

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 2018–19..... **\$590.2m**

Establishment ceiling 2018–19 (notional annual mid-point salary value) representing an estimated 54 non-directorate posts as at 31 March 2018 rising by 107 posts to 161 posts as at 31 March 2019.... **\$121.8m**

In addition, there will be an estimated four directorate posts as at 31 March 2018 rising by 13 posts to 17 posts as at 31 March 2019.

Commitment balance **\$499.5m**

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

	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	2018–19 (Estimate)
Financial provision (\$m)	14.7	15.5	15.3 (–1.3%)	16.1 (+5.2%)
				(or +3.9% on 2017–18 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

	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	2018–19 (Estimate)
Financial provision (\$m)	24.1	162.7	40.0 (–75.4%)	310.1 (+675.3%)
				(or +90.6% on 2017–18 Original)

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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 the 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 the 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 2017–18, the Bureau:

- launched the \$500 million Innovation and Technology Fund for Better Living for financing projects that make use of innovative application of technologies to improve Hong Kong people's daily life or address the needs of specific community groups,
- launched a \$500 million scheme to support government departments to enhance service quality with the use of technology,
- launched the \$2 billion Innovation and Technology Venture Fund to stimulate private investment in local innovation and technology start-ups,
- monitored the implementation of the Hong Kong Science Park expansion and new Industrial Estate policy by the Hong Kong Science and Technology Parks Corporation to promote "re-industrialisation",
- oversaw the preparatory work for the construction of an InnoCell adjacent to the Hong Kong Science Park to provide residential units,
- devised and published the *Smart City Blueprint for Hong Kong*,
- oversaw the enhancement of public Wi-Fi services,
- monitored the implementation of various initiatives by Cyperport to enhance support for the information and communications technology industry,
- oversaw the work of the Innovation and Technology Commission and the Office of the Government Chief Information Officer (OGCIO) in promoting innovation and technology development,
- supported the development of the Guangdong-Hong Kong-Macao 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, and
- supported the establishment of the Steering Committee on Innovation and Technology.

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Matters Requiring Special Attention in 2018–19

- 8 During 2018–19, the Bureau will:
- continue to examine policy issues and co-ordinate the Government’s efforts in promoting innovation and technology;
 - oversee the introduction of enhanced tax deduction for expenditure incurred by enterprises on R&D;
 - oversee the launching of the “Technology Talent Scheme” to train and pool together technology talent and a fast-track innovation and technology talent admission scheme to attract technology talents;
 - oversee the setting up of key technology clusters to foster collaboration with Mainland and overseas science and research institutions;
 - monitor the implementation of the Innovation and Technology Venture Fund;
 - continue to co-ordinate the development of the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop;
 - continue to support the development of the Guangdong-Hong Kong-Macao Bay Area into an international innovation and technology hub;
 - continue to monitor the implementation of initiatives of the Hong Kong Science and Technology Parks Corporation in promoting R&D and “re-industrialisation”;
 - continue to monitor Cyberport’s enhanced support to information and communications technology industry, including the provision of Smart-Space co-working space under the Government’s Space Sharing Scheme for Youth;
 - promote and support bureaux and departments (B/Ds) to open up more datasets;
 - continue to promote the adoption of innovation and technology within the Government to improve the provision of public services;
 - continue to support projects which make use of innovative application of technologies to improve people’s daily life or address the needs of specific community groups;
 - co-ordinate the implementation of the initiatives in the *Smart City Blueprint for Hong Kong*;
 - continue to oversee the enhancement of public Wi-Fi services; and
 - support the work of the Steering Committee on Innovation and Technology, and the Committee on Innovation, Technology and Re-industrialisation.

Programme (3): Efficiency Office

	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	2018–19 (Estimate)
Financial provision (\$m)#	242.4	250.9	250.8 (—)	264.0 (+5.3%)
				(or +5.2% on 2017–18 Original)

The Efficiency Unit (EU) and the Business Facilitation Division (BFD) currently under the Offices of the Chief Secretary for Administration and the Financial Secretary respectively will be transferred to the Innovation and Technology Bureau (ITB) and be renamed as “Efficiency Office” on 1 April 2018. For comparison purpose, the figures include relevant provisions for EU and BFD to be transferred from Head 142 – Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary to the ITB with effect from 1 April 2018.

