

**Replies to written questions raised by Finance Committee Members in  
examining the Draft Estimates of Expenditure 2001-02**

**Bureau Secretary : Secretary for Commerce and Industry**

**Session No. : 14**

| <b>Bureau<br/>Serial No.</b> | <b>Question<br/>Serial No.</b> | <b>Name of<br/>Member</b> | <b>Head</b> | <b>Programme</b> |
|------------------------------|--------------------------------|---------------------------|-------------|------------------|
| <a href="#">CIB01</a>        | 0166                           | SIN Chung-kai             | 152         | -                |
| <a href="#">CIB02</a>        | 0167                           | SIN Chung-kai             | 152         | -                |
| <a href="#">CIB03</a>        | 0168                           | SIN Chung-kai             | 152         | -                |
| <a href="#">CIB04</a>        | 0291                           | NG Leung-sing             | 152         | -                |
| <a href="#">CIB05</a>        | 0440                           | HUI Cheung-ching          | 152         | -                |
| <a href="#">CIB06</a>        | 0441                           | HUI Cheung-ching          | 152         | -                |
| <a href="#">CIB07</a>        | 0513                           | CHAN Kam-lam              | 152         | -                |
| <a href="#">CIB08</a>        | 0787                           | HO Sau-lan, Cyd           | 152         | -                |
| <a href="#">CIB09</a>        | 0295                           | NG Leung-sing             | 96          | -                |
| <a href="#">CIB10</a>        | 0437                           | HUI Cheung-ching          | 96          | 1,2,3            |
| <a href="#">CIB11</a>        | 0791                           | Ho Sau-lan,Cyd            | 96          | -                |
| <a href="#">CIB12</a>        | 0896                           | TIEN Pei-chun, James      | 96          | -                |
| <a href="#">CIB13</a>        | 0230                           | Sin Chung-kai             | 155         | 1                |
| <a href="#">CIB14</a>        | 0234                           | Sin Chung-kai             | 155         | 1                |
| <a href="#">CIB15</a>        | 1192                           | TING Woo-shou, Kenneth    | 155         | 1                |
| <a href="#">CIB16</a>        | 1193                           | TING Woo-shou, Kenneth    | 155         | 1                |
| <a href="#">CIB17</a>        | 1194                           | TING Woo-shou, Kenneth    | 155         | 1                |
| <a href="#">CIB18</a>        | 0324                           | NG Ching-fai              | 155         | 2                |
| <a href="#">CIB19</a>        | 0921                           | TIEN Pei-chun, James      | 155         | 2                |
| <a href="#">CIB20</a>        | 1191                           | TING Woo-shou, Kenneth    | 155         | 2                |
| <a href="#">CIB21</a>        | 0231                           | Sin Chung-kai             | 155         | 4                |
| <a href="#">CIB22</a>        | 0169                           | Sin Chung-kai             | 155         | 5                |
| <a href="#">CIB23</a>        | 0170                           | Sin Chung-kai             | 155         | 5                |
| <a href="#">CIB24</a>        | 0171                           | Sin Chung-kai             | 155         | 5                |
| <a href="#">CIB25</a>        | 0813                           | LAU Hon-chuen, Ambrose    | 155         | 5                |
| <a href="#">CIB26</a>        | 1189                           | Sin Chung-kai             | 155         | 5                |
| <a href="#">CIB27</a>        | 1190                           | TING Woo-shou, Kenneth    | 155         | 5                |
| <a href="#">CIB28</a>        | 0232                           | Sin Chung-kai             | 155         | -                |
| <a href="#">CIB29</a>        | 0462                           | LI Ka-cheung, Eric        | 155         | -                |
| <a href="#">CIB30</a>        | 0789                           | HO Sau-lan, Cyd           | 155         | -                |
| <a href="#">CIB31</a>        | 1361                           | HO Sau-lan, Cyd           | 155         | -                |
| <a href="#">CIB32</a>        | 0284                           | TO Kun-sun, James         | 31          | 1,2,3,4,5        |
| <a href="#">CIB33</a>        | 0285                           | TO Kun-sun, James         | 31          | 1,2,3,4,5        |
| <a href="#">CIB34</a>        | 0286                           | TO Kun-sun, James         | 31          | 1,2,3,4,5        |
| <a href="#">CIB35</a>        | 0760                           | TING Woo-shou, Kenneth    | 31          | 1,2,3,4,5        |

