

**Head 155 — GOVERNMENT SECRETARIAT:
INNOVATION AND TECHNOLOGY COMMISSION**

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

Estimate 2002–03	\$156.4m
Establishment ceiling 2002–03 (notional annual mid-point salary value) representing an estimated 184 non-directorate posts at 31 March 2002 rising by one post to 185 posts at 31 March 2003.....	\$77.4m
In addition there will be an estimated ten directorate posts at 31 March 2002 reducing by one post to nine posts at 31 March 2003.	
Capital Account commitment balance	\$21.4m

Controlling Officer's Report

Programmes

<p>Programme (1) Support for Research and Development</p> <p>Programme (2) Fostering University-Industry Collaboration</p> <p>Programme (3) Promotion of Technological Entrepreneurship</p> <p>Programme (4) Planning for Innovation and Technology Development</p> <p>Programme (5) Infrastructural Support</p> <p>Programme (6) Quality Support</p>	<p>These programmes contribute to Policy Area 6: Commerce and Industry (Secretary for Commerce and Industry).</p>
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Detail

Programme (1): Support for Research and Development

	2000–01# (Actual)	2001–02 (Approved)	2001–02 (Revised)	2002–03 (Estimate)
Financial provision (\$m)	24.4	25.3 (+3.7%)	25.0 (–1.2%)	31.4 (+25.6%)

The Innovation and Technology Commission was established on 1 July 2000. The figure for 2000–01 represents the actual expenditure incurred during the nine months from 1 July 2000 to 31 March 2001.

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. Of particular relevance is the Innovation and Technology Support Programme (ITSP) under the Innovation and Technology Fund (ITF) administered by the Commission. The ITSP supports applied R&D projects whose results have to be transferred to companies in the relevant industry. We also administer the Patent Application Grant to provide funding assistance to local companies and individuals to apply for patent registration of their own inventions. In this way we help ensure that the outcome of our R&D efforts are properly protected.

4 With the aims to strengthen Hong Kong's research capability for technological development and to stimulate the growth of technology-based industry in Hong Kong, we have been working closely with the Hong Kong Applied Science and Technology Research Institute Company Limited (ASTRI) in building up its institutional and research capabilities to support its R&D activities. In 2001–02, ASTRI formulated its research agenda which focuses initially on the selected technology areas such as optical, wireless, internet contents and applications and semi-conductor design. In addition, we set up the Hong Kong Jockey Club Institute of Chinese Medicine Limited (HKJCICM) as a subsidiary of ASTRI in May 2001. HKJCICM acts as a visible focal point for action and co-ordination in our pursuit to be the world centre for the development of health food and pharmaceuticals based on Chinese medicine. HKJCICM has formulated its long-term business plan to support scientific and value-added development of Chinese medicine.

5 During 2001–02, we solicited projects with publicised themes for the ITSP. With the technology focuses and project objectives clearly set out at the outset, this approach seeks to strengthen R&D in areas where Hong Kong has the advantage, to give depth to the existing R&D programme and to enable proposal initiators to plan projects in a more

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focused manner. It also encourages both competition and collaboration among the universities and research institutions. Our plan is to increase the proportion of solicitation in ITSP applications in future.

6 We also strengthened the monitoring of the funded projects by continuing to conduct inspection checks on the recipient organisations of the ITF in 2001–02 to ensure that public money has been properly spent. To enable more efficient administration of the ITF and dissemination of the deliverables of the funded projects, we also commissioned a feasibility study to enhance the existing electronic internet-based technology information system for the ITF.

7 The performance of this programme area is reflected in the extent to which the applied R&D activities receiving funding support are of relevance to industry and the extent to which ASTRI and HKJCICM accomplish their research programmes effectively. Performance indicators in respect of the ITSP, ASTRI and the Patent Application Grant are as follows:

Indicators

	2000§ (Actual)	2001 (Actual)	2002 (Estimate)
Innovation and Technology Support Programme of the Innovation and Technology Fund			
applications received and processed	71	206	202
projects funded and being monitored	229	178	182
ASTRI Projects funded by the Innovation and Technology Fund@			
projects funded	—	—	10
Patent Application Grant			
applications received and processed	52	165	150
projects funded	15	48	40

§ The Innovation and Technology Commission was established on 1 July 2000. The column only includes the actual figures covering the period from 1 July 2000 to 31 December 2000.