Aim

9 The Efficiency Office aims to accelerate innovation for improvement of services and operations across Government, developing cross-sector collaboration between civil servants and stakeholders to design and implement better services with the community.

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Brief Description

10 Key areas of work are to:

- support the Government’s objectives for promoting innovation and technology and smart city development, 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 application of technology, innovation in business models or processes;
- support the Government’s objectives for public service transformation with particular attention to effective deployment of new technologies, data analytics and open data, stakeholder engagement, human resources management and transformation, procurement reform, social impact investment, shared services and value for money analysis;
- provide consultancy services to B/Ds for business process re-engineering, organisation restructuring, performance measurement, knowledge management and change management, or assist them to obtain external consultancy services;
- improve regulatory regimes and co-ordinate the Government’s efforts on business facilitation;
- oversee the operation of the 1823 contact centre as a one-stop service for the public to access government services 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, and use the platforms and experience to advance public sector innovation and co-creation with the community.

11 The Efficiency Office continues to provide overall direction and enhancement services for 1823. The contact centre provides a 24-hour one-stop service to handle public enquiries on behalf of 22 departments as well as public complaints on government service. In 2017, it received around 3 630 000 calls and 470 000 emails or other contacts from the public. The key performance measures of 1823 are:

Targets

	Target	2016 (Actual)	2017 (Actual)	2018 (Plan)
calls that can be answered within 12 seconds (%)	80	69	71	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 2018–19

12 During 2018–19, the Efficiency Office will:

- align its resources and projects to support the Government’s objectives for promoting innovation and technology and smart city development;
- review and align the work of the Business Facilitation Division of the Economic Analysis and Business Facilitation Unit under the Financial Secretary’s Office on its incorporation into the Efficiency Office to enhance regulatory efficiency, business processes and use of technology by the Government to further improve the environment for doing business in Hong Kong;
- work closely with B/Ds to identify and implement pilot projects to build capabilities for effective deployment of new technologies, data analytics and open data, stakeholder engagement, human resources management and transformation, procurement reform, social impact investment, shared services and value for money analysis;
- participate in the Government’s review of procurement arrangements to include innovation and technology as tender requirements to encourage local technological innovation;
- support the Commerce and Economic Development Bureau in developing the use of design thinking as a tool to spur innovation in policy making and improvement of public services;
- encourage innovation in design and delivery of more integrated, citizen centric services through “user centred design” methods in 1823 and the Youth Portal; and
- work with the Social Innovation and Entrepreneurship Development Fund Task Force to promote ideas and collaborations that can test new approaches to meeting social needs and consider pilot projects for new funding mechanisms for social ventures.

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ANALYSIS OF FINANCIAL PROVISION

	2016-17 (Actual) (\$m)	2017-18 (Original) (\$m)	2017-18 (Revised) (\$m)	2018-19 (Estimate) (\$m)
Programme				
(1) Director of Bureau's Office	14.7	15.5	15.3	16.1
(2) Innovation and Technology	24.1	162.7	40.0	310.1
(3) Efficiency Office	242.4	250.9	250.8	264.0
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	281.2	429.1	306.1 (-28.7%)	590.2 (+92.8%)
				(or +37.5% on 2017-18 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2018-19 is \$0.8 million (5.2%) higher than the revised estimate for 2017-18. This is mainly due to the increased provision for salaries and general departmental expenses in 2018-19.

