

Head 135 — GOVERNMENT SECRETARIAT: INNOVATION AND TECHNOLOGY BUREAU

Controlling officer: the Permanent Secretary for Innovation and Technology will account for expenditure under this Head.

Estimate 2019–20	\$751.0m
Establishment ceiling 2019–20 (notional annual mid-point salary value) representing an estimated 161 non-directorate posts as at 31 March 2019 rising by four posts to 165 posts as at 31 March 2020.....	\$131.4m
In addition, there will be an estimated 17 directorate posts as at 31 March 2019 and as at 31 March 2020.	
Commitment balance.....	\$474.4m

Controlling Officer's Report

Programmes

Programme (1) Director of Bureau's Office	This programme contributes to Policy Area 27: Intra-Governmental Services (Secretary for Innovation and Technology).
Programme (2) Innovation and Technology	This programme contributes to Policy Area 17: Information Technology and Broadcasting (Secretary for Innovation and Technology).
Programme (3) Efficiency Office	This programme contributes to Policy Area 27: Intra-Governmental Services (Secretary for Innovation and Technology).

Detail

Programme (1): Director of Bureau's Office

	2017–18 (Actual)	2018–19 (Original)	2018–19 (Revised)	2019–20 (Estimate)
Financial provision (\$m)	14.7	16.1	16.8 (+4.3%)	17.4 (+3.6%)
				(or +8.1% on 2018–19 Original)

Aim

- 2 The aim is to ensure the smooth operation of the Office of the Secretary for Innovation and Technology.

Brief Description

3 The Office of the Secretary for Innovation and Technology is responsible for providing support to the Secretary for Innovation and Technology in undertaking political work. This includes the support provided by the Under Secretary and the Political Assistant. The office is also responsible for providing administrative support to the Secretary for Innovation and Technology in carrying out his duties. The work includes the planning, co-ordination and implementation of all arrangements for the Secretary's public, media and community functions.

Programme (2): Innovation and Technology

	2017–18 (Actual)	2018–19 (Original)	2018–19 (Revised)	2019–20 (Estimate)
Financial provision (\$m)	37.0	310.1	146.4 (–52.8%)	442.2 (+202.0%)
				(or +42.6% on 2018–19 Original)

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Aim

4 The aim is to promote sustained and diversified economic and social development through developing local innovation and technology industries, driving the upgrading and transformation of the overall economic structure, thereby enhancing Hong Kong's competitiveness and improving people's quality of life.

Brief Description

5 The Bureau formulates holistic innovation and technology policies to foster the development of innovation and technology and related industries in Hong Kong.

6 The Bureau's main responsibilities are to:

- promote research and development (R&D) collaboration with the world's top-notch science and research institutes;
- promote "re-industrialisation" through the development of smart production and high value-added industries;
- promote measures that support technology start-ups;
- encourage private sector investments in technology start-ups and R&D activities;
- foster smart city development;
- develop Hong Kong into a Wi-Fi connected city and facilitate open data applications;
- promote the innovative application of technologies in improving people's daily life and addressing social issues;
- formulate policies to support the use of local technology products and services;
- formulate policies to augment the pool of innovation and technology talents; and
- encourage collaboration among institutions in developing innovation and technology.

7 In 2018–19, the Bureau:

- oversaw the preparatory work for the establishment of technology clusters in the Hong Kong Science Park to foster international R&D collaboration;
- oversaw the launch of enhanced tax deduction for expenditure incurred by enterprises on qualified R&D activities;
- oversaw the launch of the "Technology Talent Admission Scheme" to facilitate enterprises' engagement of overseas and Mainland R&D talent;
- continued to implement the Innovation and Technology Fund for Better Living to finance projects that would make use of innovative application of technologies to improve Hong Kong people's daily life or address the needs of specific community groups;
- continued to implement the TechConnect (block vote) to support technology projects of government departments to enhance operational efficiency and service quality;
- oversaw the implementation of the Innovation and Technology Venture Fund to stimulate private investment in local innovation and technology start-ups;
- oversaw the implementation of new/enhanced funding schemes and support programmes under the Innovation and Technology Fund, including the "Technology Talent Scheme" to nurture innovation and technology talent, and the enhanced "Technology Voucher Programme";
- monitored the progress of initiatives in the *Smart City Blueprint for Hong Kong*;
- promulgated a new open data policy requiring bureaux and departments (B/Ds) to publish annual open data plans;
- oversaw the enhancement of public Wi-Fi services;
- oversaw the planning for and implementation of smart city infrastructure projects including electronic identity (eID), Multi-functional Smart Lampposts and the Next Generation Government Cloud Infrastructure/Big Data Analytics Platform;
- oversaw the construction of the government data centre complex to support the long-term demand for data centre services in the Government;
- monitored the implementation of various initiatives by Cyberport to enhance support for the information and communications technology industry, and promote the development of e-sports;
- oversaw the work of the Innovation and Technology Commission and the Office of the Government Chief Information Officer in promoting innovation and technology development;
- supported the development of the Guangdong-Hong Kong-Macao Greater Bay Area into an international innovation and technology hub;

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- took forward the development of the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop;
- promoted collaboration with Mainland and overseas science and research institutions;
- supported the Steering Committee on Innovation and Technology; and
- supported the Committee on Innovation, Technology and Re-industrialisation.

