

EXTRACT

立法會

LC Paper No. CB(4)781/13-14(02)

Legislative Council

LC Paper No. CB(1)/13-14

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by the Administration)

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Panel on Commerce and Industry

Minutes of meeting

**held on Tuesday, 15 April 2014, at 2:30 pm
in Conference Room 1 of the Legislative Council Complex**

Members present : Hon Vincent FANG Kang, SBS, JP (Chairman)
Dr Hon CHIANG Lai-wan, JP (Deputy Chairman)
Hon Emily LAU Wai-hing, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Dr Hon LAM Tai-fai, SBS, JP
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK
Hon Dennis KWOK
Hon SIN Chung-kai, SBS, JP
Hon Martin LIAO Cheung-kong, JP
Ir Dr Hon LO Wai-kwok, BBS, MH, JP
Hon CHUNG Kwok-pan

Members attending : Hon CHAN Yuen-han, SBS, JP
Hon KWOK Wai-keung

Public officers attending : Agenda item IV
Mr Andrew H Y WONG, JP
Permanent Secretary for Commerce and Economic
Development (Commerce, Industry and Tourism)

Mrs Alice CHEUNG, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry) 3

Mr Brian LO Sai-hung, JP
Deputy Director-General of Trade and Industry
(Commercial Relations, Controls and Support)

Agenda Item V

Mr Andrew H Y WONG, JP
Permanent Secretary for Commerce and Economic
Development (Commerce, Industry and Tourism)

Mr David F L WONG, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry) 2

Mr Edward YU
Principal Assistant Secretary for Commerce and
Economic Development (Commerce and
Industry) 4

Agenda Item VI

Commerce and Economic Development Bureau

Mr Gregory SO, 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)

Innovation and Technology Commission

Miss Janet WONG, JP
Commissioner for Innovation and Technology

Mr Johann WONG, JP
Deputy Commissioner for Innovation and
Technology

Office of the Government Chief Information
Officer

Mr Daniel LAI, BBS, JP
Government Chief Information Officer

Mr Victor LAM, JP
Deputy Government Chief Information Officer
(Consulting and Operations)

**Attendance by
invitation** : Agenda Item IV

Hong Kong Productivity Council

Mr Tony LAM
Director, Corporate Services

Clerk in attendance : Ms Annette LAM
Chief Council Secretary (1)3

Staff in attendance : Ms Connie HO
Senior Council Secretary (1)3

Miss Rita YUNG
Council Secretary (1)3

Ms May LEUNG
Legislative Assistant (1)3

Action

- VI. Proposal to establish the Innovation and Technology Bureau**
(LC Paper No. CB(1)1236/13-14(07) -- Administration's paper on
proposal to establish the
Innovation and Technology
Bureau

- LC Paper No. CB(4)554/13-14(02) -- Administration's paper on
(*Chinese version only*) proposal to establish the
(*tabled at the meeting and Innovation and Technology*
subsequently issued via e-mail on 16 Bureau (power-point
April 2014) presentation material)
- LC Paper No. CB(4)570/13-14(01) -- Submission on the proposed
(*tabled at the meeting and Innovation and Technology*
subsequently issued via e-mail on 16 Bureau from Hon Charles
April 2014) Peter MOK to the
Administration dated 12
February 2014)

Presentation by the Administration

At the invitation of the Chairman and with the aid of power-point presentation, Secretary for Commerce and Economic Development ("SCED") briefed members on the proposed establishment of the Innovation and Technology Bureau (ITB) and the related arrangements to implement the proposal. SCED advised that the new bureau led by the future Secretary for Innovation and Technology ("S for IT") would be responsible for formulating policies and promoting the development of innovation and technology as well as information technology in Hong Kong, and coordinating relevant efforts within the Government. The new bureau would take up the policy responsibilities in innovation and technology from the existing Commerce and Economic Development Bureau ("CEDB"). The Innovation and Technology Commission ("ITC") and the Office of the Government Chief Information Officer ("OGCIO") which were responsible for innovation and technology matters would report to the ITB upon its establishment. The Administration proposed to create 26 new posts, including three politically appointed officials, four directorate civil service posts and 19 non-directorate civil service posts. Details of the proposal to establish the ITB were set out in the Administration's paper (LC Paper No. CB(1)1236/13-14(07)).

