Head 155 — GOVERNMENT SECRETARIAT: INNOVATION AND TECHNOLOGY COMMISSION

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

Estimate 2014–15 ..... **$587.2m**

Establishment ceiling 2014–15 (notional annual mid-point salary value) representing an estimated 182 non-directorate posts as at 31 March 2014 rising by 16 posts to 198 posts as at 31 March 2015..... **$106.3m**

In addition, there will be an estimated eight directorate posts as at 31 March 2014 and as at 31 March 2015.

Commitment balance..... **$138.6m**

Controlling Officer's Report

Programmes

Programme (1) Support for Research and Development **Programme (2) Fostering University-Industry Collaboration** **Programme (3) Promotion of Technological Entrepreneurship** **Programme (4) Planning for Innovation and Technology Development** **Programme (5) Infrastructural Support**	These programmes contribute to Policy Area 17: Information Technology and Broadcasting (Secretary for Commerce and Economic Development)
Programme (6) Quality Support	This programme contributes to Policy Area 15: Health (Secretary for Food and Health) and Policy Area 17: Information Technology and Broadcasting (Secretary for Commerce and Economic Development)
Programme (7) Subvention: Hong Kong Productivity Council, Hong Kong Applied Science and Technology Research Institute Company Limited	This programme contributes to Policy Area 17: Information Technology and Broadcasting (Secretary for Commerce and Economic Development)

Detail

Programme (1): Support for Research and Development

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	**2014–15 (Estimate)**
Financial provision ($m)	58.5	69.7	67.0 (–3.9%)	**89.4** (+33.4%) (or +28.3% on 2013–14 Original)

Aim

2 The aim is to promote and support applied research and development (R&D) activities which can contribute to innovation and technology upgrading in industry.

Brief Description

3 The Commission achieves this aim by providing funding support and putting in place appropriate infrastructural facilities to encourage applied R&D activities. The Innovation and Technology Support Programme (ITSP) under the Innovation and Technology Fund (ITF) supports applied R&D projects with a view to transferring the results to companies in the relevant industry. The Commission also administers the Patent Application Grant (PAG) to provide funding assistance to local companies and individuals applying for patent registration of their own inventions for the first time.

4 Five R&D centres were established in April 2006 to drive and co-ordinate R&D efforts in five focus areas namely nanotechnology and advanced materials, textile and clothing, automotive parts and accessory systems, logistics and supply chain management enabling technologies, and information and communications technologies (ICT). The R&D projects carried out by these centres, except for those contract researches the full costs of which are borne by sponsoring companies, are funded mainly by the ITF.

5 To enhance the level of collaboration on R&D between organisations in Hong Kong and those in the Guangdong Province, the Guangdong-Hong Kong Technology Co-operation Funding Scheme (TCFS) was introduced under the ITSP in September 2004. The TCFS supports applied R&D projects which will facilitate the economic development in the Greater Pearl River Delta (PRD) region. In 2013, the Commission, the Guangdong Provincial Department of Science and Technology and the Science and Technology Innovation Commission of Shenzhen Municipality continued to jointly invite and process applications under the Scheme.

6 To reinforce the research culture among companies and encourage them to establish stronger partnership with designated local public research institutions, the R&D Cash Rebate Scheme was introduced in April 2010. Under the Scheme, companies conducting applied R&D projects with the support of the ITF or in partnership with designated local public research institutions enjoy a cash rebate on their investments. The level of cash rebate was increased from ten per cent to 30 per cent with effect from 1 February 2012.

7 The performance under this programme is indicated by the extent to which the applied R&D activities receiving funding support is of relevance to industry and the extent to which the R&D centres accomplish their research programmes effectively. Performance indicators in respect of the ITSP, PAG, R&D centres, TCFS and R&D Cash Rebate Scheme are as follows:

Indicators

	2012 (Actual)	2013 (Actual)	**2014 (Estimate)**
ITSPΨ			
applications received and processed	366	384	**387**
projects funded and being monitored	233	235	**254**
PAG			
applications received and processed	202	186	**190**
projects funded	146	121	**135**
R&D centres' projectsγ			
Automotive Parts and Accessory Systems R&D Centre			
new projects	6	8	**14**
projects funded and being monitored	25	28	**37**
Hong Kong R&D Centre for Information and Communications Technologies			
new projects	35	36	**51**
projects funded and being monitored	89	95	**111**
Hong Kong R&D Centre for Logistics and Supply Chain Management Enabling Technologies			
new projects	12	7	**18**
projects funded and being monitored	34	32	**37**
Nano and Advanced Materials Institute			
new projects	19	17	**28**
projects funded and being monitored	54	60	**71**
Hong Kong Research Institute of Textiles and Apparel			
new projects	17	13	**26**
projects funded and being monitored	46	42	**56**
TCFS			
applications received and processed	70	48	**65**
projects funded and being monitored	56	71	**68**
R&D Cash Rebate Scheme			
applications received and processed	205	224	**250**
applications approved	193	218	**250**

Ψ The figures do not include applications submitted or projects undertaken by the five R&D centres, which are reported under the indicators "R&D centres' projects".

