

INNOVATION AND TECHNOLOGY FUND

Memorandum Note

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

2 The Resolution provides, inter alia, that—

- (a) the Fund be administered by the Financial Secretary who may delegate his power of administration to other public officers;
- (b) there be credited to the Fund—
 - (i) such appropriations from the general revenue as may be approved by the Legislative Council for the purposes of the Fund;
 - (ii) all income received by way of interest, dividend or distribution in whatever form from—
 - (1) any loan, advance, investment or payment in whatever form made from the Fund in financing approved projects; and
 - (2) any investment made from the Fund;
 - (iii) all sums received by way of repayment of any loan or advance made from the Fund;
 - (iv) the proceeds of the sale of any investment made from the Fund; and
 - (v) such donations and other moneys as may be received for the purposes of the Fund;
- (c) the Financial Secretary may apply moneys from the Fund for the purpose of—
 - (i) financing projects that contribute to innovation and technology upgrading in the manufacturing and service industries; and
 - (ii) financing projects that contribute to the upgrading and development of the manufacturing and service industries,

in accordance with such terms and conditions as may be specified by the Finance Committee;

- (d) the Director of Accounting Services shall, under the authority of a funds warrant issued by the Financial Secretary, pay from the Fund such sums as may be required to meet expenditures from the Fund; and
- (e) the Financial Secretary in his discretion may authorise the investment in such manner as he may determine of any moneys held in the Fund at any time.

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

4 Payments from the Fund for 1999–2000 and 2000–01 are estimated at \$232 million and \$872 million respectively. Provision for \$872 million under *Subhead 101 Innovation and Technology (block vote)* is to meet payments for existing commitments and new projects that may be approved in the course of the year. Projects each costing over \$15 million will be subject to approval by the Finance Committee of the Legislative Council in the course of the year and any expenditure arising therefrom will be offset by an equivalent amount under *Subhead 101 Innovation and Technology (block vote)*. Of the estimated payment for 2000–01, \$400 million is earmarked for projects to be undertaken by the future Applied Science and Technology Research Institute, the management body of which will be set up in early 2000.

5 Receipts taking the form of investment income for 1999–2000 and 2000–01 are estimated at \$242 million and \$356 million respectively.

INNOVATION AND TECHNOLOGY FUND

(Payments)

Sub-head (Code)	Approved commitment	Actual expenditure to 31.3.99	Revised estimate 1999–2000	Estimate 2000–01
	\$'000	\$'000	\$'000	\$'000
Head 111—Innovation and Technology				
101 Innovation and Technology (block vote)	—	—	232,230	872,250
<i>Head 111: total</i>	—	—	232,230	872,250
Total (Payments)	—	—	232,230	872,250

INNOVATION AND TECHNOLOGY FUND

(Receipts)

	Revised Estimate 1999–2000	Estimate 2000–01
	\$'000	\$'000
Investment income	242,438	356,000
Transfer from General Revenue	5,000,000	—
Total (Receipts)	<u>5,242,438</u>	<u>356,000</u>

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Movement of the Account

	Revised Estimate	Estimate
	1999-2000	2000-01
	\$m	\$m
OPENING BALANCE	—	5,010
Expenditure	232	872
Revenue	242	356
Surplus/(Deficit) before Transfer from GRA	10	(516)
Transfer from GRA	5,000	—
Surplus/(Deficit) after Transfer from GRA	5,010	(516)
CLOSING BALANCE	5,010	4,494

Expenditure Analysis

	Revised Estimate	Estimate
	1999-2000	2000-01
	\$m	\$m
Payments	232	872
Total Expenditure	232	872

Revenue Analysis

	Revised Estimate	Estimate
	1999-2000	2000-01
	\$m	\$m
Investment income	242	356
Total Revenue	242	356