

# INNOVATION AND TECHNOLOGY FUND

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## Memorandum Note

The Innovation and Technology Fund was established on 30 June 1999 by Resolution of the Legislative Council to finance projects to help promote innovation and technology upgrading in manufacturing and service industries. These efforts will contribute to increased productivity and enhanced competitiveness, and hence will be conducive to the long-term economic development of Hong Kong.

**2** The Resolution provides, inter alia, that —

- (a) the Fund be administered by the Financial Secretary who may delegate his power of administration to other public officers;
- (b) there be credited to the Fund —
  - (i) such appropriations from the general revenue as may be approved by the Legislative Council for the purposes of the Fund;
  - (ii) all income received by way of interest, dividend or distribution in whatever form from—
    - (1) any loan, advance, investment or payment in whatever form made from the Fund in financing approved projects; and
    - (2) any investment made from the Fund;
  - (iii) all sums received by way of repayment of any loan or advance made from the Fund;
  - (iv) the proceeds of the sale of any investment made from the Fund; and
  - (v) such donations and other moneys as may be received for the purposes of the Fund;
- (c) the Financial Secretary may apply moneys from the Fund for the purpose of —
  - (i) financing projects that contribute to innovation and technology upgrading in the manufacturing and service industries; and
  - (ii) financing projects that contribute to the upgrading and development of the manufacturing and service industries,in accordance with such terms and conditions as may be specified by the Finance Committee;
- (d) the Director of Accounting Services shall, under the authority of a funds warrant issued by the Financial Secretary, pay from the Fund such sums as may be required to meet expenditures from the Fund; and
- (e) the Financial Secretary in his discretion may authorise the investment in such manner as he may determine of any moneys held in the Fund at any time.

**3** The Finance Committee of the Legislative Council approved on 9 July 1999 an appropriation of \$5 billion to the Fund.

**4** Payments from the Fund for 2000–01 and 2001–02 are estimated at \$398,431,000 and \$891,069,000 respectively.

**5** Provision of \$891,069,000 under *Subhead 101 Innovation and Technology (block vote)* for 2001–02 is to meet payments for existing commitments and new projects that may be approved in the course of the year. Projects each costing over \$15 million will be subject to approval by the Finance Committee of the Legislative Council and any expenditure arising therefrom will be offset by deleting an equivalent amount under *Subhead 101 Innovation and Technology (block vote)*. Of the estimated payment for 2001–02, \$400 million is earmarked for projects to be undertaken by the Hong Kong Applied Science and Technology Research Institute.

**6** Receipts taking the form of investment income and refund of grants for 2000–01 and 2001–02 are estimated at \$287,409,000 and \$400,000,000 respectively.

**INNOVATION AND TECHNOLOGY FUND**

**(Payments)**

Sub-head (Code)	Approved commitment	Actual expenditure to 31.3.2000	Revised estimate 2000-01	<b>Estimate 2001-02</b>
	\$ 000	\$ 000	\$ 000	<b>\$'000</b>
<b>Head 111—Innovation and Technology</b>				
101 Innovation and Technology (block vote).....	—	—	398,431	<b>891,069</b>
<i>Head 111: total</i> .....	—	—	398,431	<b>891,069</b>
<b>Total (Payments)</b> .....	—	—	398,431	<b>891,069</b>

**INNOVATION AND TECHNOLOGY FUND**

**(Receipts)**

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	Actual receipts 1999–2000	Revised Estimate 2000–01	<b>Estimate 2001–02</b>
	\$ 000	\$ 000	<b>\$'000</b>
<b>Investment income</b> .....	192,541	260,022	<b>400,000</b>
<b>Refund of Grants</b> .....	—	27,387	—
<b>Transfer from General Revenue</b> .....	5,000,000	—	—
<b>Total (Receipts)</b> .....	<u>5,192,541</u>	<u>287,409</u>	<u><b>400,000</b></u>

## INNOVATION AND TECHNOLOGY FUND

### Movement of the Account

	Actual	Revised Estimate	Estimate
	1999–2000	2000–01	2001–02
	\$m	\$m	\$m
OPENING BALANCE	—	5,008	<b>4,897</b>
Expenditure	185	398	<b>891</b>
Revenue	193	287	<b>400</b>
Surplus/(Deficit) before Transfer from GRA	8	(111)	<b>(491)</b>
Transfer from GRA	5,000	—	—
Surplus/(Deficit) after Transfer from GRA	5,008	(111)	<b>(491)</b>
CLOSING BALANCE	5,008	4,897	<b>4,406</b>

### Expenditure Analysis

	Actual	Revised Estimate	Estimate
	1999–2000	2000–01	2001–02
	\$m	\$m	\$m
Payments	185	398	<b>891</b>
<b>Total Expenditure</b>	185	398	<b>891</b>

### Revenue Analysis

	Actual	Revised Estimate	Estimate
	1999–2000	2000–01	2001–02
	\$m	\$m	\$m
Investment income	193	260	<b>400</b>
Refund of grants	—	27	—
<b>Total Revenue</b>	193	287	<b>400</b>