@ ASTRI has formulated its research strategy in 2001.

Matters Requiring Special Attention in 2002–03

8 During 2002–03, we will:

- review the administration of the ITSP in order to streamline administrative procedures and give more emphasis to technical monitoring of the funded projects;
- step up inspection checks on the recipient organisations;
- continue to solicit projects with publicised themes. We will embark on technology road mapping to guide the solicitation programme;
- continue to work closely with ASTRI in building up its research capability and developing and implementing its research projects; and
- continue to work closely with HKJCICM in mapping out its research agenda and developing and implementing its research projects.

Programme (2): Fostering University-Industry Collaboration

	2000–01# (Actual)	2001–02 (Approved)	2001–02 (Revised)	2002–03 (Estimate)
Financial provision (\$m)	4.6	6.5 (+41.3%)	6.4 (–1.5%)	8.4 (+31.3%)

The Innovation and Technology Commission was established on 1 July 2000. The figure for 2000–01 represents the actual expenditure incurred during the nine months from 1 July 2000 to 31 March 2001.

Aim

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

Brief Description

10 We achieve this aim through administering the University-Industry Collaboration Programme under the ITF to support commercial R&D projects undertaken by private companies in collaboration with local universities. The objective is to stimulate private sector investment in R&D through a 50:50 matching fund arrangement to enable companies to leverage on the knowledge and resources of universities. Under this arrangement, collaboration takes three forms, namely, Teaching Company Scheme, Matching Grant for Joint Research, and Industrial Research Chair Scheme. In short, the Teaching Company Scheme supports local companies to take on graduate students from local

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universities to assist in proprietary R&D work. The Matching Grant for Joint Research supports R&D projects taken up jointly by private companies and universities. The applying company will cover half of the project cost and will hold the intellectual property rights arising from the project. The Industrial Research Chair Scheme supports research efforts of universities and industry in technology fields which are not yet developed in Hong Kong but for which there is good development potential.

11 This programme received good response in 2001–02 and we expect to receive a total of 43 applications requesting \$64 million.

12 The key performance indicators are:

Indicators

	2000§ (Actual)	2001 (Actual)	2002 (Estimate)
University-Industry Collaboration Programme of the Innovation and Technology Fund			
applications received and processed.....	25	44	44
projects funded and being monitored	43	72	100

§ The Innovation and Technology Commission was established on 1 July 2000. The column only includes the actual figures covering the period from 1 July 2000 to 31 December 2000.

Matters Requiring Special Attention in 2002–03

13 During 2002–03, we will continue to administer the University-Industry Collaboration Programme and to monitor progress of the funded projects.

Programme (3): Promotion of Technological Entrepreneurship

	2000–01# (Actual)	2001–02 (Approved)	2001–02 (Revised)	2002–03 (Estimate)
Financial provision (\$m)	3.4	4.8 (+41.2%)	5.1 (+6.3%)	8.2 (+60.8%)

The Innovation and Technology Commission was established on 1 July 2000. The figure for 2000–01 represents the actual expenditure incurred during the nine months from 1 July 2000 to 31 March 2001.

Aim

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

Brief Description

15 We provide funding support to technology-based entrepreneurial activities through the Small Entrepreneur Research Assistance Programme (SERAP) of the ITF and the Applied Research Fund (ARF). The SERAP provides financing at the pre-venture capital stage for start-ups to carry out R&D and to conduct market validation. The ARF provides funding to technology companies in Hong Kong at the venture capital stage. In addition, we work closely with the Hong Kong Science and Technology Parks Corporation (HKSTPC), which operates an incubation programme to provide technology start-ups with support on marketing, finance, technology and management in their critical initial years of operation.