γ All projects (including TCFS projects and feasibility studies) undertaken and/or monitored by R&D centres are included.

Matters Requiring Special Attention in 2014–15

8 During 2014–15, the Commission will continue to:

- administer the various funding programmes and monitor progress of the funded projects,
- support the activities of the R&D centres with emphasis on technology transfer of funded projects,
- enhance collaboration and monitor the progress on R&D between Hong Kong and Guangdong under the TCFS,

- provide funding assistance to the Partner State Key Laboratories (PSKLs) in Hong Kong and the Hong Kong Branches of Chinese National Engineering Research Centres (CNERCs) to enhance their research capabilities and funding support to universities being designated as local public research institutions to enhance their technology transfer capabilities, and
- administer the R&D Cash Rebate Scheme to reinforce the research culture among companies and encourage them to establish stronger partnership with designated local public research institutions.

Programme (2): Fostering University-Industry Collaboration

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	**2014–15 (Estimate)**
Financial provision ($m)	7.3	7.8	7.5 (–3.8%)	**7.2** (–4.0%) (or –7.7% on 2013–14 Original)

Aim

9 The aim is to promote university-industry partnership in R&D projects.

Brief Description

10 The Commission achieves this aim through administering the University-Industry Collaboration Programme (UICP) under the ITF to support commercial R&D projects undertaken by companies in collaboration with local universities. Companies in the private sector are encouraged to invest and leverage on the knowledge and resources of local universities through three schemes under the UICP, namely, the Teaching Company Scheme, Matching Grant for Joint Research, and Industrial Research Chair Scheme. The Teaching Company Scheme provides financial incentives to local companies to take on graduate students from local universities to assist in proprietary R&D work. Under the Matching Grant for Joint Research, companies contribute half of the project cost in respect of R&D projects taken up jointly with local universities. They are also able to hold the intellectual property rights arising from the projects. The Industrial Research Chair Scheme provides funding support to research efforts of universities and industry in technology fields.

11 The UICP received a total of 18 applications requesting $29.0 million in 2013.

12 The key performance indicators are:

Indicators

	2012 (Actual)	2013 (Actual)	**2014 (Estimate)**
UICP			
applications received and processed	30	18	**18**
projects funded and being monitored	42	58	**64**

Matters Requiring Special Attention in 2014–15

13 During 2014–15, the Commission will continue to administer the UICP and monitor progress of the funded projects.

Programme (3): Promotion of Technological Entrepreneurship

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	**2014–15 (Estimate)**
Financial provision ($m)	7.9	7.5	7.3 (–2.7%)	**7.2** (–1.4%) (or –4.0% on 2013–14 Original)

Aim

14 The aim is to promote technological entrepreneurship in Hong Kong and provide essential support to technology-based entrepreneurial activities.

Brief Description

15 The Commission provides funding support to technology-based entrepreneurial activities through the Small Entrepreneur Research Assistance Programme (SERAP) of the ITF. The SERAP provides financing to support technology entrepreneurs and small enterprises (including start-ups) to carry out R&D on innovation and technology. The Applied Research Fund (ARF) provides funding to technology companies in Hong Kong at the venture capital stage but has been on a winding down mode since 2005. In addition, the Commission works closely with the Hong Kong Science and Technology Parks Corporation (HKSTPC), which operates incubation programmes to provide technology start-ups with support in marketing, finance, technology and management in their critical initial years of operation.

16 During 2013–14, the Commission:

- administered the SERAP and monitored its management,
- publicised the SERAP funding scheme via talks and seminars,
- published the SERAP Company Directory for 2014,
- provided networking support to some SERAP companies, and
- monitored the residual work relating to the ARF.

17 The key performance measures are:

Target

	Target working days	2012 (Actual)	2013 (Actual)	**2014 (Plan)**
informing applicants of the result of their SERAP applications after receipt of full information	50.0	31.7	33.0	**32.0**

Indicators

	2012 (Actual)	2013 (Actual)	**2014 (Estimate)**
SERAP			
applications received and processed	48	54	**67**
projects funded and being monitored	100	108	**108**

Matters Requiring Special Attention in 2014–15

18 During 2014–15, the Commission will continue to:

- administer the SERAP with a view to better supporting small and medium-sized enterprises (SMEs) to conduct R&D,
- monitor progress of the funded projects under SERAP, and
- monitor the residual work relating to the ARF.

Programme (4): Planning for Innovation and Technology Development

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	**2014–15 (Estimate)**
Financial provision ($m)	34.3	37.0	36.8 (–0.5%)	**39.8** (+8.2%) (or +7.6% on 2013–14 Original)

Aim

19 The aim is to support the formulation and co-ordination of innovation and technology policies and sustain public awareness of innovation and technology.