8 The key performance indicators are:

Indicators

	2017 (Actual)	2018 (Actual)	2019 (Estimate)
Innovation and Technology Fund for Better Living#			
Eligible application received.....	18	55	60
Projects approved.....	4	12	14
Approved projects being monitored.....	0	16	30

Figures available starting from May 2017.

Matters Requiring Special Attention in 2019–20

9 During 2019–20, the Bureau will:

- oversee the setting up of technology clusters in the Hong Kong Science Park to foster collaboration with international science and research institutions;
- oversee the launch of the “Re-industrialisation Funding Scheme” and the provision of facilities for advanced manufacturing sector to expedite “re-industrialisation”;
- oversee the launch of the City Innovation and Technology Grand Challenge;
- oversee the implementation of enhanced tax deduction for expenditure incurred by enterprises on qualified R&D activities;
- oversee the implementation of the “Technology Talent Admission Scheme” and the “Technology Talent Scheme”;
- continue to monitor the implementation of the Innovation and Technology Venture Fund;
- oversee the opening up of more datasets by B/Ds under the new open data policy;
- promote the adoption of innovation and technology by B/Ds through the new Smart Government Innovation Lab and the TechConnect (block vote);
- continue to oversee the enhancement of public Wi-Fi services;
- continue to oversee the implementation of eID, Multi-functional Smart Lampposts pilot project and Next Generation Government Cloud Infrastructure/Big Data Analytics Platform projects;
- continue to monitor the implementation of initiatives by Cyberport to support the information and communications technology industry, including enhancing the support for its start-ups and tenants and promotion of e-sports development;
- continue to take forward the development of the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop; and
- continue to support the development of the Guangdong-Hong Kong-Macao Greater Bay Area into an international innovation and technology hub.

Programme (3): Efficiency Office

	2017–18 (Actual)	2018–19 (Original)	2018–19 (Revised)	2019–20 (Estimate)
Financial provision (\$m)	251.0 [^]	264.0	267.4 (+1.3%)	291.4 (+9.0%)

(or +10.4% on
2018–19 Original)

[^] The figures of 2017–18 include provisions for the Efficiency Office, which was transferred to the Bureau with effect from 1 April 2018.

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Aim

10 The Efficiency Office aims to accelerate innovation for improvement of services and operations across Government, and develop cross-sector collaboration between civil servants and stakeholders to design and implement better services with the community.

Brief Description

11 Key areas of work are to:

- support the Government in promoting innovation and technology, and assist in taking forward reforms or projects in the public sector in collaboration with stakeholders to enhance public services and efficiency in operations through the application of technology, innovation in business models or processes;
- support the Government in transforming the public service through streamlining the administration of government services to improve the convenience, efficiency and transparency of service delivery;
- provide consultancy services to B/Ds for business process re-engineering, organisation restructuring, performance measurement, knowledge management and change management, and assist them to obtain external consultancy services as appropriate;
- improve licensing services and co-ordinate the Government's efforts on business facilitation;
- oversee the operation of the 1823 contact centre as a one-stop service for the public to access government services and make complaints, and as a data analytics platform for B/Ds to improve their services; and
- oversee the operation of the Youth Portal and Social Innovation and Entrepreneurship Development Fund, and use the platforms and experience to advance public sector innovation and co-creation with the community.

12 The Efficiency Office continues to provide overall direction and enhancement services for 1823. The contact centre provides 24-hour one-stop service to handle public enquiries for 22 departments as well as public complaints about government service. In 2018, it received around 3 702 000 calls and 519 000 emails or other communications from the public. The key performance measures of 1823 are:

Targets

	Target	2017 (Actual)	2018 (Actual)	2019 (Plan)
calls that can be answered within 12 seconds (%).....	80	71	67	80
callers that have their enquiries addressed at the first time of calling (%).....	95	99	99	99
customer satisfaction (out of a five-point scale).....	4.0	4.5	4.5	4.5

Matters Requiring Special Attention in 2019–20

13 During 2019–20, the Efficiency Office will:

- align its resources and projects to support the promotion of innovation and technology;
- enhance the work of the Business Facilitation Team to improve regulatory efficiency, business processes and use of technology by the Government to further upgrade the environment for doing business in Hong Kong;
- work closely with B/Ds to identify and implement projects to streamline the administration of government services;
- encourage innovation in the design and delivery of more integrated, citizen centric services in 1823 and enhance the Youth Portal to improve its information dissemination related to youth development; and
- work with the Social Innovation and Entrepreneurship Development Fund Task Force to engage a new batch of intermediaries to run programmes in different priority areas of the Fund's work, engage an intermediary to develop and operate a gerontechnology platform and consider pilot projects for new funding mechanisms for social ventures.