16 During 2001–02, we:

- publicised widely the SERAP and its funded companies;
- enhanced our support to SERAP companies by organising investment forums to help funded companies look for follow-on investors and providing more coaching support;
- worked closely with HKSTPC to strengthen its incubation programme, and through the programme provided more comprehensive support services to technology start-ups;
- organised events to encourage technological entrepreneurship in Hong Kong;
- closely monitored the active cases which had received assistance from the ARF before the engagement of fund managers and took remedial actions for those cases which were not performing well; and
- reviewed the overall investment strategy of the ARF.

17 The key performance measures are:

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Indicators

	2000§ (Actual)	2001 (Actual)	2002 (Estimate)
Small Entrepreneur Research Assistance Programme of the Innovation and Technology Fund			
applications received and processed	42	201	240
projects funded and being monitored	34	38	45
Applied Research Fund			
new projects funded	2	2	3

§ The Innovation and Technology Commission was established on 1 July 2000. The column only includes the actual figures covering the period from 1 July 2000 to 31 December 2000.

The performance of this programme area is also reflected in the extent to which the incubation programme is successfully run by the HKSTPC.

Matters Requiring Special Attention in 2002–03

18 During 2002–03, we will:

- continue to administer the SERAP of the ITF, monitor progress of the funded projects and provide other support services; and
- continue to work closely with the venture capital firms appointed to manage the ARF to ensure effective running of the fund.

Programme (4): Planning for Innovation and Technology Development

	2000–01# (Actual)	2001–02 (Approved)	2001–02 (Revised)	2002–03 (Estimate)
Financial provision (\$m)	11.2	21.4 (+91.1%)	17.1 (–20.1%)	23.0 (+34.5%)

The Innovation and Technology Commission was established on 1 July 2000. The figure for 2000–01 represents the actual expenditure incurred during the nine months from 1 July 2000 to 31 March 2001.

Aim

19 The aim is to support the Council of Advisors on Innovation and Technology (CAIT) and the Financial Secretary's Inter-bureau Committee (FSIBC) in formulating policies and in coordinating the Government's efforts to promote innovation and technology.

Brief Description

20 The CAIT is a high-level standing advisory body responsible for making recommendations to the Chief Executive on matters related to innovation and technology with a view to optimising their contributions to Hong Kong's economic development. The Commission provides secretariat support and policy input to the CAIT. The Commission also supports the FSIBC, which examines policies related to innovation and technology and ensures effective co-ordination among relevant bureaux and departments in formulating and implementing such policies.

21 To enhance public awareness and understanding of the importance of innovation and technology, the Commission administers the General Support Programme (GSP) under the ITF to fund projects such as seminars and exhibitions which help foster an innovation and technology culture. The Commission also organises promotional events locally and participates actively in relevant regional activities which help promote innovation and technology.

22 During 2001–02, we:

- supported and provided input to the policy deliberation processes of the CAIT and FSIBC;
- examined the consultancy study on examining the biotechnology capabilities of Hong Kong;
- launched the Hong Kong Student Science Competition and led a delegation comprising the winning teams to attend the London International Youth Science Forum held in London, United Kingdom in July/August 2001;
- launched two categories of the State Science and Technology Awards for the first time in Hong Kong;
- organised an Innovation Expo in November 2001 to sustain public awareness and interest in innovation and technology, and to promote the understanding of new technology areas such as biotechnology through seminars and workshops; and
- participated actively in a number of regional science and technology cooperation projects in the context of the Asia-Pacific Economic Cooperation (APEC) Industrial Science and Technology Working Group.

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23 The key performance indicators are:

Indicators

	2000§ (Actual)	2001 (Actual)	2002 (Estimate)
General Support Programme of the Innovation and Technology Fund			
applications received and processed.....	33	50	44
projects funded and being monitored	50	35	27

§ The Innovation and Technology Commission was established on 1 July 2000. The column only includes the actual figures covering the period from 1 July 2000 to 31 December 2000.

Matters Requiring Special Attention in 2002–03

24 During 2002–03, we will:

- continue to provide secretariat support to the CAIT and FSIBC;
- continue to administer the GSP and monitor progress of the funded projects;
- organise the Hong Kong Student Science Project Competition;
- organise the State Science and Technology Awards;
- organise promotional events to sustain public awareness and interest in innovation and technology; and
- continue to participate in meetings of the APEC Industrial Science and Technology Working Group.