Brief Description

20 The Commission provides secretariat support and policy input to the Steering Committee on Innovation and Technology, chaired by the Financial Secretary with the Secretary for Commerce and Economic Development as the Deputy Chairman, in examining policy issues and co-ordinating the Government's programmes and resources to promote innovation and technology.

21 The Commission supports technology co-operation with the Mainland, and participates in relevant regional activities which help promote innovation and technology.

22 To enhance public awareness and understanding of the importance of innovation and technology, the Commission organises promotional events locally and administers the General Support Programme (GSP) under the ITF to fund projects such as seminars, exhibitions and student technology competitions which help foster an innovation and technology culture.

23 The Commission also administers an Internship Programme which provides financial support for organisations undertaking R&D projects funded by the ITF to recruit interns to assist in the projects. It aims to provide opportunities for graduates from tertiary institutions to acquire research and industrial experience, stimulate the interest of graduates in applied R&D activities and help create a larger pool of research talents.

24 During 2013–14, the Commission:

- enhanced technology co-operation with the Mainland at the central, regional, provincial and municipal levels through various co-operation mechanisms, including the Mainland/Hong Kong Science and Technology Co-operation Committee, the Pan-PRD Joint Conference on Regional Co-operation in Science and Technology, the Guangdong/Hong Kong Expert Group on Co-operation in Innovation and Technology, and the Steering Group on Shenzhen/Hong Kong Co-operation in Innovation and Technology;
- organised the InnoTech Month (ITM) 2013 to promote innovation and technology to the general public, in particular the youth. Activities of the ITM included the InnoCarnival, road shows, seminars, competitions, technology workshops and publication of science education books for young children;
- implemented the Innovation and Technology Scholarship Award Scheme to nurture young talents to become future leaders in innovation and technology;
- oversaw the operation of the Innovation and Technology Student Club which provides a sustainable and interactive platform and educational opportunities to nurture young innovative talents;
- participated in Innovation, Design and Technology Expo to promote the five R&D centres, and to introduce the Commission's funding schemes to visitors;
- nominated entries from the Hong Kong Special Administrative Region in two categories of the State Science and Technology Awards, namely, the State Technological Invention Award and the State Scientific and Technological Progress Award;
- launched the invitation for applications for Hong Kong Branches of CNERCs; facilitated approval from the Ministry of Science and Technology of four more PSKLs in Hong Kong, bringing the total number of PSKLs in Hong Kong to 16; enhanced promotion at enterprise level through organising a "Hong Kong Pavilion" at the China Hi-Tech Fair 2013 and other technology trade shows such as the Innovation, Design and Technology Expo;
- participated in the Asia-Pacific Economic Cooperation (APEC) forum "Policy Partnership on Science, Technology and Innovation"; and
- supported the development of Chinese medicines, and co-ordinated various parties in promoting the development of R&D and testing of Chinese medicines through a government-led committee.

25 The key performance indicators are:

Indicators

	2012 (Actual)	2013 (Actual)	**2014 (Estimate)**
GSP			
applications received and processed	24	31	**31**
projects funded and being monitored	35	49	**66**
Internship Programme			
applications received and processed	275	335	**340**
intern positions funded	502	592	**655**

Matters Requiring Special Attention in 2014–15

26 During 2014–15, the Commission will continue to:

- strengthen technology co-operation with the Mainland through the Mainland/Hong Kong Science and Technology Co-operation Committee, the Pan-PRD Joint Conference on Regional Co-operation in Science and Technology, and the Guangdong/Hong Kong Expert Group on Co-operation in Innovation and Technology, and the Steering Group on Shenzhen/Hong Kong Co-operation in Innovation and Technology to dovetail with the technology development in the Mainland as guided by the National 12th Five-Year Plan;
- administer the GSP, including Internship Programme, and monitor progress of the funded projects;
- promote innovation and technology culture to the general public and nurture more young innovative talents;
- nominate entries for the State Science and Technology Awards;
- process the applications for Hong Kong Branches of CNERCs;
- organise promotional and educational activities such as the "Hong Kong Pavilion" at technology trade shows including the China Hi-Tech Fair 2014; and
- participate in the APEC forum "Policy Partnership on Science, Technology and Innovation".

Programme (5): Infrastructural Support

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	**2014–15 (Estimate)**
Financial provision ($m)	12.3	12.5	12.4 (–0.8%)	**12.3** (–0.8%) (or –1.6% on 2013–14 Original)

Aim

27 The aim is to develop world-class support infrastructure to facilitate technological upgrading and development of the industry and to promote innovation and technology.

Brief Description

28 The Commission achieves the aim through planning, supporting and overseeing technological infrastructural projects; and participating actively in the formulation and implementation of policies by other government bureaux and departments which impinge on innovation and technology development in Hong Kong. The Commission works closely with relevant industry support organisations such as the HKSTPC, the Hong Kong Applied Science and Technology Research Institute Company Limited (ASTRI) and the Hong Kong Productivity Council (HKPC) in the process.