| <b>Bureau<br/>Serial No.</b> | <b>Question<br/>Serial No.</b> | <b>Name of<br/>Member</b>  | <b>Head</b> | <b>Programme</b> |
|------------------------------|--------------------------------|----------------------------|-------------|------------------|
| <a href="#">CIB36</a>        | 1023                           | TING Woo-shou, Kenneth     | 31          | 1                |
| <a href="#">CIB37</a>        | 1024                           | TING Woo-shou, Kenneth     | 31          | 1                |
| <a href="#">CIB38</a>        | 0413                           | LAU Wong-fat               | 31          | 3                |
| <a href="#">CIB39</a>        | 0414                           | LAU Wong-fat               | 31          | 3                |
| <a href="#">CIB40</a>        | 0461                           | LI Ka-cheung, Eric         | 31          | 3                |
| <a href="#">CIB41</a>        | 0756                           | TING Woo-shou, Kenneth     | 31          | 3                |
| <a href="#">CIB42</a>        | 0758                           | TING Woo-shou, Kenneth     | 31          | 3                |
| <a href="#">CIB43</a>        | 0799                           | WU King-cheong, Henry      | 31          | 3                |
| <a href="#">CIB44</a>        | 1021                           | CHOW LIANG Shuk-ye, Selina | 31          | 3                |
| <a href="#">CIB45</a>        | 1105                           | SIN Chung-kai              | 78          | 1,2              |
| <a href="#">CIB46</a>        | 1103                           | CHOW LIANG Shuk-ye, Selina | 78          | 1                |
| <a href="#">CIB47</a>        | 1104                           | CHOW LIANG Shuk-ye, Selina | 78          | 1                |
| <a href="#">CIB48</a>        | 1102                           | CHOW LIANG Shuk-ye, Selina | 78          | 2                |
| <a href="#">CIB49</a>        | 0322                           | NG Ching-fai               | 79          | -                |
| <a href="#">CIB50</a>        | 0373                           | CHAN Bernard               | 79          | -                |
| <a href="#">CIB51</a>        | 0514                           | CHAN Kam-lam               | 79          | -                |
| <a href="#">CIB52</a>        | 0707                           | LAU Hon-chuen, Ambrose     | 79          | -                |
| <a href="#">CIB53</a>        | 0812                           | LAU Hon-chuen, Ambrose     | 79          | -                |
| <a href="#">CIB54</a>        | 0964                           | TIEN Pei-chun, James       | 79          | -                |
| <a href="#">CIB55</a>        | 1106                           | CHOW LIANG Suk-ye, Selina  | 79          | -                |
| <a href="#">CIB56</a>        | 1107                           | CHOW LIANG Suk-ye, Selina  | 79          | -                |
| <a href="#">CIB57</a>        | 1108                           | SHEK Lai-him, Abraham      | 79          | -                |
| <a href="#">CIB58</a>        | 0939                           | LEUNG LAU Yau-fun, Sophie  | 181         | 1,2              |
| <a href="#">CIB59</a>        | 1201                           | SIN Chung-kai              | 181         | 1                |
| <a href="#">CIB60</a>        | 0937                           | LEUNG LAU Yau-fun, Sophie  | 181         | 2                |
| <a href="#">CIB61</a>        | 1202                           | SIN Chung-kai              | 181         | 2                |
| <a href="#">CIB62</a>        | 0292                           | NG Leung-sing              | 181         | 3                |
| <a href="#">CIB63</a>        | 0529                           | CHAN Kam-lam               | 181         | 3                |
| <a href="#">CIB64</a>        | 0938                           | LEUNG LAU Yau-fun, Sophie  | 181         | 3                |
| <a href="#">CIB65</a>        | 1203                           | SIN Chung-kai              | 181         | 3                |
| <a href="#">CIB66</a>        | 1204                           | SIN Chung-kai              | 181         | 3                |
| <a href="#">CIB67</a>        | 1362                           | CHAN Yuen-han              | 181         | 3                |
| <a href="#">CIB68</a>        | 0894                           | TIEN Pei-chun, James       | 177         | -                |
| <a href="#">CIB69</a>        | 1386                           | SIN Chung-kai              | 177         | -                |
| <a href="#">CIB70</a>        | 1387                           | SIN Chung-kai              | 177         | -                |

| <b>Bureau<br/>Serial No.</b> | <b>Question<br/>Serial No.</b> | <b>Name of<br/>Member</b> | <b>Head</b> | <b>Programme</b> |
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| <a href="#">CIB71</a>        | 1388                           | SIN Chung-kai             | 177         | -                |
| <a href="#">CIB72</a>        | 1389                           | SIN Chung-kai             | 177         | -                |
| <a href="#">CIB73</a>        | 0801                           | WU King-cheong, Henry     | 177         | -                |
| <a href="#">CIB74</a>        | 0895                           | TIEN Pei-chun, James      | 177         | -                |
| <a href="#">CIB75</a>        | 1390                           | SIN Chung-kai             | 177         | -                |
| <a href="#">CIB76</a>        | 0897                           | TIEN Pei-chun, James      | 177         | -                |
| <a href="#">CIB77</a>        | 0056                           | LI Ka-cheung, Eric        | 111         | -                |
| <a href="#">CIB78</a>        | 0057                           | LI Ka-cheung, Eric        | 111         | -                |
| <a href="#">CIB79</a>        | 0767                           | TSANG Yok-sing, Jasper    | 26          | 1                |

(Translation)

Bureau Serial No.

CIB01

Question Serial No.

0166

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : Head 152 - Government Secretariat : Commerce and Industry Bureau

Subhead(No. & title) : 700 General other non-recurrent

Programme : 15201 Commerce and Industry

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question : Please provide the breakdown for the use of the revised estimate of \$8.34m for 2000-01 and the estimate of \$11.34m for 2001-02 under Subhead 700

Asked by : Hon SIN Chung-kai

Reply :

For Subhead 700, the breakdown of the revised estimate of \$8.34 m for 2000-01 and the estimate of \$11.34 m for 2001-02 is as follows –



(Translation)

Bureau Serial No.

CIB02

Question Serial No.

0167

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 152 - Government Secretariat : Subhead (No. & title)  
Commerce and Industry Bureau

Programme : 15201 Commerce and Industry

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question :

Is there any plan to hold the third meeting of the Mainland and Hong Kong Special Administrative Region Joint Commission on Commerce and Trade (Joint Commission) in 2001-02? If yes, what about the agenda items and the expenditure to be incurred? If no, why?

With regard to the second meeting of the Joint Commission held in 2000-01, what has it achieved so far? Has the Government taken any steps to follow up on the meeting? If yes, please elaborate. Has the Government conducted any review on the effectiveness of the Joint Commission since its establishment? Has the Government developed any medium term goals and programmes of work for strengthening our understanding and co-operation with the Mainland authorities?