Programme (5): Infrastructural Support

	2000–01# (Actual)	2001–02 (Approved)	2001–02 (Revised)	2002–03 (Estimate)
Financial provision (\$m)	45.7	23.2 (–49.2%)	25.0 (+7.8%)	17.6 (–29.6%)

The Innovation and Technology Commission was established on 1 July 2000. The figure for 2000–01 represents the actual expenditure incurred during the nine months from 1 July 2000 to 31 March 2001.

Aim

25 The aim is to develop world-class support infrastructure to facilitate technological upgrading and development of the industry.

Brief Description

26 We achieve the aim through planning, overseeing and rationalising new technological infrastructural projects; providing assistance to innovation and technology projects initiated by the private sector; commissioning relevant consultancy studies; 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. We work closely with relevant industry support organisations such as the HKSTPC, the ASTRI, the HKJCICM and the Hong Kong Productivity Council (HKPC) in the process.

27 During 2001–02, we:

- completed the merger of the Hong Kong Industrial Estates Corporation (HKIEC), the Hong Kong Industrial Technology Centre Corporation (HKITCC) and the Provisional Hong Kong Science Park Company Limited (PHKSPCL) to establish the HKSTPC;
- worked closely with HKSTPC on its policy directions and development plans, planning and construction of the Hong Kong Science Park at Pak Shek Kok, as well as the planning for the fourth Industrial Estate at Tseung Kwan O;
- worked closely with ASTRI on building up its institutional and research capabilities to support its research programmes;
- set up HKJCICM as a subsidiary of ASTRI to take forward our vision to position Hong Kong as a world centre for the development of health food and pharmaceuticals based on Chinese medicine;
- monitored the delivery of value-added support services to the manufacturing and service industries by HKPC;
- worked closely with HKPC in the consultancy study on its public mission, role, management and operations;

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- provided funding support and assistance to the Hong Kong Design Centre Ltd. in setting up the Hong Kong Design Centre to promote the design industry and its competitiveness in the region as a service industry; and
- commissioned a consultancy study on environmental technology industry in Hong Kong.

Matters Requiring Special Attention in 2002–03

28 During 2002–03, we will:

- continue to work closely with the HKSTPC on its various development and business plans;
- continue to assist in the planning and construction of the Hong Kong Science Park and the planning of the fourth Industrial Estate;
- continue to assist ASTRI in building up its institutional and research capabilities and planning for the construction of ASTRI's permanent building to be located in the Hong Kong Science Park;
- continue to assist HKJCICM in building up its institutional capabilities and developing and implementing its research programmes;
- follow up on the recommendations made in the consultancy study on HKPC;
- continue to assist the Hong Kong Design Centre Ltd. in promoting the design industry; and
- continue to oversee the consultancy study on environmental technology industry in Hong Kong.

Programme(6): Quality Support

	2000–01# (Actual)	2001–02 (Approved)	2001–02 (Revised)	2002–03 (Estimate)
Financial provision (\$m)	45.2	61.5 (+36.1%)	60.1 (–2.3%)	67.8 (+12.8%)

The Innovation and Technology Commission was established on 1 July 2000. The figure for 2000–01 represents the actual expenditure incurred during the nine months from 1 July 2000 to 31 March 2001.

Aim

29 The aim is to promote internationally accepted standards and conformity assessment services to underpin technological development and international trade.

Brief Description

30 We achieve this aim through operation of the Standards and Calibration Laboratory (SCL), the Product Standards Information Bureau (PSIB), and the Hong Kong Accreditation Service (HKAS).

31 During 2001–02, a review was conducted on the role and activities of HKAS and SCL. SCL participated in five international comparison of standards projects. SCL's capabilities in the areas of dimension and electromagnetic metrology were listed in the technical schedules of the Global Mutual Recognition Arrangement operated by the International Bureau of Weights and Measures. HKAS provided a comprehensive range of accreditation services under the Hong Kong Laboratory Accreditation Scheme (HOKLAS), the Hong Kong Certification Body Accreditation Scheme and the Hong Kong Inspection Body Accreditation Scheme. HKAS submitted an application for joining the Pacific Accreditation Co-operation Multilateral Mutual Recognition Arrangement. PSIB represented Hong Kong, China in the APEC Sub-Committee on Standards and Conformance.