29 During 2013–14, the Commission:

- worked closely with the HKSTPC on its policy directions, including implementation of the Phase Three development of the Hong Kong Science Park (HKSP), revitalisation of the Industrial Estates and the feasibility study on expanding the Yuen Long Industrial Estate;
- worked closely with the ASTRI in strengthening their institutional and research capabilities to develop its ICT R&D Centre; and
- monitored the delivery of value-added support services to the manufacturing and related service industries by the HKPC.

Matters Requiring Special Attention in 2014–15

30 During 2014–15, the Commission will continue to:

- work closely with the HKSTPC on its various developments and business plans of the HKSP and the Industrial Estates; and
- assist the ASTRI in strengthening its R&D capabilities and lead research programmes in the focus areas of communications technologies, enterprise and consumer electronics, integrated circuit (IC) design, material and packaging technologies and biomedical electronics.

Programme (6): Quality Support

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	**2014–15 (Estimate)**
Financial provision ($m)	95.5	106.5	100.5 (–5.6%)	**102.4** (+1.9%) (or –3.8% on 2013–14 Original)

Aim

31 The aim is to promote:

- internationally accepted standards and conformity assessment services to underpin technological development and international trade, and
- the development of the testing and certification industry in Hong Kong.

Brief Description

32 The Commission achieves this aim through the operation of the Standards and Calibration Laboratory (SCL), the Product Standards Information Bureau (PSIB), the Hong Kong Accreditation Service (HKAS) and the Secretariat of the Hong Kong Council for Testing and Certification (HKCTC).

33 During 2013–14, the SCL participated (i.e. performing measurement and outcome validation) in five projects on inter-laboratory comparison of measurement standards. Its capabilities in the metrology areas of length, acoustics, mass and related quantities, electricity, thermometry, and time and frequency have been listed in the technical schedules of the Mutual Recognition Arrangement (MRA) drawn up by the International Committee for Weights and Measures (CIPM). The SCL is a signatory of the CIPM MRA and SCL's calibration certificates bearing the CIPM MRA logo are internationally accepted by 238 national metrology institutes in 89 economies and four international organisations. The HKAS provides a comprehensive range of accreditation services under three schemes *viz*. the Hong Kong Laboratory Accreditation Scheme (HOKLAS), the Hong Kong Certification Body Accreditation Scheme (HKCAS) and the Hong Kong Inspection Body Accreditation Scheme (HKIAS). During 2013–14, HKAS extended its accreditation service to conformity assessment bodies for (i) certification of management system of service providers of elderly residential care homes; (ii) certification of quality and environmental management system in three new areas *viz*. "Mining and Quarrying", "Printing Companies" and "Education"; (iii) operating new construction product certification schemes on water closet suites and mesh reinforcement; and (iv) testing of maleic acid in food. Through the MRAs signed between the HKAS and the international and regional organisations of accreditation bodies, endorsed test reports and accredited certificates issued by organisations accredited by the HKAS are recognised world-wide. The PSIB represented Hong Kong, China on the APEC Sub-Committee on Standards and Conformance. The Secretariat of HKCTC continued to provide support to HKCTC in implementing measures to further support the development of the testing and certification industry recommended in its Review Report submitted to Government in March 2013.

34 The key performance measures for SCL, PSIB and HKAS are:

Targets

	Target working days	2012 (Actual)	2013 (Actual)	**2014 (Plan)**
processing of quotation for calibration services	2	2	2	**2**
calibration of equipment	13	13	13	**13**
processing of simple enquiries on product standards	1	1	1	**1**
processing of complicated enquiries on product standards	8	8	8	**8**
issue of quotations for documented standards	1	1	1	**1**
processing of orders for photocopies of documented standards	2	2	2	**2**

Indicators

	2012 (Actual)	2013 (Actual)	**2014 (Estimate)**
SCL			
calibrations performed	1 027	1 050	**1 050**
revenue generated ($)	2,046,435	2,489,165	**2,500,000**
revenue/post ($)	413,246	458,061	**448,400**
PSIB			
technical enquiries	378	370	**370**
sales and photocopying of documented standardsΔ			
enquiries	196	138	**140**
quotations given	940	660	**660**
orders placed	100	69	**70**
revenue generated ($)	151,648	84,052	**84,000**
revenue/post ($)$\Phi$	369,873	323,292	**323,000**
HOKLAS			
accredited laboratories (cumulative)	196	206	**210**
assessments and re-assessments conducted	356	362	**362**
overseas laboratory accreditation schemes with MRA with the HOKLAS (cumulative)	76	81	**81**
HKCAS			
accredited certification bodies (cumulative)	19	19	**23**
assessments, re-assessments and surveillance visits conducted	32	37	**37**
overseas certification bodies accreditation schemes with MRA with the HKCAS (cumulative)	54	59	**59**
HKIAS			
accredited inspection bodies (cumulative)	20	20	**20**
assessments, re-assessments and surveillance visits conducted#	31	24	**24**
overseas inspection bodies accreditation schemes with MRA with the HKIAS (cumulative)	41	52	**52**

Δ The drop in the PSIB figures in recent years is mainly attributed to the ease of obtaining standards through the Internet.

