smart city, also aimed to provide opportunities for Hong Kong's R&D talents to help build the I&T ecosystem. S for IT added that the Administration would continue to provide a healthy I&T ecosystem to retain the over 8 000 STEM graduates each year in the I&T industry in Hong Kong.

31. Mr Charles Peter MOK enquired whether the Administration would consider implementing measures to encourage collaboration between R&D institutions in the two research clusters and local I&T start-ups.

32. CIT advised that collaboration with local I&T institutions was one of the requirements for R&D institutions looking to set foot in the two research clusters. There was no restriction on whether the collaborating partners concerned should

be start-ups, large enterprises, universities or R&D centres. The main objective was to foster I&T exchanges while retaining part or all of the intellectual property rights concerned in Hong Kong. Chief Executive Officer, Hong Kong Science and Technology Parks Corporation added that one of the missions of HKSP was to foster I&T collaboration between local start-ups/incubatees and major enterprises.

33. Mr Martin LIAO noted that in line with the strong emphasis on supporting Hong Kong in its mission to become a global innovation hub, put forth by President XI Jin-ping, the Central People's Government had announced a set of policy initiatives which aimed to bolster I&T collaboration between Hong Kong and the Mainland. Mr LIAO opined that the nurturing of talent was of great strategic importance in developing Hong Kong into a global innovation hub. As a separate yet related issue, he enquired about the detailed arrangement and operation of the InnoCell which would provide residential units and ancillary facilities for leasing to eligible tenants, incubatees and Mainland/overseas visitors of HKSP by 2021.

34. CIT advised that the average size of each cubicle at the InnoCell would be around 250 square feet. The monthly rental of the InnoCell would be set at about 60% of the market rent of furnished property of similar quality in the nearby area. The setting up of the InnoCell would help attract and retain I&T tenants from outside Hong Kong and create an atmosphere favourable to the development of I&T in Hong Kong.

Other issues

35. Mr CHU Hoi-dick referred to his letter dated 15 May 2018 to the Panel Chairman and S for IT on, inter alia, the inclusion of animal research and drug testing facilities in the facilities for healthcare technologies researches at HKSP (LC Paper CB(1)966/17-18(01)). He sought clarification on the standards for pre-clinical trial tests to be adopted by the animal research and drug testing facilities. Dr Elizabeth QUAT shared a similar concern. She urged the Administration to avoid using animals to perform research and drug testing as far as possible.

36. S for IT said that animal research and drug testing facilities had been in operation in Hong Kong's universities. CIT also said that the animal research and drug testing facilities would strictly comply with local legislation and international standards for pre-clinical trial tests, such as drug efficacy tests and toxicology studies, which were essential for verifying the safety and efficacy of new medicines or therapies. Expert advice from local universities would also be taken into account. The animal research and drug testing facilities at the healthcare technologies researches would start on a relatively small scale and tests would be performed on small animals initially, and would strictly comply with the

Admin international standards formulated by the Association for the Assessment and Accreditation of Laboratory Animal Care International. At Mr CHU's request, CIT undertook to provide supplementary information in response to the questions raised in his abovementioned letter.

(Post-meeting note: The information provided by the Administration was circulated to members on 28 June 2018 (LC Paper No. CB(1)1204/17-18(01).)

Summing up

37. The Chairman concluded that the Panel supported in principle the Administration's proposals to establish two research clusters at HKSP, provide additional resources and create a permanent directorate post to implement the relevant initiatives. He urged the Administration to take into account members' views and suggestions in preparing the discussion papers when submitting the relevant financial and establishment proposals to the Legislative Council for consideration. In particular, the Administration should devise measures to attract and retain a critical mass of R&D talents in Hong Kong, and that the control mechanism should be based on I&T standards rather than the availability and allocation of public resources.

VI. Implementation of a technology talent admission scheme

(LC Paper No. CB(1)921/17-18(07) -- Administration's paper on "Technology Talent Admission Scheme"

LC Paper No. CB(1)959/17-18(01) -- Submission dated 13 May 2018 from The Federation of Hong Kong & Kowloon Labour Unions

LC Paper No. CB(1)962/17-18(01) -- Administration's paper on *(tabled at the meeting and subsequently issued on 16 May 2018)* Technology Talent Admission Scheme (PowerPoint presentation material))

38. The Chairman said that the Administration would be requested to provide a written response to the concerns raised by The Federation of Hong Kong and Kowloon Labour Unions in its letter dated 13 May 2018 regarding the implementation of the Technology Talent Admission Scheme ("TechTAS") (LC Paper No. CB(1)959/17-18(01)).

(Post-meeting note: The information provided by the Administration was circulated to members on 21 June 2018 (LC Paper No. CB(1)1154/17-18(01)).