32 The key performance measures are:

Targets

	Target Working days	2000\$ (Actual)	2001 (Actual)	2002 (Plan)
processing of quotation for calibration services	6	4	4	5
calibration of equipment	20	18	19	20
provision of technical advice in response to oral enquiries on product standards....	1	1	1	1
processing of simple written enquiries on product standards.....	1	1	1	1
processing of complicated written enquiries on product standards	8	8	8	8
issue of quotations for documented standards.....	1	1	1	1

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	Target Working days	2000§ (Actual)	2001 (Actual)	2002 (Plan)
processing of orders for photocopies of documented standards.....	2	2	2	2

Indicators

	2000§ (Actual)	2001 (Actual)	2002 (Estimate)
Standards and Calibration Laboratory			
calibrations performed.....	402	704	704
revenue generated (\$).....	1,174,235	2,026,040	2,026,000
revenue/post (\$).....	159,419	330,826	331,000
Product Standards Information Bureau			
technical enquiries.....	619	1 133	1 200
sales and photocopying of documented standards enquiries.....	935	1 542	1 400
quotations given.....	4 543	9 331	8 400
orders placed.....	390	1 657	1 100
revenue generated (\$).....	223,794	917,749	660,000
revenue/post (\$).....	106,064	434,952	313,000
Hong Kong Laboratory Accreditation Scheme			
accredited laboratories (cumulative).....	105	106	120
assessments and reassessments conducted.....	123	212	230
overseas laboratory accreditation schemes with mutual recognition arrangement with HOKLAS (cumulative).....	38	41	44
Hong Kong Certification Body Accreditation Scheme			
accredited certification bodies (cumulative).....	6	6	6
assessments, reassessments and surveillance conducted.....	6	12	12
Hong Kong Inspection Body Accreditation Scheme			
accredited inspection bodies (cumulative).....	2	2	4
assessments, reassessments and surveillance conducted.....	1	5	7

§ The Innovation and Technology Commission was established on 1 July 2000. The column only includes the actual figures covering the period from 1 July 2000 to 31 December 2000.

Matters Requiring Special Attention in 2002–03

33 During 2002–03, we will:

- participate in activities to extend the Asia Pacific Laboratory Accreditation Co-operation Multilateral Mutual Recognition Arrangement and the International Laboratory Accreditation Co-operation Multilateral Mutual Recognition Arrangement to include more signatories;
- prepare to be evaluated by the Pacific Accreditation Co-operation for joining the Multilateral Mutual Recognition Arrangement;
- extend accreditation services to cover ISO 14000 certification, food inspection, ground investigation testing, traditional Chinese medical testing;
- extend HOKLAS to cover medical testing;
- participate in the activities of the Global Mutual Recognition Arrangement operated by the International Bureau of Weights and Measures, and in the activities of the Asia Pacific Metrology Programme;
- participate in five additional international comparison of standards projects;
- strengthen interactions between staff of SCL and local metrology users with the view to disseminating measurement techniques and knowledge to local industries;
- participate in APEC activities in the areas of standards and conformance; and
- upgrade PSIB's quality management system to ISO 9001:2000 standard.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2000-01# (Actual) (\$m)	2001-02 (Approved) (\$m)	2001-02 (Revised) (\$m)	2002-03 (Estimate) (\$m)
(1) Support for Research and Development	24.4	25.3	25.0	31.4
(2) Fostering University-Industry Collaboration	4.6	6.5	6.4	8.4
(3) Promotion of Technological Entrepreneurship	3.4	4.8	5.1	8.2
(4) Planning for Innovation and Technology Development.....	11.2	21.4	17.1	23.0
(5) Infrastructural Support	45.7	23.2	25.0	17.6
(6) Quality Support.....	45.2	61.5	60.1	67.8
	134.5	142.7 (+6.1%)	138.7 (-2.8%)	156.4 (+12.8%)

The Innovation and Technology Commission was established on 1 July 2000. The figures for 2000-01 represent the actual expenditure incurred during the nine months from 1 July 2000 to 31 March 2001.