Φ Revenue/post($) is calculated from the adjusted staff strength to the fluctuated provision of standard sales.

\# In 2013, no separate surveillance visit was arranged for operator interview of the inspection bodies. Operator interviews and site demonstration took place in the same reassessment/scheduled surveillance visit to the inspection bodies. Hence, there was an apparent drop of number of visits under HKIAS.

Matters Requiring Special Attention in 2014–15

35 During 2014–15, the Commission will:

- set up a permanent Secretariat to provide support to HKCTC, a non-statutory advisory body, in implementing measures to further support the development of the testing and certification industry;
- support the testing and certification industry in implementing the various liberalisation measures under the Mainland and Hong Kong Closer Economic Partnership Arrangement;
- participate in activities to promote the MRAs of the Asia Pacific Laboratory Accreditation Co-operation, the International Laboratory Accreditation Co-operation, the Pacific Accreditation Co-operation, and the International Accreditation Forum;
- develop plans to extend accreditation services to other areas to support industry and continue to work closely with HKCTC to promote existing accreditation services to industry;
- participate in the activities of the CIPM MRA and the Asia Pacific Metrology Programme;
- participate in more projects on inter-laboratory comparison of measurement standards;
- strengthen interactions between staff of the SCL and local metrology users with a view to disseminating measurement techniques and knowledge to local industries;
- conduct visits to SCL customers to gauge their needs and offer professional advice on-site;
- participate in APEC activities in the areas of standards and conformance; and
- participate in international standardisation activities.

Programme (7): Subvention: Hong Kong Productivity Council, Hong Kong Applied Science and Technology Research Institute Company Limited

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	**2014–15 (Estimate)**
Financial provision ($m)				
Hong Kong Productivity Council	183.7	183.7	187.4 (+2.0%)	**187.4** (—) (or +2.0% on 2013–14 Original)
Hong Kong Applied Science and Technology Research Institute Company Limited	134.5	134.5	134.5 (—)	**141.5** (+5.2%) (or +5.2% on 2013–14 Original)
Total	318.2	318.2	321.9 (+1.2%)	**328.9** (+2.2%) (or +3.4% on 2013–14 Original)

HKPC

Aim

36 The aim is to promote productivity excellence through the provision of integrated support across the value chain of the industry, in order to achieve more effective utilisation of resources, enhance the value-added content of products and services, and enhance the industry's international competitiveness and sustainability.

Brief Description

37 The HKPC provides integrated support to innovative and growth-oriented Hong Kong firms across the value chain. Its principal sectoral focus is on manufacturing, particularly in Hong Kong's foundation industries, and related service activities. The main geographical focus is Hong Kong and the PRD.

38 The work of the HKPC is anchored on its core competence of manufacturing technologies, management systems, information technologies and environmental technologies, including the following:

- providing one-stop services to the manufacturing industries, particularly the foundation industries, in the areas of manufacturing and materials technology, product design and development, technology commercialisation and e-manufacturing;
- promoting the application of good management practices and continuous benchmarking across the value chain for innovative and growth oriented enterprises, especially SMEs, through operation management, human resources management, innovation management, knowledge management, strategic business management, corporate social responsibility and sectoral platforming with quality certification schemes;
- assisting information technology (IT) service providers, in particular SMEs, to improve their quality, capacity and productivity, and supporting the integration of IT services across the value chain;
- providing environmental technology support in green manufacturing, efficient energy and resource usage, compliance with environmental legislation and internal standards, as well as environmental methods and technology transfer; and
- operating the Automotive Parts and Accessory Systems R&D Centre which undertakes market-led R&D projects in collaboration with industry, universities and research institutions.

39 During 2013–14, HKPC runs the following subsidiaries:

- the HKPC Technology (Holdings) Company Limited which functions as a vehicle for commercialisation of patents, technologies and projects deliverables of the HKPC and other R&D institutes; and
- the Productivity (Holdings) Limited which operates consulting firms in Guangzhou, Shenzhen and Dongguan to strengthen the HKPC's integrated support and services for Hong Kong firms operating in the PRD.