Discussion

Proposed structure of the new ITB

2. Referring to the views of some members of the Panel on Information Technology and Broadcasting expressed at its meeting held on the day before, i.e. 14 April 2014, Ms Emily LAU and Mr SIN Chung-kai opined that technology and creativity were closely intertwined and should not be separated from each other. As such, the portfolios relating to broadcasting, creative industries and communications should also be transferred to the proposed ITB.

3. SCED responded that the proposed structure of the new ITB was expected to fully capture the opportunities provided by advancements in technology and the commercial potential they offered through a dedicated high level leadership, and stronger policy coordination across the innovation and technology industries. SCED pointed out that creativity and innovation and technology both played a part in various business activities. In fact, innovation and technology was also employed in different areas, including logistics, finance, medical and environmental industries. The objective of the Administration was to allow more room for the future ITB to foster the development of innovation and technology in Hong Kong. Specifically, the new ITB was to strengthen, both in depth and breadth, policy support for the development of innovation and technology, including strategies for facilitating the realization of research and development ("R&D") results.

4. Permanent Secretary for Commerce and Economic Development (Communications and Technology) took note of members' different views on whether creative industries should be put under the future ITB's purview. She supplemented that the Administration had taken reference from other jurisdictions. The development of creative industries were put under different policy portfolios, for example culture, in different jurisdictions.

5. SCED added that creativity was closely intertwined with information and communications technology and broadcasting industries. Apart from the innovation and technology industries, creativity was also crucial for sustaining the development of industries including the design, film and publishing industries. The Administration was therefore of the view that creative industries should remain under CEDB. Upon the establishment of the new ITB, the proposed Communications and Creative Industries Branch ("CCIB") of CEDB would continue to be responsible for policies on telecommunications, broadcasting, control of obscene and indecent articles, film censorship and creative industries.

6. Mr WONG Ting-kwong expressed support for the establishment of the new ITB to steer the development of innovation and technology in Hong Kong. He agreed with the Administration's proposal that the portfolios relating to creative industries, communications and broadcasting should remain in CEDB while the new ITB, under the leadership of the future S for IT, could focus on the policy responsibilities for promoting the development of innovation and technology and R&D.

7. Ir Dr LO Wai-kwok declared that he was a member of the Board of Directors of the Hong Kong Science and Technology Parks Corporation and a member of the Hong Kong Council for Testing and Certification. He said that he had all along been lobbying the Administration for the early establishment of the new bureau. He opined that apart from the ITC and

OGCIO, the Intellectual Property Department ("IPD") should also be transferred to the new ITB as intellectual property ("IP") was an integral part of innovation and technology.

8. Mr CHUNG Kwok-pan expressed support in principle for the establishment of the ITB. Pointing out that a sound IP regime and robust IP trading would complement the development of innovation and technology industries in Hong Kong, he agreed with Ir Dr LO Wai-kwok that IPD should be under the purview of the new ITB.

9. In response, SCED advised that while IP was a vital part of innovation and technology, it involved a host of issues including copyright works of literature, music or film, industrial designs, trademarks for goods and services, trade-secrets, etc. which were closely related to business and commerce. As such, the Administration considered it appropriate to retain the IPD under the purview of CEDB at this stage. Nevertheless, the Administration would be open to any appropriate re-organization of the ITB depending on future development needs.