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2002-03 is \$6.4 million (25.6%) higher than the revised estimate for 2001-02. This is mainly due to the provision for employing non-civil service contract staff to enhance the institutional capability of the Commission and the creation of one post and related expenditure for strengthening financial monitoring and assessment of impact of ITF funded projects, partly offset by reduced operating expenses under the Enhanced Productivity Programme.

Programme (2)

Provision for 2002-03 is \$2.0 million (31.3%) higher than the revised estimate for 2001-02. This is mainly due to the provision for employing non-civil service contract staff to enhance the institutional capability of the Commission and for strengthening financial monitoring and assessment of impact of ITF funded projects, partly offset by reduced operating expenses under the Enhanced Productivity Programme.

Programme (3)

Provision for 2002-03 is \$3.1 million (60.8%) higher than the revised estimate for 2001-02. This is mainly due to the increase in provision for enhancing the support for the SERAP of the ITF and the ARF, and the increase in publicity for the SERAP, partly offset by reduced operating expenses under the Enhanced Productivity Programme.

Programme (4)

Provision for 2002-03 is \$5.9 million (34.5%) higher than the revised estimate for 2001-02. This is mainly due to the provision for employing non-civil service contract staff to further strengthen technology research and analysis capabilities to support policy planning work in relation to innovation and technology development, organising and participating in innovation and technology related events and the increase in cashflow requirement for consultancy studies, partly offset by reduced operating expenses under the Enhanced Productivity Programme.

Programme (5)

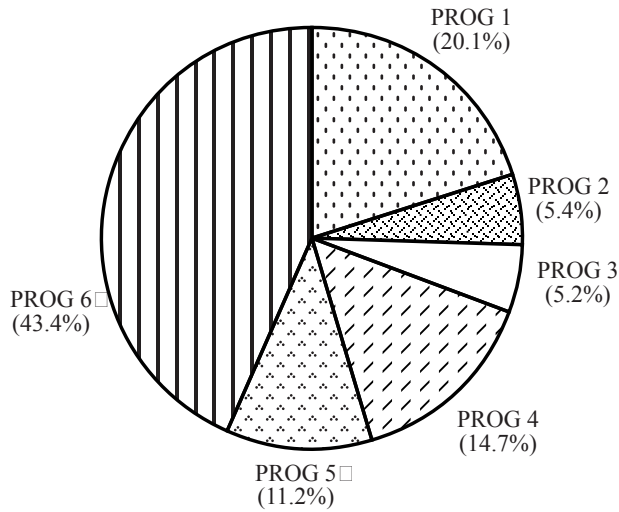
Provision for 2002-03 is \$7.4 million (29.6%) lower than the revised estimate for 2001-02. This is mainly due to the suspended cashflow requirement for meeting the operating expenses of PHKSPCL, the full-year savings of posts deleted in 2001-02 arising from the completion of the merger of PHKSPCL, HKIEC and HKITCC, the deletion of one post in 2002-03 upon completion of time-limited projects, the reduced cashflow requirement for a consultancy study and reduced operating expenses under the Enhanced Productivity Programme, partly offset by the provision for filling of vacancies and procurement of advisory service.

Programme (6)

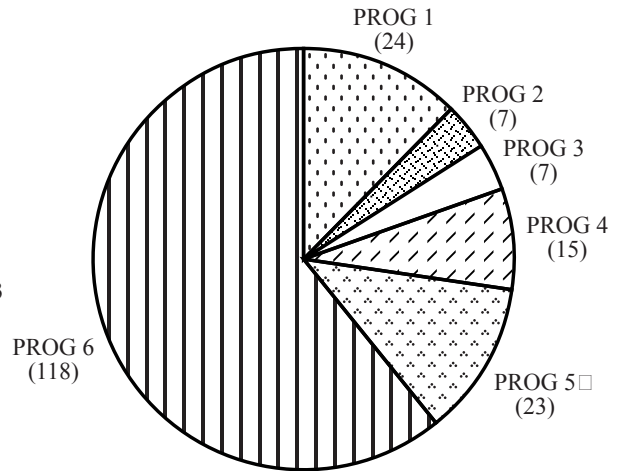
Provision for 2002-03 is \$7.7 million (12.8%) higher than the revised estimate for 2001-02. This is mainly due to the creation of one post in 2002-03 and related expenses for extending the HOKLAS to cover medical testing laboratories in Hong Kong, provision for filling of vacancies and increase in cashflow requirement for new and existing capital projects, partly offset by reduced operating expenses under the Enhanced Productivity Programme.