Presentation by the Administration

39. At the invitation of the Chairman, S for IT briefed members on TechTAS. CIT then gave a PowerPoint presentation on the subject matter, details of which were set out in the Administration's papers (LC Paper Nos. CB(1)921/17-18(07) and CB(1)962/17-18(01)).

Discussion

40. During the discussion of the item, the Chairman extended the meeting for five minutes to allow more time for discussion on the issues.

Scope of the Scheme and supporting measures

41. Dr Elizabeth QUAT said that she was supportive of TechTAS to enlarge the I&T talent pool in Hong Kong. She enquired about the supporting measures for the implementation of TechTAS, and considered that eligible applicants of the scheme should not be limited to tenants and incubatees of HKSTPC and Cyberport only, but should include other I&T enterprises in Hong Kong. Expressing support for the introduction of TechTAS, Mr MA Fung-kwok shared a similar view. Noting the quota of 1 000 persons in the first year of operation of the pilot TechTAS, he urged the Administration not to confine TechTAS to the seven technology areas (i.e. biotechnology, AI, cybersecurity, robotics, data analytics, financial technologies ("fintech") and material science) and the tenants and incubatees of HKSTPC and Cyberport, and to raise the proposed admission threshold regarding academic qualifications/work experience of the non-local talent.

42. S for IT responded that at present, around 1 600 companies/institutes were tenants/incubatees of HKSTPC and Cyberport. Many of them had expressed the need to admit technology talents. The pilot TechTAS would provide a fast-track arrangement to admit overseas and Mainland technology talents to work in Hong Kong. The Administration would review the coverage and scale of TechTAS six to nine months after its implementation. In response to Mr MA's enquiry, CIT advised that the quotas under TechTAS would be used to admit eligible overseas/Mainland talents who would need employment visas/entry permits to work in Hong Kong.

43. The Deputy Chairman supported the introduction of TechTAS as the lack of technology talents would hamper the development of Hong Kong's I&T industry,

Admin which would in turn weaken Hong Kong's international competitiveness. At the Chairman's request, S for IT undertook to provide information on the supporting measures to attract technology talents from outside Hong Kong, such as the provision of accommodation support and international school places for children of those talents.

Safeguarding local job opportunities

44. Mr Charles Peter MOK urged the Administration to explain clearly the rationale for the introduction of TechTAS so as to address the concerns of the labour unions about the competition for employment opportunities from overseas and Mainland technology talents. Taking into account the experience of Singapore which had in recent years largely scaled back its importation of foreign labour/talent scheme due to strong opposition from local workers/talent, Mr MOK cautioned that Hong Kong should avoid repeating the same mistake. Noting that work experience would not be compulsory for those non-local talents with a Master's or doctoral degree, Mr MOK also expressed concern about the relatively low admission threshold of the scheme, and queried if it was that difficult to recruit local fresh graduates from related disciplines.

45. S for IT advised that the pilot TechTAS would be targeting a focused group of technology talents. It would admit a maximum of 1 000 persons from overseas/Mainland in the first year of operation, and it would as a start be applicable to tenants and incubatees of HKSTPC and Cyberport that were engaged in the seven specific technology areas. S for IT emphasized that technology companies/institutes would be required to demonstrate that talents with the relevant skills, knowledge or experience were short in supply or not readily available in Hong Kong, and that the positions concerned could not be fully taken up by the local workforce. Moreover, the 3:1+2 non-local to local employment requirement (i.e. for every three non-local persons admitted, the technology company/institute concerned would need to employ one new local full-time employee, plus two local interns) would provide more local job opportunities and help nurture local talents.

46. Noting that under TechTAS, the remuneration for non-local talents should be broadly commensurate with the prevailing market level for comparable jobs in Hong Kong, Mr CHAN Chun-ying was concerned about whether non-local talents would be attracted to join TechTAS if the remuneration was not competitive enough. He also enquired about the consequence of not fulfilling the local talent employment requirement.

47. S for IT advised that while the remuneration for non-local talents should be broadly commensurate with the prevailing market level for comparable jobs in Hong Kong, it could be higher but not lower than the prevailing market level to

safeguard local job opportunities. The talents admitted would also have to meet a set of criteria: (a) they should be degree-holders in STEM subjects from well-recognized universities; and (b) they should be engaged principally in conducting R&D in Hong Kong in the seven specific technology areas. CIT added that non-compliance of the local talent employment requirement would result in new quota application from the company/institute not being processed, and any unused quota allotted being suspended.