Asked by : Hon SIN Chung-kai

Reply :

The third meeting of the Mainland and Hong Kong Special Administrative Region Joint Commission on Commerce and Trade (Joint Commission) will be held in late 2001. Prior to this, the four working groups of the Joint Commission will continue with their communication and liaison on the issues of trade, investment, technological collaboration and labour respectively. Specific agenda items are being drawn up at the moment. As for the expenditure of the meeting, it will be met primarily by the Mainland authorities since the meeting will be held in the Mainland. On our part, provisions have been earmarked for the payment of air passage, accommodation and other related expenses for the Hong Kong delegation.



(Translation)

Bureau Serial No.

CIB03

Question Serial No.

0168

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 152 - Government Secretariat : Subhead -  
Commerce and Industry Bureau (No. & title) :

Programme : 15201 Commerce and Industry

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question : The development of Hong Kong into a knowledge-based economy was included as an aim for the year 2001-02. In this connection, what specific plans will be implemented in the coming year to achieve the above aim and what is the amount of the funding involved? Will the Administration set any measurable indicators to assess whether the aim is achieved or not?

Asked by : Hon SIN Chung-kai

Reply :

The work of developing Hong Kong into a knowledge-based economy covers many aspects and diffuses into different departments of the Government. It includes basic and tertiary education, manpower training, provision of information infrastructure, attracting external talents, supporting basic and applied research, promoting technological entrepreneurship and the application of technology in enterprises, as well as investing in technological infrastructure, etc. We have invested very significant resources in all these areas. Taking the Innovation and Technology Commission as an example, which is directly related to the promotion of innovation and technology, we are seeking about \$1.85 b in 2001-02 to implement its programmes. This includes an allocation of over HK\$210 m to the Hong Kong Productivity Council which is tasked to help enhance the technical and business capability of our enterprises.





(Translation)

Bureau Serial No.

CIB04

Question Serial No.

0291

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 152 - Government Secretariat:  
Commerce and Industry Bureau

Subhead (No. & title) :

Programme : 15201 Commerce and Industry

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question :

Besides holding a meeting of the Mainland and Hong Kong Joint Commission on Commerce and Trade, has the Commerce and Industry Bureau reserved any resources in 2001-02 for the promotion of cross-boundary economic and trade cooperation and for the implementation of plans to assist the Hong Kong Industry to grasp the opportunities arising from the latest development in the Mainland? What are the details of the plans?

Asked by : Hon NG Leung-sing

Reply :

The Commerce and Industry Bureau will continue to promote economic and trade cooperation between Hong Kong and the Mainland through the Mainland/Hong Kong Special Administrative Region Joint Commission on Commerce and Trade in 2001-02. This Bureau will also consider further means to promote bilateral economic and trade ties. We will, as far as possible, make use of existing resources to implement such new initiatives. As regards the proposal to set up an Economic and Trade Office in Guangdong, we will make the funding request to the Finance Committee in accordance with established procedures if the Government decides to establish such an Office.

Name in block letters

CHAU Tak Hay

Post Title

Secretary for Commerce and Industry

Date

15 March 2001

(Translation)

Bureau Serial No.

CIB05

Question Serial No.

0440

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 152 - Government Secretariat : Subhead (No. & title) :  
Commerce and Industry Bureau

Programme : 15201 Commerce and Industry

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question :

Under the heading of "Matters Requiring Special Attention in 2001-02", the Commerce and Industry Bureau states that it will continue to strengthen understanding and cooperation with the Mainland authorities on trade and commerce through the Mainland/HKSAR Joint Commission on Commerce and Trade. Compared with the previous financial year, what changes will be involved in terms of staffing, activities and expenditure incurred in fulfilling this task?

Asked by : Hon HUI Cheung-ching

Reply :

Our preliminary estimate is that the staffing requirement for holding this year's meeting of the Mainland/HKSAR Joint Commission on Commerce and Trade would be more or less the same as last year. We will discuss further with the Mainland authorities regarding the activities of the Joint Commission. Since this year's meeting will be held in the Mainland, most of the expenditure will be borne by the Mainland side.

Name in block letters CHAU Tak Hay

Post Title Secretary for Commerce and Industry

Date 15 March 2001

(Translation)

Bureau Serial No.

CIB06

Question Serial No.

0441

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 152 - Government Secretariat : Subhead (No. & title) :  
Commerce and Industry Bureau

Programme : 15201 Commerce and Industry

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question :

Under the heading of "Matters Requiring Special Attention in 2001-02", the Commerce and Industry Bureau states that it will enhance support for small and medium enterprises, using the remainder of fund in the Special Finance Scheme as appropriate. Excluding the remainder of fund, what is the expenditure on supporting small and medium enterprises as compared with those in the last three years?

Asked by : Hon HUI Cheung-ching

Reply :

The Commerce and Industry Bureau will make use of its existing resources to enhance its support for small and medium enterprises. For example, we will communicate and discuss with the business sector more pro-actively and, at the policy level, provide active assistance to the Small and Medium Enterprises Committee in working out more practical supporting measures. Since our efforts in this respect take various forms, we have not itemized the expenditure incurred and cannot possibly do so.

Name in block letters CHAU Tak Hay

Post Title Secretary for Commerce and Industry

Date 16 March 2001

(Translation)

Bureau Serial No.

CIB07

Question Serial No.

0513

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 152 - Government Secretariat :                      Subhead (No. & title) :  
Commerce and Industry Bureau

Programme : 15201 Commerce and Industry

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question :

What new measures will the Government take to support small and medium enterprises?  
What is the remainder of fund in the Special Finance Scheme for SMEs? Will there be further allocation of funds for the Scheme?

Asked by : Hon CHAN Kam-lam

Reply :

The Small and Medium Enterprises Committee (SMEC) reconstituted at the end of last year has been actively exploring new measures to help SMEs under the themes of "helping to start a new business", "helping to build a new business" and "helping to expand a business", as announced in the Chief Executive's Policy Address in last October. The SMEC is holding various consultation and discussion sessions. After conducting a comprehensive study, the SMEC will put forward specific recommendations to the Chief Executive in June this year.