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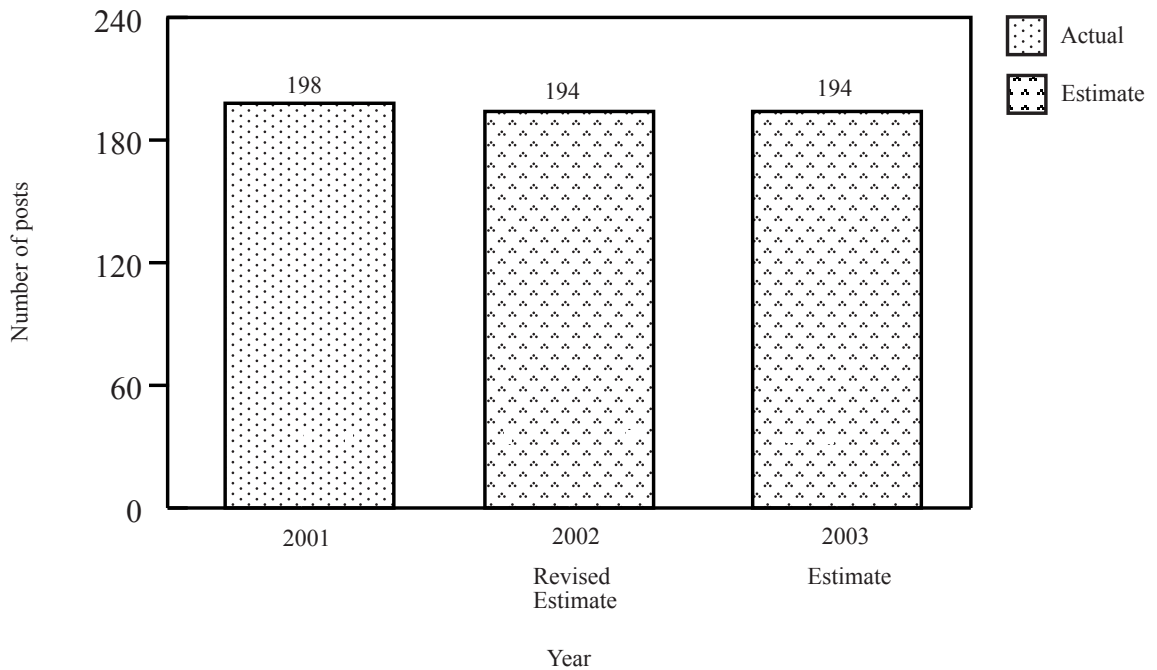
*Allocation of provision
to programmes
(2002-03)*



*Staff by programme
(as at 31 March 2003)*



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



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Sub-head (Code)		Actual# expenditure 2000-01	Approved estimate 2001-02	Revised estimate 2001-02	Estimate 2002-03
	\$'000	\$'000	\$'000	\$'000	\$'000
Recurrent Account					
000	Operational expenses	92,078	128,781	127,539	141,086
003	Recoverable salaries and allowances 2,621				
	<i>Deduct reimbursements.....Cr.2,621</i>	—	—	—	—
	Total, Recurrent Account.....	92,078	128,781	127,539	141,086
Capital Account					
I — Plant, Equipment and Works					
603	Plant, vehicles and equipment.....	2,138	886	60	2,480
661	Minor plant, vehicles and equipment (block vote).....	1,866	3,050	3,000	3,015
	Total, Plant, Equipment and Works	4,004	3,936	3,060	5,495
II — Other Non-Recurrent					
700	General other non-recurrent	38,383	10,031	8,080	9,825
	Total, Other Non-Recurrent	38,383	10,031	8,080	9,825
	Total, Capital Account	42,387	13,967	11,140	15,320
	Total Expenditure.....	134,465	142,748	138,679	156,406

The Innovation and Technology Commission was established on 1 July 2000. The figures for 2000-01 represent the actual expenditure incurred during the nine months from 1 July 2000 to 31 March 2001.