48. Noting that the Administration had already implemented three other talent admission schemes, Mr CHU Hoi-dick enquired about the need for the introduction of an additional TechTAS. He also enquired about the number of local STEM graduates and postdoctoral graduates each year who would be engaged in the seven areas under TechTAS. In this regard, he suggested that the Administration should carry out a tracking survey on the career path of the some 8 000 local STEM graduates each year. Mr HO Kai-ming urged the Administration to strengthen the monitoring of TechTAS so that it would not be abused by companies to employ talents from less developed countries at a low cost, thereby defeating the purpose of assisting the companies to employ high-end talents to help Hong Kong's I&T development. Mr HO suggested that the Administration should make available information on the relevant talents admitted under TechTAS on a regular basis, including their remuneration levels, so as to guard against abuses.

49. S for IT advised that both the General Employment Policy and the Admission Scheme for Mainland Talents and Professionals were for admitting non-local professionals to work in Hong Kong. The Quality Migrant Admission Scheme, on the other hand, sought to attract quality migrants to settle in Hong Kong. The pilot TechTAS would be a new arrangement to shorten the time needed for a technology talent to obtain the visa/entry permit by making use of a quota system. CIT added that there were relatively more doctoral/postdoctoral local graduates in areas such as biotechnology than in fintech as the latter was a relatively new field of study. Moreover, the difficulty in finding suitable local talents was partly due to the fact that not all graduates would choose a career in R&D and some might pursue their careers abroad. In response to Mr HO's enquiry, CIT said that one of the purposes of confining the pilot TechTAS to HKSTPC and Cyberport tenants/incubatees was to take advantage of their familiarity with their tenants/incubatees, so as to facilitate processing of their quota applications and monitoring the usage of quota.

50. On Dr CHIANG Lai-wan's enquiry, S for IT clarified that TechTAS would also be applicable to grantees in the three industrial estates managed by HKSTPC. CIT explained that under the 3:1+2 non-local to local employment requirement, the 1+2 local employees should be engaged in technology-related work (which would not be limited to the seven technology areas concerned) including positions such as

technology or intellectual property lawyer, technology transfer expert, etc., but would not include general supporting positions such as administrative work.

51. In response to Mr CHAN Chi-chuen's enquiry about whether the companies/institutes were required to demonstrate that they were unable to recruit sufficient local talents before they could be allocated with quotas to admit overseas/Mainland talents, and whether these talents would need to sign a contract with the employing company, S for IT answered in the affirmative. CIT added that putting up recruitment advertisements at appropriate platforms and attempting to recruit from university career centres were some of the means for technology companies/institutes to demonstrate their efforts in recruiting local talents. Overseas/Mainland talent admitted under TechTAS would normally be granted an initial stay of two years on employment condition, or in accordance with the duration of the employment contract (whichever was shorter), upon entry. As for fulfilling the 1+2 local talent recruitment requirement, the local full-time employee would need to be employed for at least one year, and the local interns would have to be engaged in an internship period of at least three months.

52. Mr WONG Ting-kwong was of the view that talent should not be confused with labour, and the views and concerns raised in the letter from The Federation of Hong Kong and Kowloon Labour Unions might be unfounded. While he expressed support for the implementation of TechTAS, he was concerned that the 3:1+2 non-local to local employment requirement would create a heavy cost burden on the companies/institutes concerned.

53. S for IT advised that the companies/institutes concerned could make use of the Internship Programme under the Innovation and Technology Fund to employ local interns for technology-related work. He further advised that TechTAS would help attract talents from different parts of the world to encourage cross-fertilization of ideas between local and non-local talents.

54. Ir Dr LO Wai-kwok supported the implementation of TechTAS. Noting that the pilot scheme would span three years and would only admit a maximum of 1 000 overseas/Mainland talents in the first year of operation, he considered that TechTAS should not be confined to HKSTPC and Cyberport tenants/incubatees, and urged the Administration to conduct early review on the scheme to cope with the pace of technological development.

Other issues

55. Mr CHAN Chun-ying noted that the Fintech Supervisory Sandbox ("FSS") was launched by the Hong Kong Monetary Authority in September 2016 to allow banks and their partnering technology firms to conduct pilot trials of their fintech initiatives. 32 new technology products, including biometric authentication, soft

token and chatbot, had been tested in FSS. Since fintech would be one of the technology areas under TechTAS, he enquired if such financial institutions could be regarded as incubators and be allowed to apply for admission of talents to assist with the conduct of trials of their fintech initiatives. S for IT said that the partnering technology firms of financial institutions would be eligible to apply for the pilot TechTAS if they were tenants/incubatees of HKSTPC or Cyberport.

Summing up

56. The Chairman concluded that the Panel supported in principle the introduction of TechTAS. He was of the view that the Administration should define the policy intent, strategies and timetable to achieve the policy objective of leveraging TechTAS to attract overseas/Mainland talents while creating more local technology-related employment opportunities under the 3:1+2 non-local to local employment requirement, so that a brighter career path would be paved for local STEM graduates and a critical mass of I&T talents would be nurtured in Hong Kong.

VII. Any other business

57. There being no other business, the meeting ended at 5:21 pm.