The \$5 b approved commitment of the Special Finance Scheme for SMEs (the Scheme) was fully committed on 9 March 2000. Of the \$2.5 b funds, \$0.2 b has been spent on compensation for bad debts, leaving a remainder of some \$2.3 b. It is expected that further compensation for bad debts will have to be made as a large number of loans guaranteed have not yet matured. It is therefore impossible to tell the final amount of the remainder at this stage.



Bureau Serial No.

CIB08

Question Serial No.

0787

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 152 Government Secretariat : Commerce and Industry Bureau

Subhead(No. & title) :

Programme :

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question :

Regarding consultancy studies for policy making and assessment commissioned by the departments/services under your Bureau,

- (1) Was there any financial provision allocated for commissioning consultancy studies in 2000-01? If yes, please reply with the following details:

| Names of consultants<br>(if available) | Consultancy fees | Status of consultancy studies<br>(in plan/in progress/finished) |
|--|------------------|---|
|  |                  |   |

- (2) Will there be any financial provision allocated for commissioning consultancy studies in 2001-02? If yes, please reply with the following details:

| Names of consultants<br>(if available) | Consultancy fees | Status of consultancy studies<br>(in plan/in progress/finished) |
|--|------------------|---|
|  |                  |   |

Asked by : Hon Cyd HO Sau-lan

Reply :

- (1) The details of the financial provision allocated for commissioning consultancy studies for policy making and assessment in 2000-01 are as follows :

## Head 152 - Commerce and Industry Bureau

| Name of consultants<br>(if available)  | Consultancy fees | Status of consultancy<br>studies<br>(under planning/ in<br>progress/ completed) |
|--|------------------|---|
| 1. Arthur D. Little Asia Pacific,<br>Inc.  | \$200,000        | Completed   |
| 2. Booz. Allen & Hamilton (HK)<br>Ltd.   | \$680,000        | Completed   |
| 3. Crow Maunsell Management<br>Consultants Ltd, in association<br>with GML Consulting Ltd. | \$3,388,000      | Completed   |
| 4. ERM-Hong Kong, Ltd.   | \$917,825        | Completed   |
| 5. ERM-Hong Kong, Ltd.   | \$850,000        | Completed   |
| 6. ERM-Hong Kong, Ltd.   | \$1,130,500      | Completed   |
| 7. Pricewaterhouse Coopers<br>Consultants Hong Kong<br>Limited                             | \$1,136,000      | Completed   |
| 8. ERM-Hong Kong, Ltd.   | \$916,575        | In progress   |
| 9. KPMG Consulting Ltd.  | \$2,200,000      | In progress   |
| 10. McClier Ltd.   | \$2,132,000      | In progress   |



| Name of consultants<br>(if available)     | Consultancy fees | Status of consultancy studies<br>(under planning/ in progress/<br>completed) |
|---|------------------|--|
| 11. Vision In Business<br>Consulting Ltd. | \$19,500         | In progress  |

#### Head 31 - Customs and Excise Department

| Names of consultants<br>(if available)   | Consultancy fees | Status of consultancy studies<br>(under planning/in progress/<br>completed) |
|--|------------------|---|
| 1. Crow Maunsell<br>Management<br>Consultants Ltd. in<br>association with GML<br>Consulting Ltd. | \$2,100,000      | Completed   |

#### Head 79 - Invest Hong Kong

| Names of consultants<br>(if available)          | Consultancy fees | Status of consultancy studies<br>(under planning/in progress/<br>completed) |
|---|------------------|---|
| 1. PricewaterhouseCoopers<br>Consultants HK Ltd | \$3,960,000      | Completed   |
| 2. PricewaterhouseCoopers<br>Consultants HK Ltd | \$948,000        | Completed   |

#### Head 181 - Trade and Industry Department

| Names of consultants<br>(if available) | Consultancy fees | Status of consultancy studies<br>(under planning/in progress/<br>completed) |
|--|------------------|---|
| 1. Geze Feketekuty                     | \$762,000        | Completed   |
| 2. Van Bael and Bellis                 | \$501,000        | Completed   |

| Names of consultants<br>(if available)      | Consultancy fees | Status of consultancy studies<br>(under planning/in progress/<br>completed) |
|---|------------------|---|
| 3. Akin, Gump, Strauss,<br>Hauer & Feld LLP | \$363,000        | In progress   |
| 4. Edward Graham                            | \$325,000        | In progress   |
| 5. Ernst-Ulrich Petersmann                  | \$473,000        | In progress   |
| 6. Grey, Clark, Shih &<br>Associates Ltd.   | \$662,000        | In progress   |
| 7. International Development<br>System Inc. | \$430,000        | In progress   |
| 8. Petros Mavroidis                         | \$381,000        | In progress   |
| 9. Powell, Goldstein, Frazer<br>& Murphy    | \$465,000        | In progress   |
| 10. Wise Consultancy Ltd.                   | \$608,000        | In progress   |

(2) The details of the financial provision allocated for commissioning consultancy studies for policy making and assessment in 2001-02 are as follows :

Head 152 - Commerce and Industry Bureau

| Name of consultants<br>(if available)    | Consultancy fees | Status of consultancy<br>studies<br>(under planning/ in<br>progress/ completed) |
|--|------------------|---|
| 1. McClier Ltd.                          | \$1,148,000      | In progress   |
| 2. Vision In Business Consulting<br>Ltd. | \$658,000        | In progress   |

| Name of consultants<br>(if available) | Consultancy fees | Status of consultancy studies<br>(under planning/ in progress/ completed) |
|---------------------------------------|------------------|---|
| 3. Not available                      | \$3,000,000      | Under planning  |