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Details of Expenditure by Subhead

The estimate of the amount required in 2002–03 for the salaries and expenses of the Innovation and Technology Commission is \$156,406,000. This represents an increase of \$17,727,000 over the revised estimate for 2001–02 and of \$21,941,000 over actual expenditure in 2000–01.

Recurrent Account

2 Provision of \$141,086,000 under *Subhead 000 Operational expenses* is for the salaries and allowances of staff of the Innovation and Technology Commission and its other operating expenses. The increase of \$13,547,000 (10.6%) over the revised estimate for 2001–02 is mainly due to filling of vacancies, creation of two posts for strengthening financial monitoring of ITF funded projects and for extending the HKOLAS to cover medical testing laboratories in Hong Kong, the employment of non-civil service contract staff for enhancing the Commission's institutional, technology research and analysis capabilities and the provision for organising and participating in innovation and technology related events, partly offset by the full-year savings of posts deleted in 2001–02 arising from the completion of the merger of PHKSPCL, HKIEC and HKITCC, deletion of one post upon completion of time-limited projects and reduced operating expenses under the Enhanced Productivity Programme. Management and control of the Commission's operational expenses takes the form of a one-line vote.

3 As a vote-funded agency, the Commission is subject to establishment control. The establishment at 31 March 2002 will be 192 permanent posts and two supernumerary posts. It is expected that one supernumerary post will lapse and there will be a net creation of one permanent post in 2002–03. Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2002–03, but the notional annual mid-point salary value of all such posts must not exceed \$77,357,000.

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

	2000–01# (Actual) (\$'000)	2001–02 (Original Estimate) (\$'000)	2001–02 (Revised Estimate) (\$'000)	2002–03 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	71,211	98,154	98,592	101,803
- Allowances	2,327	2,773	3,453	2,933
Departmental Expenses				
- General departmental expenses	18,540	27,854	25,494	36,350
	92,078	128,781	127,539	141,086

The Innovation and Technology Commission was established on 1 July 2000. The figures for 2000–01 represent the actual expenditure incurred during the nine months from 1 July 2000 to 31 March 2001.

5 Provision of \$2,621,000 under *Subhead 003 Recoverable salaries and allowances* includes salaries and allowances for a civil servant seconded to ASTRI to undertake the company's administration, financial management and other related duties. The cost will be fully recovered from ASTRI.

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Capital Account

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2001	Revised estimated expenditure for 2001-02	Balance
			\$'000	\$'000	\$'000	\$'000
603		<i>Plant, vehicles and equipment</i>				
	007	Automatic gauge block interferometer...	4,400	—	—	4,400
	208	Equipment and associated expenses for the expansion of the laboratory accreditation scheme to cover laboratories testing concrete and concrete reinforcing steel	21,627	20,757	—	870
	236	Quantised Hall Effect primary resistance standard system.....	2,720	2,242	60	418
			<u>28,747</u>	<u>22,999</u>	<u>60</u>	<u>5,688</u>
700		<i>General other non-recurrent</i>				
	001	Consultancy study on environmental technology industry in Hong Kong	5,500	—	3,033	2,467
	002	Consultancy studies on Hong Kong- Mainland technological collaboration.....	5,000	—	120	4,880
	003	Consultancy study on biotechnology industry in Hong Kong	1,300	—	—	1,300
	005	Provision of advisory service on the procurement of IT equipment for Science Park Phase I.....	2,190	—	140	2,050
	006	Impact studies on Innovation and Technology Fund projects	5,000	—	—	5,000
			<u>18,990</u>	<u>—</u>	<u>3,293</u>	<u>15,697</u>
		Total.....	<u>47,737</u>	<u>22,999</u>	<u>3,353</u>	<u>21,385</u>