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 2020–21	**$699.2m**

Establishment ceiling 2020–21 (notional annual mid-point salary value) representing an estimated 165 non-directorate posts as at 31 March 2020 rising by ten posts to 175 posts as at 31 March 2021.... **$144.2m**

In addition, there will be an estimated 17 directorate posts as at 31 March 2020 and as at 31 March 2021.

Commitment balance **$453.4m**

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

	2018–19 (Actual)	2019–20 (Original)	2019–20 (Revised)	2020–21 (Estimate)
Financial provision ($m)	16.5	17.4	17.4 (—)	**18.4** **(+5.7%)**

(or +5.7% on 2019–20 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

	2018–19 (Actual)	2019–20 (Original)	2019–20 (Revised)	2020–21 (Estimate)
Financial provision ($m)	120.4	442.2	218.3 (–50.6%)	**365.2** **(+67.3%)**

(or –17.4% on 2019–20 Original)

Head 135 — GOVERNMENT SECRETARIAT: INNOVATION AND TECHNOLOGY BUREAU

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 2019–20, the Bureau:

• oversaw the setting up of *InnoHK* research clusters in the Hong Kong Science Park to foster international R&D collaboration;

• monitored the implementation of enhanced tax deduction for expenditure incurred by enterprises on qualified R&D activities;

• oversaw the review and enhancement of the "Technology Talent Admission Scheme" to facilitate enterprises' engagement of overseas and Mainland R&D talent;

• oversaw the preparatory work for the "Re-industrialisation Funding Scheme" and development of the Microelectronics Centre to expedite "re-industrialisation";

• oversaw the preparatory work for the City Innovation and Technology Grand Challenge;

• 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;

• monitored the implementation of funding schemes and support programmes under the Innovation and Technology Fund, including the enhancement of Researcher Programme, Postdoctoral Hub and Public Sector Trial Scheme;

• continued to monitor the implementation of the Innovation and Technology Venture Fund to stimulate private investment in local innovation and technology start-ups;

• monitored the progress of initiatives in the *Smart City Blueprint for Hong Kong*;

• oversaw the implementation of the new open data policy requiring bureaux and departments (B/Ds) to release their datasets in accordance with their annual open data plans;

• oversaw the enhancement of public Wi-Fi services;

• oversaw the planning for and implementation of smart city infrastructure projects including iAM Smart (formerly named 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;

- 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

	2018 (Actual)	2019 (Actual)	**2020 (Estimate)**
Innovation and Technology Fund for Better Living			
Eligible application received..	55	45	**60**
Projects approved...	12	9	**16**
Approved projects being monitored...............................	16	25	**41**

Matters Requiring Special Attention in 2020–21

9   During 2020–21, the Bureau will:

- continue to oversee the setting up of *InnoHK* research clusters in the Hong Kong Science Park to foster collaboration with international science and research institutions;

- monitor the implementation of the "Re-industrialisation Funding Scheme" and the development of the Microelectronics Centre to expedite "re-industrialisation";

- oversee the launch of the City Innovation and Technology Grand Challenge;

- continue to monitor the implementation of enhanced tax deduction for expenditure incurred by enterprises on qualified R&D activities;

- continue to monitor 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;

- continue to oversee the opening up of more datasets by B/Ds under the new open data policy;

- continue to promote the adoption of innovation and technology by B/Ds through the 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 iAM Smart, Multi-functional Smart Lampposts pilot project and Next Generation Government Cloud Infrastructure/Big Data Analytics Platform projects;

- continue to monitor the progress of initiatives in the *Smart City Blueprint for Hong Kong* and co-ordinate the formulation and release of *Blueprint* 2.0;

- continue to monitor the implementation of initiatives by Cyberport to support the information and communications technology industry, including enhancing support for its start-ups and tenants, promotion of e-sports development and planning for Cyberport expansion;

- 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

	2018–19 (Actual)	2019–20 (Original)	2019–20 (Revised)	**2020–21 (Estimate)**
Financial provision ($m)	266.0	291.4	288.5 (–1.0%)	**315.6 (+9.4%)**

(or +8.3% on 2019–20 Original)

Aim

10 The Efficiency Office aims to accelerate innovation for improvement of services and operations across Government, and promote 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, and innovation in business processes;

• 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;

• co-ordinate the Government's efforts on business facilitation and to improve licensing services;

• oversee the operation of the 1823 contact centre as a one-stop service for the public to access government information 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.