#### Head 31 - Customs and Excise Department

| Names of consultants<br>(if available) | Consultancy fees | Status of consultancy studies<br>(under planning/in progress/<br>completed) |
|--|------------------|---|
| 1. Not available                       | \$3,000,000      | Under planning.   |

#### Head 181 - Trade and Industry Department

| Names of consultants<br>(if available)      | Consultancy fees | Status of consultancy studies<br>(under planning/in progress/<br>completed) |
|---|------------------|---|
| 1. Akin, Gump, Strauss,<br>Hauer & Feld LLP | \$438,000        | In progress   |
| 2. Edward Graham                            | \$257,000        | In progress   |
| 3. Ernst-Ulrich Petersmann                  | \$370,000        | In progress   |
| 4. Grey, Clark, Shih &<br>Associates Ltd.   | \$607,000        | In progress   |
| 5. International Development<br>System Inc. | \$487,000        | In progress   |
| 6. Petros Mavoidis                          | \$312,000        | In progress   |

| Names of consultants<br>(if available)   | Consultancy fees | Status of consultancy studies<br>(under planning/in progress/<br>completed) |
|--|------------------|---|
| 7. Powell, Goldstein, Frazer<br>& Murphy | \$558,000        | In progress   |
| 8. Wise Consultancy Ltd.                 | \$279,000        | In progress   |
| 9. Geze Feketekuty                       | \$466,000        | Under planning  |
| 10. Not available                        | \$406,000        | Under planning  |

Name in block letters CHAU Tak Hay

Post Title Secretary for Commerce and Industry

Date 17 March 2001

(Translation)

Bureau Serial No.

CIB09

Question Serial No.

0295

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 96 – Government Secretariat : Overseas Offices

Subhead (No. & title) : -

Programme : -

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

- Question : (a) Under Subhead 002 : Allowances, a recruitment and retention allowance is provided for locally engaged staff in London while their counterparts in other overseas offices are not entitled to this particular type of allowance. What are the justifications for such an arrangement? Besides, what are the differences in expenditure on salaries and allowances incurred by the London Office, the Sydney Office, the Toronto Office and the New York Office in recruiting a local staff member of the same rank?
- (b) With China's imminent accession to the World Trade Organization, will the three overseas offices in the United States continue to take part in lobbying for granting China Permanent Normal Trading Relations status? If not, please provide a breakdown of the resources thus saved.

Asked by : Hon NG Leung-sing

Reply :

- (a) On 16 May 1997, the Finance Committee approved the new pay and conditions of employment for locally engaged (LE) staff in the Hong Kong Economic and Trade Offices (ETOs) in Washington, New York, San Francisco, London, Tokyo, Toronto, Singapore and Sydney.

In view of the similarity in functions and responsibilities of the LE staff with those of the Department of Trade and Industry (DTI) in the UK, the ETO in London adopted the pay scale of DTI. The fringe benefits of the LE staff are based on the local legislation and the employment practice including that of the DTI. As for Recruitment and Retention Allowance, it is part of the employment package. It is only granted to staff required to undertake additional responsibilities, e.g. a junior secretary is required to perform accounting duties. At present, only 3 LE staff in the London ETO are eligible to receive this allowance, the monthly rate of which is between £32.17 and £41.85.

As for the salaries and allowances payable to LE staff of a similar rank employed by ETOs in London, Sydney, Toronto and New York, we set out below the differences of the approved salary scales and allowances payable to a clerk, junior secretary and driver employed locally by these ETOs as an illustration –

| ETO     | Post                | Salary Scale#<br>(Per month) |                            | Recruitment and Retention<br>Allowance<br>(Per month)  | Special Allowance<br>(Per month)  | Annual<br>Leave Bonus  |                             |
|---------|---------------------|------------------------------|----------------------------|--|---|--|-----------------------------|
|         |                     | Local<br>Currencies          | HK\$<br>equivalent*        |  |   |  |                             |
| London  | Clerk               | £1,086.67 -<br>£1,501.17     | HK\$12,260 -<br>HK\$16,937 | 1 Clerk<br>undertaking<br>additional<br>reception and<br>accounting<br>duties<br><br>1 Junior<br>Secretary<br>undertaking<br>additional<br>accounting<br>duties<br><br>1 Driver<br>undertaking<br>additional<br>messenger duties | 20% of basic<br>salary (for staff<br>recruited before<br>20 May 1987) or<br>10% (for staff<br>recruited after 20<br>May 1987) The<br>allowance is to<br>compensate the<br>lack of welfare<br>facilities in the<br>ETO | Not<br>applicable  |                             |
|         | Junior<br>Secretary | £1,160.25 -<br>£1,609.58     | HK\$13,091 -<br>HK\$18,160 |  |   |  | Rate<br>£40.28<br>(HK\$454) |
|         | Driver              | £ 892.00 -<br>£1,303.83      | HK\$10,064 -<br>HK\$14,710 |  |   |  | £41.85<br>(HK\$472)         |
| Sydney  | Clerk               | A\$2,614 -<br>A\$3,181       | HK\$10,786 -<br>HK\$13,126 | Not applicable   | Not applicable  | 20 working<br>days per year<br>with 17.5%<br>annual leave<br>bonus |                             |
|         | Junior<br>Secretary | A\$2,963 -<br>A\$3,755       | HK\$12,226 -<br>HK\$15,494 |  |   |  |                             |
|         | Driver              | A\$2,478 -<br>A\$2,917       | HK\$10,225 -<br>HK\$12,036 |  |   |  |                             |
| Toronto | Clerk               | C\$2,508 -<br>C\$2,843       | HK\$12,781 -<br>HK\$14,489 | Not applicable   | Not applicable  | Not<br>applicable  |                             |
|         | Junior<br>Secretary | C\$2,503 -<br>C\$2,837       | HK\$12,756 -<br>HK\$14,458 |  |   |  |                             |
|         | Driver              | C\$1,898 -<br>C\$2,542       | HK\$9,673 -<br>HK\$12,955  |  |   |  |                             |

|          |                  |  |                |                |                |
|----------|------------------|--|----------------|----------------|----------------|
| New York | Clerk            | US\$1,896 - HK\$14,789 -<br>US\$3,070 HK\$23,946 | Not applicable | Not applicable | Not applicable |
|          | Junior Secretary | US\$2,121 - HK\$16,544 -<br>US\$3,416 HK\$26,645 |                |                |                |
|          | Driver           | US\$2,523 - HK\$19,679 -<br>US\$2,945 HK\$22,971 |                |                |                |