40 The key performance indicators for the HKPC are:

Indicators

	2012–13 (Actual)	2013–14 (Revised Estimate)	**2014–15 (Estimate)**
overall income/expenditure ratio (%)	69.1	67.8	**68.4**
income from consultancy/technical assistance ($m)	260.6	271.1	**290.7**
income from training courses ($m)	18.5	24.1	**19.8**
income from exhibitions/study missions/conferences ($m)	10.3	10.1	**5.5**
income from manufacturing support/process control ($m)	22.3	31.1	**33.1**
no. of consultancy projects accepted	1 030	1 450	**1 250**
no. of people who attended the HKPC fee-charging training courses	5 434	6 050	**5 800**
no. of people who attended the HKPC events/networking activities for associations/non-fee-charging seminars	22 629	20 000	**18 160**
no. of people who attended the HKPC exhibitions	468	1 040	**1 100**
no. of people who participated in the HKPC study missions/conferences	1 580	1 760	**1 800**
no. of R&D projectsβ			
new projects	28	24	**29**
on-going projects	57	40	**43**

β The figures do not include projects undertaken by the Automotive Parts and Accessory Systems R&D Centre independently, which are reported under the relevant indicators for the Centre under paragraph 7 above.

Matters Requiring Special Attention in 2014–15

41 During 2014–15, the HKPC will continue to:

- provide integrated support to innovative and growth-oriented Hong Kong companies across the value chain, with the main sectoral focus on manufacturing, particularly in Hong Kong's foundation industries, and related service activities;
- assist local manufacturers in industrial upgrading, business transformation or relocating their operations under the challenges of the Mainland's processing trade policy, such as through the Enterprise Support Programme under the Dedicated Fund on Branding, Upgrading and Domestic Sales and the integrated support centre "SME One" launched on 25 June 2012 and 17 July 2012 respectively;
- assist Hong Kong companies and industries to leverage on the business opportunities arising from the Mainland and Hong Kong Closer Economic Partnership Arrangement;

- enhance its support to Hong Kong companies operating in the PRD, through subsidiary consulting firms set up in Guangzhou, Shenzhen and Dongguan;
- operate the Automotive Parts and Accessory Systems R&D Centre;
- promote the adoption of cleaner production technologies and practices in Hong Kong and the PRD through such initiatives as the CarbonSmart Programme and Cleaner Production Partnership Programme; and
- support R&D institutions in commercialising advanced manufacturing and processing technologies, and promote technology commercialisation and effective intellectual property management to Hong Kong and Mainland enterprises.

ASTRI

Aim

42 The aim is to provide research capability for Hong Kong's technological development and stimulate the growth of technology-based industry in Hong Kong, and to enhance Hong Kong's competitiveness in technology-based industries through applied research.

Brief Description

43 ASTRI's missions are to:

- perform high quality R&D and transfer the technologies developed to industry,
- promote greater application of technology in industry,
- become a focal point for attracting international R&D talent to work in Hong Kong,
- enhance Hong Kong's technological human resources development,
- act as a spawning ground for technology entrepreneurs, and
- provide a focal point for industry-university collaboration.

44 ASTRI is designated as the R&D Centre for Information and Communications Technologies and currently focusing on five technology areas, namely, communications technologies, enterprise and consumer electronics, IC design, material and packaging technologies and biomedical electronics. Its operating strategy is to transfer the technologies and results developed from its R&D projects to industry through licensing, contract research and spinning-off new technology companies. This process will elevate the technology level of Hong Kong industry and accelerate the expansion of its technology industry base to create new employment opportunities and enhance competiveness. Over the years, ASTRI has become more customer-focused in its R&D business.

45 The key performance indicators for ASTRI are:

Indicators

	2012 (Actual)	2013 (Actual)	**2014 (Estimate)**
no. of new full projects^	17	23	**25**
no. of new seed projects¶	17	12	**24**
no. of patents filed	51	34	**42**
no. of technology transfers	102	98	**93**
no. of clients engaged in technology transfer	84	81	**81**
no. of members joining consortia formed by ASTRI	220	246	**270**
no. of technology workshop/seminars organised	51	48	**51**
no. of participants of seminars	5 450	5 050	**5 500**
amount of income from industry ($m)	66.6	82.3	**88.0**

^ Full projects are R&D projects with more than $2.0 million funding support from the ITF, including collaborative projects with the industry.

¶ Seed projects are feasibility studies lasting normally not more than six months for developing substantive R&D project proposals. The maximum ITF funding support for each of them has been increased from $2.0 million to $2.8 million since July 2013.

Matters Requiring Special Attention in 2014–15

46 During 2014–15, the ASTRI will continue to:

- increase transfer of technologies developed from its R&D projects to industry and commercialisation of project deliverables through implementing corporate-level initiatives and encouraging more collaborative projects,
- strengthen cooperation with the industry and universities in R&D,
- develop research capabilities in new and emerging technologies and encourage cross-domain cooperation to create synergy through clustered-seed projects,
- carry out the research projects initiated in 2013–14 and before,
- enhance institutional capabilities, and
- contribute to development of local high-technology human capital by recruiting local engineering graduates as fellows under the ITF Internship Programme.