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 23 departments as well as public complaints about government service. In 2019, it received around 4 502 000 calls and 701 000 emails or other communications from the public. The key performance measures of 1823 are:

Targets

	Target	2018 (Actual)	2019 (Actual)	**2020 (Plan)**
calls that can be answered within 12 seconds (%)	80	67	68	**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 2020–21

13 During 2020–21, the Efficiency Office will:

• align its resources and projects to support the promotion of innovation and technology;

• facilitate B/Ds to develop business-friendly measures to improve regulatory efficiency and transparency to further enhance the environment for doing business in Hong Kong;

• work closely with B/Ds to identify and implement projects to streamline government services;

• further improve the service channels for 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 supervise and support the implementation of innovative programmes by a new batch of intermediaries for incubating social innovators and ventures; engage, supervise and support an intermediary to develop and operate an inclusive gerontechnology platform and consider pilot projects for new funding mechanisms for social ventures.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2018–19 (Actual) ($m)	2019–20 (Original) ($m)	2019–20 (Revised) ($m)	2020–21 (Estimate) ($m)
(1) Director of Bureau's Office	16.5	17.4	17.4	**18.4**
(2) Innovation and Technology....................	120.4	442.2	218.3	**365.2**
(3) Efficiency Office....................................	266.0	291.4	288.5	**315.6**
	402.9	751.0	524.2 (–30.2%)	**699.2 (+33.4%)**

(or –6.9% on 2019–20 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2020–21 is $1.0 million (5.7%) higher than the revised estimate for 2019–20. This is mainly due to the increased provision for salaries and general departmental expenses in 2020–21.
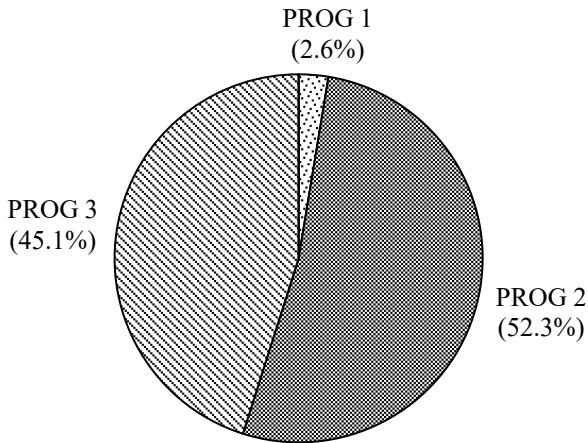
Programme (2)

Provision for 2020–21 is $146.9 million (67.3%) higher than the revised estimate for 2019–20. This is mainly due to the increased cash flow requirement for non-recurrent and capital items, and increased provision for salaries and general departmental expenses in 2020–21. In addition, there will be an increase of six posts in 2020–21.
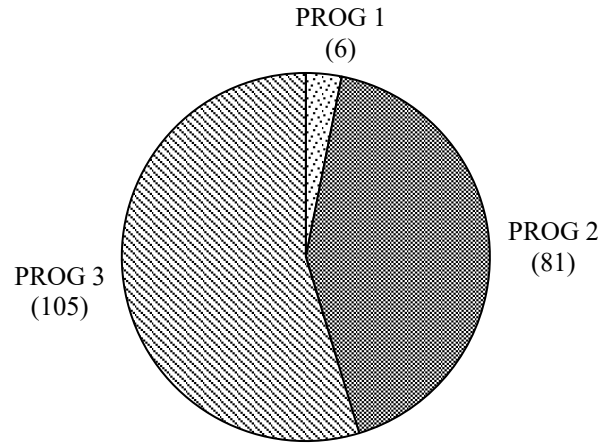
Programme (3)

Provision for 2020–21 is $27.1 million (9.4%) higher than the revised estimate for 2019–20. 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 four posts in 2020–21.

*Allocation of provision
to programmes
(2020-21)*

*Staff by programme
(as at 31 March 2021)*

PROG 1
(2.6%)

PROG 3
(45.1%)

PROG 2
(52.3%)

PROG 1
(6)

PROG 3
(105)

PROG 2
(81)