**Notes :**

# In addition to basic salaries, staff employed on contract terms are provided with a 10% gratuity subject to satisfactory completion of the contract

\* Exchange rate as of 1 March 2001 is used.

(b) Although last year the US Congress passed and the former US President signed the legislation granting Permanent Normal Trade Relations (PNTR) status to China, the legislation will come into effect only after the President has certified that the terms and conditions for China's accession to the World Trade Organisation (WTO) as agreed multilaterally are at least equivalent to those agreed bilaterally between the US and China on the latter's accession to the WTO. Since the Mainland has yet to complete the WTO accession process, it is highly likely that the US Congress will again have a debate on whether to renew China's Normal Trade Relations (NTR) status this year. The three Hong Kong Economic and Trade Offices (ETOs) in the US, in particular the Washington Office, will still have to carry out lobbying activities in order to persuade the US Congress to renew China's NTR status again.

I would also like to point out that, even if the US Congress no longer need to debate on the renewal of China's NTR status in the future, the three ETOs in the US will still need to continue with their lobbying activities vis-a-vis the US Administration and Congress over Hong Kong / US bilateral issues.

As existing resources are used to fund the lobbying work, which covers a wide range of activities, we do not have separate figures on the relevant expenditure, nor can we provide estimates on this.

Name in block letters CHAU Tak Hay

Post Title Secretary for Commerce and Industry

Date 17 March 2001

(Translation)

Bureau Serial No.

CIB10

Question Serial No.

0437

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 96 – Government Secretariat : Overseas Offices

Subhead(No. & title) : -

Programme : (1) Commercial Relations  
(2) Public Relations  
(3) Inward Investment

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question : In 2001-02, there will be a decrease in the estimate of expenditure for the Overseas Offices on all three programmes, namely "Commercial Relations", "Public Relations" and "Inward Investment". Is the decrease due to the implementation of the Enhanced Productivity Programme, or the downsizing of the operation? How will the savings be used?

Asked by : Hon HUI Cheung-ching

Reply :

The draft estimate for 2001-02 in respect of the Overseas Offices is lower than the revised estimate for 2000-01. The decrease is mainly due to the following reasons –

- (a) Programme (1) Commercial Relations and Programme (2) Public Relations

The estimate for 2001-02 is \$2.9 million (2.8%) and \$2.6 million (2.6%) lower than the revised estimate for 2000-01 for Programme (1) and Programme (2) respectively. This is mainly due to more favourable exchange rates used for 2001-02 as compared with 2000-01, the transfer of two posts to Head 152 – Government Secretariat : Commerce and Industry Bureau in 2001-02 to cope with additional workload.



## (b) Programme (3) Inward Investment

The estimate for 2001-02 is \$6.2 million (13.4%) lower than the revised estimate for 2000-01. This is mainly due to the closure and downsizing of Invest Hong Kong Desks in some Economic and Trade Offices following a rationalisation of the resources of Invest Hong Kong deployed overseas. The resources so released will be redeployed to Head 79 – Invest Hong Kong in 2001-02. It is also due to more favourable exchange rates used for 2001-02 as compared with 2000-01.

In 2001-02, the total value of Enhanced Productivity Programme savings amounts to \$5.34 million (2.2% of total recurrent baseline expenditure), the bulk of which has already been reflected in the revised estimate for 2000-01. The savings are required to return to centre.

|                       |  |
|-----------------------|--|
| Name in block letters | <u>CHAU Tak Hay</u>                        |
| Post Title            | <u>Secretary for Commerce and Industry</u> |
| Date                  | <u>15 March 2001</u>                       |

Bureau Serial No.

CIB11

Question Serial No.

0791

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : Head 96 - Government Secretariat : Overseas Offices

Programme :

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question : Regarding consultancy studies for policy making and assessment commissioned by the departments/services under your Bureau,

(1) Was there any financial provision allocated for commissioning consultancy studies in 2000-01? If yes, please reply with the following details:

| Names of consultants<br>(if available) | Consultancy fees | Status of consultancy studies (in<br>plan/ in progress/ finished) |
|--|------------------|---|
|  |                  |   |

(2) Will there be any financial provision allocated for commissioning consultancy studies in 2001-02? If yes, please reply with the following details:

| Names of consultants<br>(if available) | Consultancy fees | Status of consultancy studies (in<br>plan/ in progress/ finished) |
|--|------------------|---|
|  |                  |   |

Asked by : Hon Cyd HO Sau-lan

Reply :

- (1) The details of the financial provision allocated for commissioning consultancy studies for policy making and assessment in 2000-01 are as follows –

| Name of consultants<br>(if available) | Consultancy fees | Status of consultancy studies (under<br>planning/ in progress/ completed) |
|---------------------------------------|------------------|---|
| 1. ECA China Ltd.                     | \$337,120        | Completed   |
| 2. White and Case LLP                 | \$678,000        | In progress   |

- (2) The details of the financial provision allocated for commissioning consultancy studies for policy making and assessment in 2001-02 are as follows –

| Name of consultants<br>(if available) | Consultancy fees | Status of consultancy studies (under<br>planning/ in progress/ completed) |
|---------------------------------------|------------------|---|
| White and Case LLP                    | \$1,300,000      | In progress   |

Name in block letters CHAU Tak Hay

Post Title Secretary for Commerce and Industry

Date 16 March 2001

(Translation)

Bureau Serial No.