Programme (2)

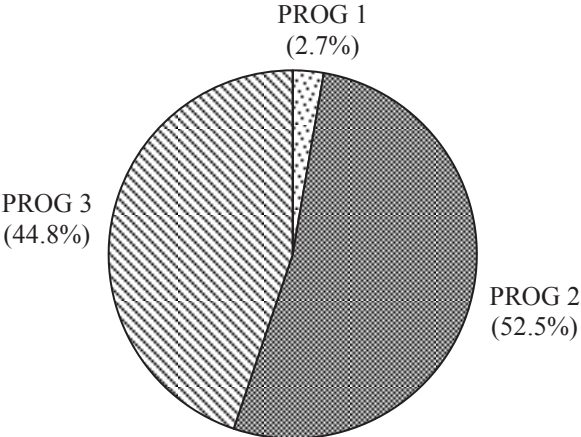
Provision for 2018-19 is \$270.1 million (675.3%) higher than the revised estimate for 2017-18. This is mainly due to the increased cash flow requirement for the Innovation and Technology Fund for Better Living, increased cash flow requirement for capital item, and increased provision for salaries and general departmental expenses in 2018-19. In addition, there will be an increase of 21 posts in 2018-19 including ten posts to be transferred from OGCI0 on 1 April 2018 and creation of 11 posts in 2018-19.

Programme (3)

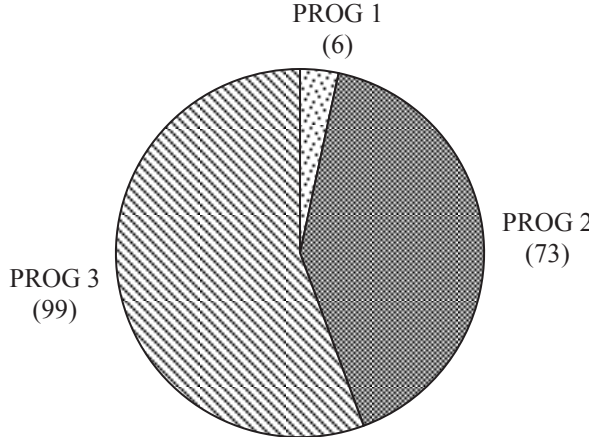
Provision for 2018-19 is \$13.2 million (5.3%) higher than the revised estimate for 2017-18. This is mainly due to the increased provision for filling of vacancies, staff changes and salary increment for staff, as well as anticipated increase in expenditure for hire of services and cash flow requirement for non-recurrent items. In addition, there will be an increase of two posts in 2018-19.

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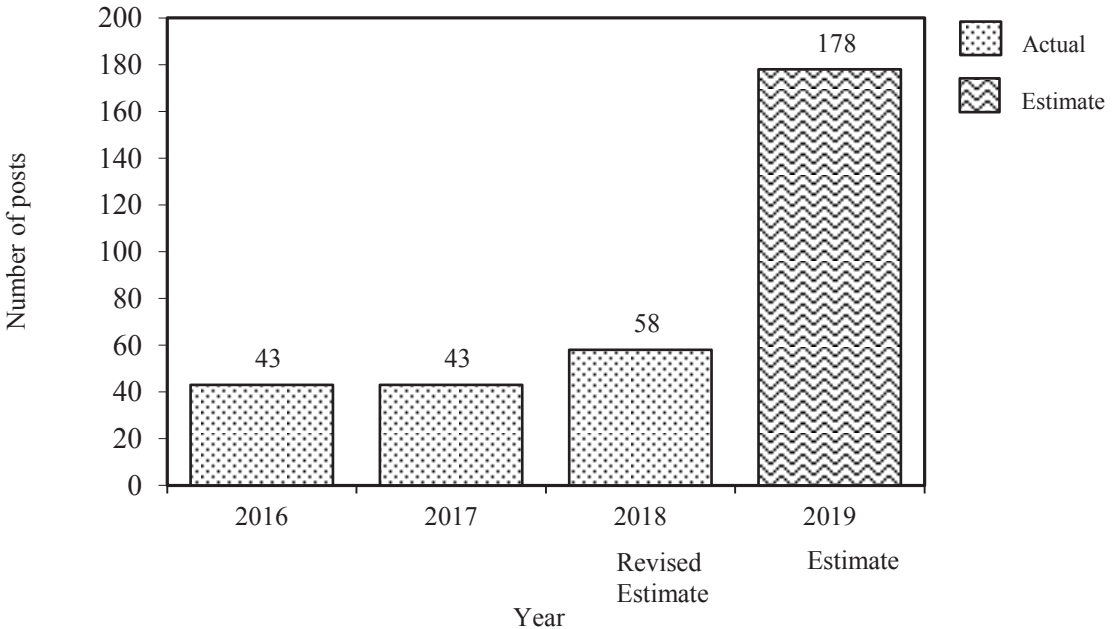
Allocation of provision to programmes (2018-19)