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ANALYSIS OF FINANCIAL PROVISION

	2017–18 (Actual) (\$m)	2018–19 (Original) (\$m)	2018–19 (Revised) (\$m)	2019–20 (Estimate) (\$m)
Programme				
(1) Director of Bureau’s Office	14.7	16.1	16.8	17.4
(2) Innovation and Technology.....	37.0	310.1	146.4	442.2
(3) Efficiency Office.....	251.0 [^]	264.0	267.4	291.4
	<hr/> 302.7	<hr/> 590.2	<hr/> 430.6 (–27.0%)	<hr/> 751.0 (+74.4%)
				(or +27.2% on 2018–19 Original)

[^] The figures of 2017–18 include provisions for the Efficiency Office, which was transferred to the Bureau with effect from 1 April 2018.

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2019–20 is \$0.6 million (3.6%) higher than the revised estimate for 2018–19. This is mainly due to the increased provision for salaries and general departmental expenses in 2019–20.

Programme (2)

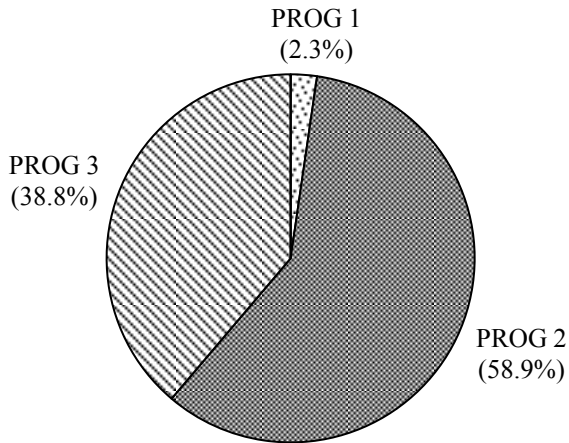
Provision for 2019–20 is \$295.8 million (202.0%) higher than the revised estimate for 2018–19. This is mainly due to the increased cash flow requirement for capital and non-recurrent items, and increased provision for salaries and general departmental expenses in 2019–20. In addition, there will be an increase of two posts in 2019–20.

Programme (3)

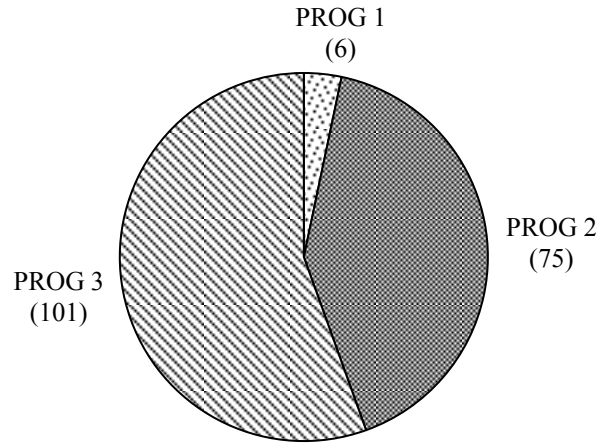
Provision for 2019–20 is \$24.0 million (9.0%) higher than the revised estimate for 2018–19. This is mainly due to the increased provision for filling of vacancies, staff changes and salary increment for staff, as well as anticipated increase in expenditure for hire of services. In addition, there will be an increase of two posts in 2019–20.