CIB12

Question Serial No.

0896

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : Head 96 – Government Secretariat : Overseas Offices

Subhead(No. & title) : Subhead 002 Allowances

Programme : -

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question : How are the rates of individual items under Subhead 002 determined?

Asked by : Hon James TIEN Pei-chun

Reply :

Under Subhead 002 Allowances, the basis for determining the rates for various items is as follows –

| <u>Item</u>  | <u>Rate</u>   | <u>Basis for determining the rate</u>   |
|--|---|---|
| (a) Recruitment and Retention Allowance (for locally engaged staff in London)  | up to £1,224 per annum  | <p>In view of the similarity in functions and responsibilities of the locally engaged staff with those of the Department of Trade and Industry (DTI) in the UK, the Economic and Trade Office in London adopted the pay scale of DTI. The fringe benefits of the locally engaged staff are based on the local legislation and the employment practice including that of the DTI.</p> <p>At present, Item (a) Recruitment and Retention Allowance is only granted to those staff required to undertake other additional responsibilities, e.g. a junior secretary is required to perform accounting duties. As for Item (d), the grant of Special Allowance is to compensate the lack of staff welfare facilities in the office.</p> |
| (b) Employer's contributions to occupational pension scheme (for locally engaged staff in London)  | 1.0% of gross salary  |   |
| (c) Contributions to National Insurance (for locally engaged staff in London)  | 12.2% (maximum) of gross salary   |   |
| (d) Special allowance (for locally engaged staff in London)  | 20.0% of basic salary per month;<br>10.0% of basic salary for locally engaged staff engaged after 20 May 1987 |   |
| (e) Special posting allowance (for Hong Kong based staff in Brussels, Geneva, London, New York, San Francisco, Singapore, Sydney, Tokyo, Toronto and Washington) | rates for individual officers to be reviewed annually in accordance with an approved formula                  | <p>A marker rate is set for each overseas location by reference to the cost of living in the city concerned. The rate is equivalent to the allowance payable to a single Administrative Officer Staff Grade C, a rank which is represented at all overseas offices. On the basis of the marker rate, the level of allowance payable to individual officers is determined according to their rank and family status. The rate is adjusted annually in line with local inflation indices.</p>   |

| <u>Item</u>  | <u>Rate</u>                     | <u>Basis for determining the rate</u>  |
|--|---------------------------------|--|
| (f) Employer's contributions to local social security schemes, medical and dental insurance schemes, Workman Compensation, Provident Fund Schemes (for locally engaged staff in Brussels, New York, San Francisco, Singapore and Washington) | 20.0% of basic salary per month | Contributions to various schemes are based on local legislation and are consistent with local employment practice. |
| (g) Employer's contributions to pension and medical insurance schemes (for locally engaged staff in Geneva)  | 15.0% of basic salary per month |  |
| (h) Employer's contributions to health, pension, Social Security Contribution, Unemployment Insurance Schemes and Workmen's Compensation Insurance Schemes (for locally engaged staff in Sydney, Tokyo and Toronto)                          | 13.0% of basic salary per month |  |

Name in block letters CHAU Tak Hay

Post Title Secretary for Commerce and Industry

Date 16 March 2001

(Translation)

Bureau Serial No.

CIB13

Question Serial No.

0230

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 155 GS : Innovation and Subhead -  
Technology Commission (No. & title) :

Programme : 15501 Support for Research and Development

Controlling Officer : Commissioner for Innovation and Technology

Bureau Secretary : Secretary for Commerce and Industry

Question : How many inspection checks are conducted and what is the number of recipient organisations involved in 2000-01? What are the findings of these inspection checks? What is the Government's policy in conducting inspection checks and whether, for instance, they are conducted on a sampling or annual basis? What is the annual funding requirement for carrying out these inspection checks? How will the Government step up inspection checks in the coming year?

Asked by : Hon SIN Chung-kai

Reply :

Since the setting up of an inspection team under the Innovation and Technology Fund (ITF) in January 2000, we have conducted/are conducting inspection checks on five recipient organisations involving 14 projects. From these checks, we have identified some areas of non-compliance with the rules for using the ITF funds, such as failing to place the ITF funds into suitable accounts to generate interest, using funds not in accordance with the approved budget, scope or completion date. We have completed checks on 3 of these 5 recipient organisations, and a total of over \$4m has been or will be recovered.

Since there are about 150 ITF recipient organisations, it will not be possible to conduct checks on all of them on an annual basis. Our policy is to first target at those recipient organisations which have received the most ITF funding and we will also conduct checks on them more frequently. Moreover, in order to speed up our work so that we can complete the first round of checks on the major recipient organisations as soon as possible, where necessary, we will also engage external auditing firms to conduct such checks.

The notional annual mid-point salary of the inspection team for conducting these checks is about \$1.1m. In the coming year, we will step up our efforts at this front. We hope to increase the total number of recipient organisations to be checked. Hence, it may be necessary for us to outsource more of these checks to external auditing firms. This Commission has also employed additional staff to conduct more detailed checks and monitoring on the financial reports submitted by recipient organisations during the course and at the completion of the projects.

|                       |  |
|-----------------------|--|
| Name in block letters | Francis HO                                 |
| Post Title            | Commissioner for Innovation and Technology |
| Date                  | 17 March.2001                              |





After acceptance of the final report by this Commission, we will pass it to the Trade and Industry Department for consideration and implementation. The Trade and Industry Department will publish the report shortly after acceptance of the report.

|                       |   |
|-----------------------|---|
| Name in block letters | <u>Mrs. Sarah KWOK</u>                                  |
| Post Title            | <u>Commissioner for Innovation and Technology (Ag.)</u> |
| Date                  | <u>19 March 2001</u>                                    |

(Translation)

Bureau Serial No.