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

Actual

Estimate

Number of posts

250

200

150

100

50

0

43

58

169

182

192

2017   2018   2019   2020   2021

Revised   Estimate
Estimate

Year
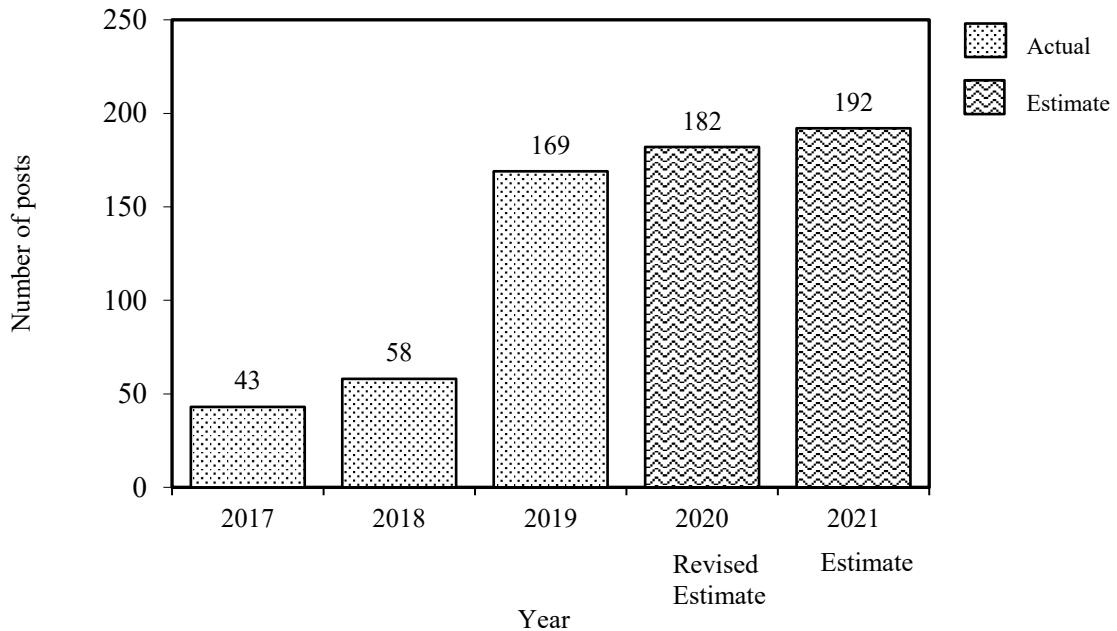
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Sub-head (Code)		Actual expenditure 2018–19	Approved estimate 2019–20	Revised estimate 2019–20	Estimate 2020–21
		$'000	$'000	$'000	$'000
	Operating Account				
	Recurrent				
000	Operational expenses	343,146	400,668	395,268	**483,228**
	Total, Recurrent....................................	343,146	400,668	395,268	**483,228**
	Non-Recurrent				
700	General non-recurrent	21,481	150,000	24,500	**50,000**
	Total, Non-Recurrent..............................	21,481	150,000	24,500	**50,000**
	Total, Operating Account	364,627	550,668	419,768	**533,228**
	Capital Account				
	Plant, Equipment and Works				
697	TechConnect (block vote)..................................	38,261	200,340	104,416	**165,983**
	Total, Plant, Equipment and Works.........	38,261	200,340	104,416	**165,983**
	Total, Capital Account............................	38,261	200,340	104,416	**165,983**
	Total Expenditure	402,888	751,008	524,184	**699,211**

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Details of Expenditure by Subhead

The estimate of the amount required in 2020–21 for the salaries and expenses of the Innovation and Technology Bureau (ITB) is $699,211,000. This represents an increase of $175,027,000 over the revised estimate for 2019–20 and $296,323,000 over the actual expenditure in 2018–19.

Operating Account

Recurrent

2 Provision of $483,228,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of ITB. The increase of $87,960,000 (22.3%) over the revised estimate for 2019–20 is mainly due to the increased departmental expenses and salary provision.

3 The establishment as at 31 March 2020 will be 182 posts. It is expected that there will be an increase of ten posts in 2020–21. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2020–21, but the notional annual mid-point salary value of all such posts must not exceed $144,247,000.

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

	2018–19 (Actual) ($'000)	2019–20 (Original) ($'000)	2019–20 (Revised) ($'000)	**2020–21 (Estimate) ($'000)**
Personal Emoluments				
- Salaries	127,350	144,777	138,614	**155,099**
- Allowances	6,547	5,826	5,316	**4,762**
- Job-related allowances	—	2	2	**3**
Personnel Related Expenses				
- Mandatory Provident Fund contribution	368	368	444	**380**
- Civil Service Provident Fund contribution	4,079	6,997	5,557	**7,588**
Departmental Expenses				
- General departmental expenses	204,802	242,698	245,335	**315,396**
	343,146	400,668	395,268	**483,228**

Capital Account

Plant, Equipment and Works

5 Provision of $165,983,000 under *Subhead 697 TechConnect (block vote)* represents an increase of $61,567,000 (59%) over the revised estimate for 2019–20. 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	Accumulated expenditure to 31.3.2019	Revised estimated expenditure for 2019–20	Balance
			$'000	$'000	$'000	$'000
Operating Account						
700		*General non-recurrent*				
	801	Innovation and Technology Fund for Better Living..	500,000	22,058	24,500	453,442
		Total	500,000	22,058	24,500	453,442