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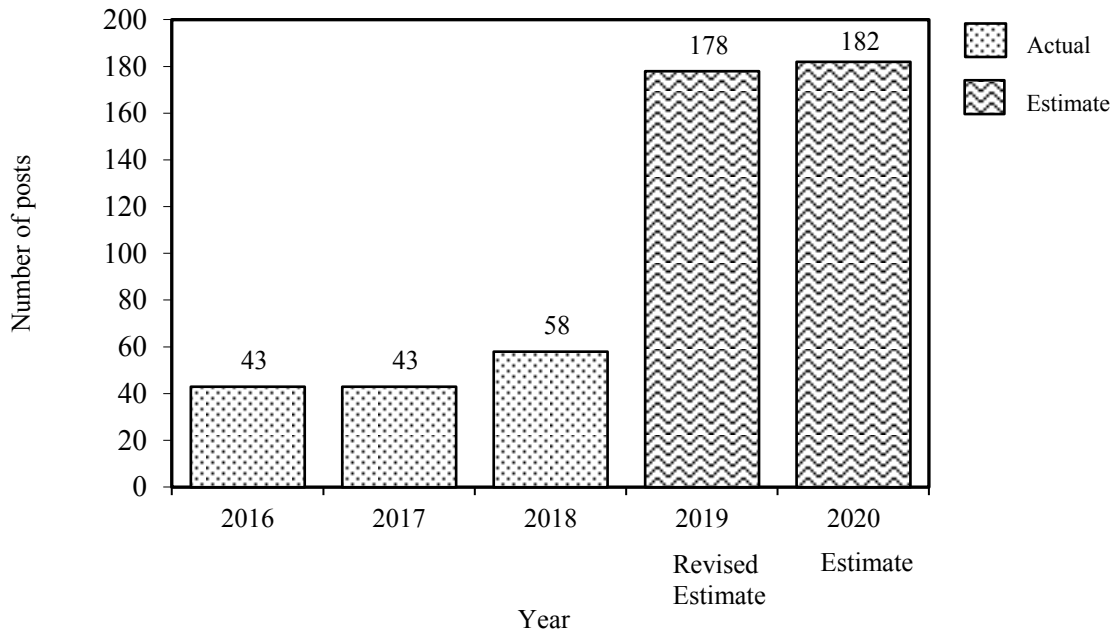
Allocation of provision to programmes (2019-20)



Staff by programme (as at 31 March 2020)



Changes in the size of the establishment (as at 31 March)



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Sub-head (Code)	Actual expenditure 2017–18 ^α	Approved estimate 2018–19	Revised estimate 2018–19	Estimate 2019–20	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	49,761	372,887	347,558	400,668
	Total, Recurrent	49,761	372,887	347,558	400,668
Non-Recurrent					
700	General non-recurrent	576	111,494	25,000	150,000
	Total, Non-Recurrent	576	111,494	25,000	150,000
	Total, Operating Account	50,337	484,381	372,558	550,668
Capital Account					
Plant, Equipment and Works					
697	TechConnect (block vote)	1,369	105,821	58,068	200,340
	Total, Plant, Equipment and Works	1,369	105,821	58,068	200,340
	Total, Capital Account	1,369	105,821	58,068	200,340
	Total Expenditure	51,706	590,202	430,626	751,008

^α The Efficiency Office was transferred to the Bureau with effect from 1 April 2018. The 2017–18 actual expenditure represents the expenditure of the Bureau before re-organisation.

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Details of Expenditure by Subhead

The estimate of the amount required in 2019–20 for the salaries and expenses of the Innovation and Technology Bureau (ITB) is \$751,008,000. This represents an increase of \$320,382,000 over the revised estimate for 2018–19 and \$699,302,000 over the actual expenditure in 2017–18.

Operating Account

Recurrent

2 Provision of \$400,668,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of ITB. The increase of \$53,110,000 (15.3%) over the revised estimate for 2018–19 is mainly due to the increased departmental expenses and salary provision.

3 The establishment as at 31 March 2019 will be 178 posts. It is expected that there will be an increase of four posts in 2019–20. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2019–20, but the notional annual mid-point salary value of all such posts must not exceed \$131,362,000.

4 An analysis of the financial provision under *Subhead 000 Operational expenses* is as follows:

	2017–18 (Actual) (\$'000)	2018–19 (Original) (\$'000)	2018–19 (Revised) (\$'000)	2019–20 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	30,029	139,526	128,069	144,777
- Allowances.....	2,054	5,307	6,481	5,826
- Job-related allowances.....	1	2	2	2
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	127	437	373	368
- Civil Service Provident Fund contribution.....	889	4,041	4,029	6,997
Departmental Expenses				
- General departmental expenses	16,661	223,574	208,604	242,698
	49,761	372,887	347,558	400,668

Capital Account

Plant, Equipment and Works

5 Provision of \$200,340,000 under *Subhead 697 TechConnect (block vote)* represents an increase of \$142,272,000 (245%) over the revised estimate for 2018–19. This reflects the increased funding support to bureaux/departments for implementing projects costing over \$200,000 but not exceeding \$10 million each which improve quality, efficiency or effectiveness of public services by the adoption of technology or to make use of technology to improve operations that will bring benefits to members of public.

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment \$'000	Accumulated expenditure to 31.3.2018 \$'000	Revised estimated expenditure for 2018–19 \$'000	Balance \$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	801	Innovation and Technology Fund for Better Living.....	500,000	576	25,000	474,424
		Total	<u>500,000</u>	<u>576</u>	<u>25,000</u>	<u>474,424</u>