Staff by programme (as at 31 March 2019)



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



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Sub-head (Code)	Actual expenditure 2016–17 ^α	Approved estimate 2017–18 ^α	Revised estimate 2017–18 ^α	Estimate 2018–19^α	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses.....	38,837	68,215	49,591	372,887
	Total, Recurrent.....	38,837	68,215	49,591	372,887
Non-Recurrent					
700	General non-recurrent.....	—	100,000	2,000	111,494
	Total, Non-Recurrent	—	100,000	2,000	111,494
	Total, Operating Account.....	38,837	168,215	51,591	484,381
Capital Account					
Plant, Equipment and Works					
697	TechConnect (block vote)	—	10,000	3,656	105,821
	Total, Plant, Equipment and Works	—	10,000	3,656	105,821
	Total, Capital Account	—	10,000	3,656	105,821
	Total Expenditure.....	38,837	178,215	55,247	590,202

^α The provision for 2018–19 Estimates includes \$9.8 million to be transferred from Head 47 – Government Secretariat: Office of the Government Chief Information Officer and \$261.5 million to be transferred from Head 142 – Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary following the re-organisation of ITB which takes effect from 1 April 2018. The 2016–17 actual expenditure, 2017–18 approved estimate and 2017–18 revised estimate represent the expenditure and provision for ITB before re-organisation.

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Details of Expenditure by Subhead

The estimate of the amount required in 2018–19 for the salaries and expenses of the Innovation and Technology Bureau (ITB) is \$590,202,000. This represents an increase of \$534,955,000 over the revised estimate for 2017–18 and \$551,365,000 over the actual expenditure in 2016–17.

Operating Account

Recurrent

2 Provision of \$372,887,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of ITB. The increase of \$323,296,000 (651.9%) over the revised estimate for 2017–18 is mainly due to the transfer of the provision for the Efficiency Unit (EU) and Business Facilitation Division (BFD) from the Chief Secretary for Administration's Office and the Financial Secretary's Office with effect from 1 April 2018, increased departmental expenses, and increased salary provision arising from the creation of new posts.

3 The establishment as at 31 March 2018 will be 58 posts. It is expected that there will be an increase of 120 posts in 2018–19, including the transfer of 99 and ten posts from EU/BFD and the Office of the Government Chief Information Officer respectively. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2018–19, but the notional annual mid-point salary value of all such posts must not exceed \$121,787,000.

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

	2016–17 (Actual) (\$'000)	2017–18 (Original) (\$'000)	2017–18 (Revised) (\$'000)	2018–19 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	23,491	35,932	30,979	139,526
- Allowances	2,355	2,673	2,117	5,307
- Job-related allowances	—	2	2	2
Personnel Related Expenses				
- Mandatory Provident Fund contribution	72	161	131	437
- Civil Service Provident Fund contribution	396	1,485	951	4,041
Departmental Expenses				
- General departmental expenses	12,523	27,962	15,411	223,574
	38,837	68,215	49,591	372,887

Capital Account

Plant, Equipment and Works

5 Provision of \$105,821,000 under *Subhead 697 TechConnect (block vote)* represents an increase of \$102,165,000 (2 794.4%) over the revised estimate for 2017–18. This reflects the increased funding support to bureaux/departments for implementing projects which improve quality, efficiency or effectiveness of public service 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 \$'000	Accumulated expenditure to 31.3.2017 \$'000	Revised estimated expenditure for 2017-18 \$'000	Balance \$'000
<i>Operating Account</i>						
700	<i>General non-recurrent</i>					
801	Innovation and Technology Fund for Better Living		500,000	—	2,000	498,000
033	Managing for results at departmental level to support delivery of policy objectives.....		5,000	4,124	—	876
829	Consultancy services on centralized approach for administering social benefits schemes.....		8,000	7,382	—	618
	Total.....		<u>513,000</u>	<u>11,506</u>	<u>2,000</u>	<u>499,494</u>