

**Subcommittee on the Two Proposed Resolutions Relating to the
Establishment of the Innovation and Technology Bureau**

**Establishment, structure and work of
the Innovation and Technology Bureau**

Introduction

This note provides the information requested by Members at the meeting of the Subcommittee on the Two Proposed Resolutions Relating to the Establishment of the Innovation and Technology Bureau on 20 April 2015.

Establishment and structure of the Innovation and Technology Bureau (ITB)

2. The establishment of the ITB will involve the creation of three non-civil service positions (Director of Bureau, Deputy Director of Bureau and Political Assistant to Director of Bureau), four permanent directorate civil service posts (one Administrative Officer Staff Grade A1, one Administrative Officer Staff Grade B and two Administrative Officer Staff Grade C), and 27 non-directorate permanent civil service posts (including two, four and two posts transferred from the Communications and Technology Branch of the Commerce and Economic Development Bureau (CEDB), the Office of the Government Chief Information Officer (OGCIO) and the Innovation and Technology Commission (ITC) respectively). Following the proposed restructuring, OGCIO and ITC will come under the ITB.

3. At present, CEDB has policy responsibilities over, amongst others, external commercial relations, industry and business support, intellectual property protection, inward investment promotion, tourism, consumer protection, competition, trade facilitation, telecommunications, broadcasting, control of obscene and indecent articles, film censorship, creative industries, innovation and technology (I&T) as well as information technology. Since I&T are important economic drivers which underpin the development of various other economic sectors, we propose to establish a dedicated policy bureau to provide focused high level leadership, and stronger policy coordination across stakeholders in the I&T and information technology industries with a view to fully capture the opportunities provided by advancements in technology and

the commercial potential they offer. The proposed ITB will be responsible for formulating holistic policies to support the development of technology infrastructure and manpower, encourage synergy among Government, industry, academia and research sector in such regard, and leverage the advantages of the industrial and manufacturing sectors in the Mainland with the I&T ecosystem in Hong Kong.

4. The detailed justifications for and information about the proposed establishment of the ITB are set out in the relevant papers for the Panel on Commerce and Industry (LC Paper No. CB(1)1236/13-14(07)), the Panel on Information Technology and Broadcasting (LC Paper No. CB(4)532/13-14(04)) and the Establishment Subcommittee of the Finance Committee (EC(2014-15)7).

Co-ordination among the Government, industry, academia and Research and Development (R&D) sectors

5. The provision of financial support, such as the various programmes under the Innovation and Technology Fund (ITF), is one of the core strategies of the Government in promoting collaboration amongst the Government, industry, academia and R&D sectors to conduct R&D and commercialisation activities. The additional injection of \$5 billion to the ITF, extending its funding scope to render stronger support to downstream R&D and commercialisation activities, increasing the funding ceiling of the Public Sector Trial Scheme under the ITF and the launching of the Enterprise Support Scheme are examples of the latest measures implemented by the Government for strengthening the support for collaboration on R&D and commercialisation activities.

6. The R&D Centres have continued to progress and consolidate their position as the focal point to drive and co-ordinate applied R&D in selected focus areas and promote commercialisation of R&D results. We have set an average industry contribution target of 20% for their second five-year period from 2011-2016. The R&D Centres have achieved this target in the first three years of the period (from 2011 to 2014).

7. The ITB will continue to build on the foundation established over the years and co-ordinate the efforts and activities dedicated for working with the I&T sector to achieve maximum complementary synergy for commercialisation of R&D deliverables.

8. The ITB will also coordinate inter-bureau policy efforts of areas such as working with the Food and Health Bureau and Department of Health in Chinese medicines R&D; the Environment Bureau and Environmental Protection Department on renewable energy and waste management technologies; and amongst bureau and departments on e-initiatives such as paperless government.

Infrastructure for the innovation and technology industries

9. One of the core strategies of the Government in promoting the development of I&T industries is provision of world class technological infrastructure. This aspect of work is mainly carried out through the Hong Kong Science and Technology Parks Corporation (HKSTPC) which is responsible for developing and operating the Hong Kong Science Park (HKSP) and three Industrial Estates (IEs).

10. HKSP is our flagship technology infrastructure which provides facilities, services and a dynamic environment that enable companies to nurture ideas, innovate and develop. Phases 1 and 2 of HKSP provide 20 state-of-the-art laboratory-fitted buildings offering 220 000 square meters of R&D office space. Construction of the \$4.9 billion HKSP Phase 3 is progressing on schedule and within budget. Its first three buildings were officially opened in September 2014, while the remaining two buildings will be completed in 2016. When fully completed, the gross floor area of HKSP will increase by around 50% to 330 000 square meters, accommodating over 600 partner companies and providing 15 000 job opportunities.

11. Under the existing IE Programme, the three IEs offer a total of 217 hectares of land for long lease till 2047 to industries that cannot effectively operate in ordinary multi-storey industrial or commercial buildings. Currently, about 96% of the IE sites have been granted, accommodating some 170 local and international companies.

12. In order to keep pace with the global development trends and fast-changing needs of the local I&T sector, the Government had, in conjunction with the HKSTPC, completed a Review on the utilisation and long-term development direction of HKSP and IEs (hereafter referred to as “the Review”). Among the various recommendations of the Review, it is concluded that land in the three IEs should be used more efficiently to support science, innovation and technology (SIT) based industries which would bring wider benefits to Hong Kong. In this regard, we

have decided to modify the admission requirements in favour of SIT-based industries which are vital to the sustained growth of our economy irrespective of whether they can be accommodated in multi-storey buildings. The entire value chain from R&D, prototyping, product design, production, testing and distribution, administration to marketing and branding would be covered so that a ‘through-train model’ can be provided.

13. In future, the HKSTPC will mainly build and manage specialised multi-storey industrial buildings for rent to multi-users instead of granting the sites to single users for building their own factories. The proposed specialised multi-storey industrial buildings will be designed to meet the needs of selected SIT-based industries. HKSTPC plans to develop three to four pilot projects on the vacant sites or sites surrendered by the grantees in the three existing IEs in the next few years. It will proceed to carry out detailed study on the economic case and relevant financial arrangements.

14. The ITB will continue to work with HKSTPC in developing the HKSP Phase 3 and implementing the revised IE Programme with a view to providing suitable premises for the development of I&T industries. The detailed rationales of the revised IE Programme are stated in the paper for the Panel on Commerce and Industry (LC Paper No. CB(1)743/14-15(05)).

**Communications and Technology Branch
Commerce and Economic Development Bureau
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