10. Mr Charles MOK referred to his recommendations on the ITB submitted to the Administration in February 2014 (LC Paper No. CB(4)570/13-14(01)) and expressed support for the establishment of the new ITB. Mr MOK and Ir Dr LO Wai-kwok said that the technology industry had been ardently calling for the creation of a dedicated bureau to oversee the policy on innovation and technology so as to enhance Hong Kong's competitive edge over other neighbouring economies such as Singapore. They called for the early establishment of the ITB and said that while they did not object to the Administration's proposed organization at this stage, the Administration should fine-tune the portfolio of the future ITB when necessary, taking into account members' views on creative industries, communications and broadcasting, as well as the IPD. Ms Emily LAU however opined that in view of the considerable amount of financial resources involved in establishing a new bureau, the Administration should pay heed to members' views and draw up the most appropriate organizational structure of the new bureau at the outset after thorough consideration.

11. Mr Charles MOK considered that as innovation and technology could be employed in different areas and industries, the future ITB should coordinate inter-bureau policy efforts to facilitate the promotion of use of innovation and technology in different areas. Mr MOK also suggested that the ITB should devise key performance indicators to monitor and evaluate the effectiveness of its policies for promoting the development of innovation and technology in Hong Kong. The Administration took note of Mr Charles MOK's suggestions.

Investments in R&D

12. Mr CHUNG Kwok-pan was concerned that Hong Kong's gross expenditure on R&D as a ratio to Gross Domestic Product at around 0.7% remained low by international standard. He enquired whether the Administration would increase the investments in R&D after the ITB was established.

13. In response, Commissioner for Innovation and Technology advised that with a very small manufacturing base, Hong Kong's gross expenditure on R&D as a ratio of Gross Domestic Product was low. In terms of the ratio between public and private investments in R&D, the level of private investment in Hong Kong fell behind the preferred ratio of 30-70 in most developed economies. With a more focused purview, the future ITB would be best placed to explore possible improvement measures to encourage private sector participation in R&D, and to improve the ecological environment to facilitate the realization and commercialization of R&D results.

Timetable for the proposed establishment of the ITB

14. Mr WONG Ting-kwong asked about the timetable for the proposed establishment of the ITB. He hoped that the ITB would be established as soon as practicable to drive the development of innovation and technology in Hong Kong. SCED responded that the Panel on Information Technology and Broadcasting would hold a special meeting to receive views from the public on the proposal to establish the new ITB. Upon obtaining the support of the Panel on Commerce and Industry and the Panel on Information Technology and Broadcasting respectively, the Administration would proceed to seek the Establishment Subcommittee's support of the relevant staffing proposal as soon as practicable.

Motion moved by Mr WONG Ting-kwong

15. Mr WONG Ting-kwong moved the following motion which was seconded by Mr CHUNG Kwok-pan:

盡快成立"創新及科技局"

"鑒於設立'創新及科技局'是社會各界一直以來的共識，本事務委員會原則上支持盡快成立'創新及科技局'。"

(Translation)

Establishing expeditiously the Innovation and Technology Bureau

"That, given that the establishment of the Innovation and Technology Bureau is a long-held consensus among various sectors of the community, this Panel supports in principle the expeditious establishment of the Innovation and Technology Bureau."

16. The Chairman put the motion to vote. Of the members present, four voted for and no member voted against the motion. One member abstained. The Chairman declared that the motion was passed.

(Post-meeting note: The wording of the motion was circulated to members vide LC Paper No. CB(1)1273/13-14(01) on 16 April 2014. The Administration's response to the motion was circulated to members vide LC Paper No. CB(1)1297/13-14(01) on 23 April 2014.)

Summing up

17. The Chairman concluded that while members had different views on the organizational set up of the proposed ITB, the Panel supported in principle the establishment of the ITB dedicated for innovation and technology-related matters as soon as practicable. In response to Ms Emily LAU's concern whether a special meeting should be held to receive views from members of the public on the proposal to establish the new ITB, the Chairman said that the Panel on Information Technology and Broadcasting would hold a special meeting to receive views from the public on the Administration's proposal. All other Members, in particular members of the Panel on Commerce and Industry would be invited to attend after the date of the meeting was confirmed.

(Post-meeting note: The special meeting of the Panel on Information Technology and Broadcasting was held on 3 May 2014 at 9:00 am.)