ANALYSIS OF FINANCIAL PROVISION

Programme	2012–13 (Actual) ($m)	2013–14 (Original) ($m)	2013–14 (Revised) ($m)	**2014–15 (Estimate) ($m)**
(1) Support for Research and Development	58.5	69.7	67.0	**89.4**
(2) Fostering University-Industry Collaboration	7.3	7.8	7.5	**7.2**
(3) Promotion of Technological Entrepreneurship	7.9	7.5	7.3	**7.2**
(4) Planning for Innovation and Technology Development	34.3	37.0	36.8	**39.8**
(5) Infrastructural Support	12.3	12.5	12.4	**12.3**
(6) Quality Support	95.5	106.5	100.5	**102.4**
(7) Subvention: Hong Kong Productivity Council, Hong Kong Applied Science and Technology Research Institute Company Limited	318.2	318.2	321.9	**328.9**
	534.0	559.2	553.4 (–1.0%)	**587.2** **(+6.1%)** **(or +5.0% on 2013–14 Original)**

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2014–15 is $22.4 million (33.4%) higher than the revised estimate for 2013–14. This is mainly due to increased provision for salary, general departmental expenses and cash flow requirements for a non-recurrent item. In addition, there will be an increase of 11 posts in 2014–15.

Programme (2)

Provision for 2014–15 is $0.3 million (4.0%) lower than the revised estimate for 2013–14. This is mainly due to decreased provision for general departmental expenses.

Programme (3)

Provision for 2014–15 is $0.1 million (1.4%) lower than the revised estimate for 2013–14. This is mainly due to decreased provision for salary.

Programme (4)

Provision for 2014–15 is $3.0 million (8.2%) higher than the revised estimate for 2013–14. This is mainly due to increased provision for salary and general departmental expenses. In addition, there will be an increase of two posts in 2014–15.

Programme (5)

Provision for 2014–15 is $0.1 million (0.8%) lower than the revised estimate for 2013–14. This is mainly due to decreased provision for salary.

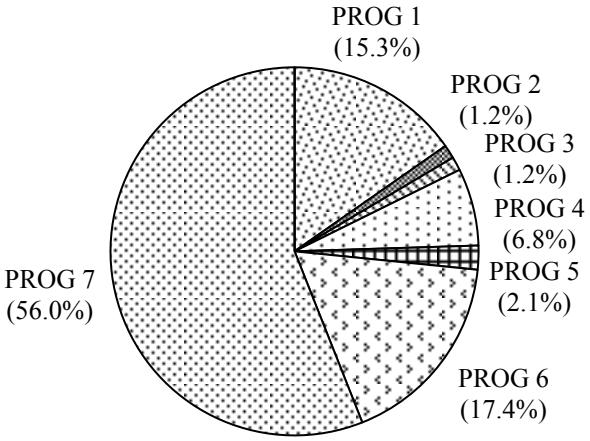
Programme (6)

Provision for 2014–15 is $1.9 million (1.9%) higher than the revised estimate for 2013–14. This is mainly due to increased provision for salary and general departmental expenses, partly offset by the reduced provision for procurement of capital equipment. In addition, there will be an increase of three posts in 2014–15.

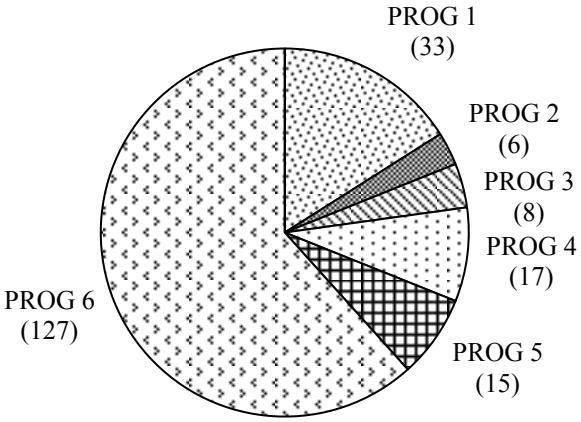
Programme (7)

Provision for 2014–15 is $7.0 million (2.2%) higher than the revised estimate for 2013–14. This is mainly due to increased provision for the ASTRI.

Allocation of provision to programmes (2014-15)

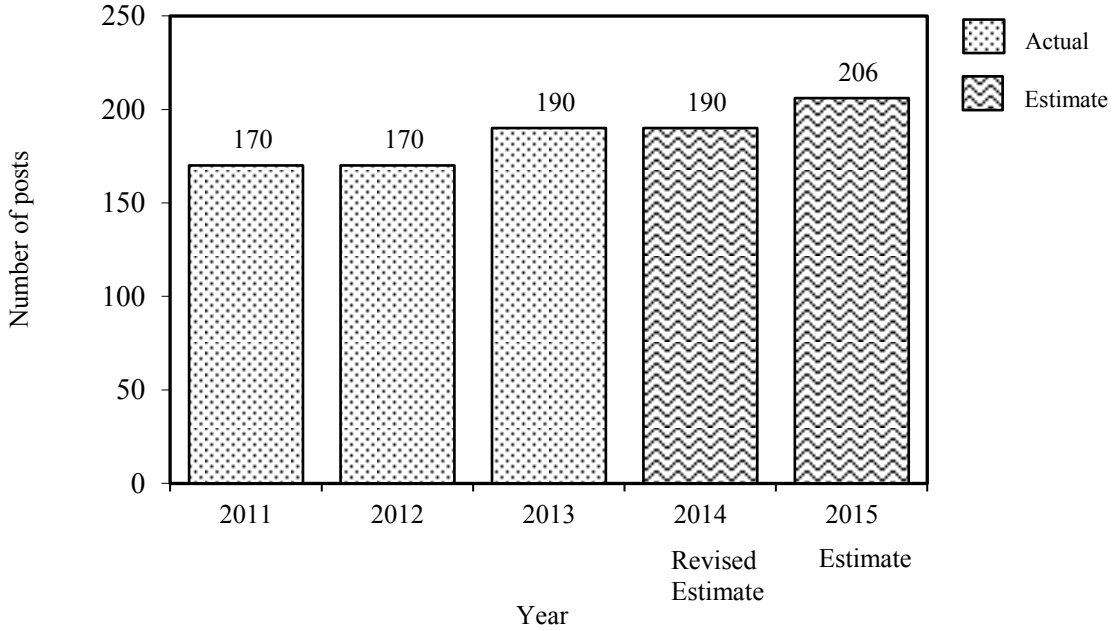


Staff by programme (as at 31 March 2015)



(No government staff under PROG 7)

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



Head 155 — GOVERNMENT SECRETARIAT: INNOVATION AND TECHNOLOGY COMMISSION

Sub-head (Code)		Actual expenditure 2012–13	Approved estimate 2013–14	Revised estimate 2013–14	**Estimate 2014–15**
		$'000	$'000	$'000	**$'000**
	Operating Account				
	Recurrent				
000	Operational expenses	499,310	517,904	515,499	**534,263**
	Total, Recurrent	499,310	517,904	515,499	**534,263**
	Non-Recurrent				
700	General non-recurrent	24,075	33,000	30,000	**46,000**
	Total, Non-Recurrent	24,075	33,000	30,000	**46,000**
	Total, Operating Account	523,385	550,904	545,499	**580,263**
	Capital Account				
	Plant, Equipment and Works				
603	Plant, vehicles and equipment	189	2,586	2,137	**1,500**
661	Minor plant, vehicles and equipment (block vote)	10,389	5,738	5,738	**5,400**
	Total, Plant, Equipment and Works	10,578	8,324	7,875	**6,900**
	Total, Capital Account	10,578	8,324	7,875	**6,900**
	Total Expenditure	533,963	559,228	553,374	**587,163**

Details of Expenditure by Subhead

The estimate of the amount required in 2014–15 for the salaries and expenses of the Innovation and Technology Commission is $587,163,000. This represents an increase of $33,789,000 over the revised estimate for 2013–14 and of $53,200,000 over the actual expenditure in 2012–13.

Operating Account

Recurrent

2 Provision of $534,263,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the Innovation and Technology Commission.

3 The establishment as at 31 March 2014 will be 189 permanent posts and one supernumerary post. It is expected that there will be an increase of 16 posts in 2014–15. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2014–15, but the notional annual mid-point salary value of all such posts must not exceed $106,273,000.

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

	2012–13 (Actual) ($'000)	2013–14 (Original) ($'000)	2013–14 (Revised) ($'000)	**2014–15 (Estimate) ($'000)**
Personal Emoluments				
- Salaries	103,220	117,000	111,100	**120,100**
- Allowances	2,385	3,373	2,510	**2,175**
- Job-related allowances	—	2	2	**2**
Personnel Related Expenses				
- Mandatory Provident Fund contribution	237	333	384	**528**
- Civil Service Provident Fund contribution	1,094	1,324	1,721	**1,953**
Departmental Expenses				
- General departmental expenses	74,201	77,699	77,888	**80,611**
Subventions				
- Hong Kong Productivity Council	183,695	183,695	187,416	**187,416**
- Hong Kong Applied Science and Technology Research Institute Company Limited	134,478	134,478	134,478	**141,478**
	499,310	517,904	515,499	**534,263**

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2013	Revised estimated expenditure for 2013–14	Balance
			$'000	$'000	$'000	$'000
Operating Account						
700		*General non-recurrent*				
	860	Research and Development Cash Rebate Scheme	200,000	41,373	30,000	128,627
			200,000	41,373	30,000	128,627
Capital Account						
603		*Plant, vehicles and equipment*				
	843	For Temperature Laboratory of Standards and Calibration Laboratory to replace an existing humidity chamber	2,800	—	—	2,800
	844	For Length Laboratory of Standards and Calibration Laboratory to set up new service for measurement of three-dimensional spatial coordinates and dimensions	3,000	—	—	3,000
	882	For Direct Current Laboratory of Standards and Calibration Laboratory to set up new calibration services for luminous flux of reference light sources	4,200	—	—	4,200
			10,000	—	—	10,000
		Total	210,000	41,373	30,000	138,627