CIB15

Question Serial No.

1192

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 155 GS : Innovation and Subhead -  
Technology Commission (No. & title) :

Programme : 15501 Support for Research and Development

Controlling Officer : Commissioner for Innovation and Technology

Bureau Secretary : Secretary for Commerce and Industry

Question : What will be the staffing and financial resources used by the Innovation and Technology Commission in the new financial year for monitoring the progress and conducting inspection checks of the funded projects under the Innovation and Technology Support Programme (ITSP)?

Asked by : Hon Kenneth TING Woo-shou

Reply :

Part of the financial provision allocated for "Programme (1): Support for Research and Development" in 2001-02 is for administering the Innovation and Technology Support Programme under the Innovation and Technology Fund. We estimate that about 20 staff and financial resources of about \$13.7 million will be used by this Commission for the administration of the Innovation and Technology Support Programme, including monitoring of progress and conducting inspection checks of the funded projects.

Name in block letters Francis HO

Post Title Commissioner for Innovation and Technology

Date 16 March 2001



After the themes are drawn up, we will write to solicit applications from universities, industrial support organisations and research institutes in respect of the publicised themes. We will also publicise the themes widely. In order to be more responsive to the needs of the industry, we will accept applications outside the schedule for receiving the other normal applications and will speed up the processing of these solicited applications.

|                       |  |
|-----------------------|--|
| Name in block letters | Francis HO                                 |
| Post Title            | Commissioner for Innovation and Technology |
| Date                  | 17 March 2001                              |





Besides the above, this Commission have various publicity plans in 2001-02 to promote Government's technology funding schemes as a whole and we will include UICP in such publicity programmes. For example, we are producing a television series with the Radio Television Hong Kong on the successful examples of projects funded by HKSARG's technology funding schemes, including those under the UICP. We will also produce some newspaper supplements to introduce to the industry the availability of our technology funding programmes, including UICP.

This Commission will set aside \$1.7m in 2001-02 for publicising our technology funding schemes as a whole, including UICP.

|                       |  |
|-----------------------|--|
| Name in block letters | Francis HO                                 |
| Post Title            | Commissioner for Innovation and Technology |
| Date                  | 16 March 2001                              |





(Translation)

Bureau Serial No.

CIB20

Question Serial No.

1191

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 155 GS : Innovation and Subhead -  
Technology Commission (No. & title) :

Programme : 15502 Fostering University-Industry Collaboration

Controlling Officer : Commissioner for Innovation and Technology

Bureau Secretary : Secretary for Commerce and Industry

Question : (a) How many applications under the Teaching Company Scheme, Matching Grant for Joint Research and the Industrial Research Chair Scheme of the University-Industry Collaboration Programme have been received in the last financial year? How many such applications have been approved? What are the amounts of grant for the approved applications under these schemes?

(b) What are the expected amounts of grant in respect of these 3 schemes in the new financial year? What is the expected increase/decrease in the number of approved applications under these 3 schemes?

Asked by : Hon Kenneth TING Woo-shou

Reply :

- (a) In 2000-01, this Commission has received 15 and 36 applications under the Teaching Company Scheme and the Matching Grant for Joint Research respectively. We have not received any application under the Industrial Research Chair Scheme in the same year.

Of the applications received as mentioned above, 10 projects under the Teaching Company Scheme have been approved. As regards the Matching Grant for Joint Research, 12 out of the 27 processed applications have been supported.

The total approved amount for the above 22 funded projects is \$28m. Details of the approved amount for each project are set out at the Annex.

- (b) In 2001-02, we estimate that we would need to grant \$2.63m, \$56.12m and \$2.85m for projects to be funded under the Teaching Company Scheme, Matching Grant for Joint Research and the Industrial Research Chair Scheme respectively. The provision will not only cover the expenditure required in 2001-02 by the projects approved in that year, but also that required by the projects approved earlier on but are still on-going in 2001-02.

We expect that the number of applications to be approved under the 3 schemes will increase by 20% in 2001-02.

|                       |  |
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| Name in block letters | Francis HO                                 |
| Post Title            | Commissioner for Innovation and Technology |
| Date                  | 16 March 2001                              |

Bureau Serial No.

CIB20

Question Serial No.

1191

Annex

**Innovation and Technology Fund - University-Industry Collaboration Programme  
Details of the Approved Amount for Projects Received and Approved in 2000/2001**

| <u>No.</u>                               | <u>Ref.</u> | <u>Title</u>   | <u>Approved amount</u> |
|--|-------------|--|------------------------|
| <u>Teaching Company Scheme</u>           |             |  |                        |
| 1.                                       | UIT/005     | Study on the Adhesive Flip Chip Bonding on Flexible Substrates   | \$180,000              |
| 2.                                       | UIT/006     | Development of Analysis Techniques for Deposits and Baths for the Electroplating Industry  | \$245,000              |
| 3.                                       | UIT/008     | Design of the Next Generation Smart Card Wallet System   | \$189,000              |
| 4.                                       | UIT/009     | Data Mining in Temporal-Spatial Databases  | \$189,000              |
| 5.                                       | UIT/010     | Hard Chrome Plating for Piston   | \$189,000              |
| 6.                                       | UIT/012     | Control and Optimisation of Wastewater Treatment Process in a Paper Manufacturing Plant  | \$189,000              |
| 7.                                       | UIT/014     | Improved Positioning of Land Vehicle in ITS Using Digital Map and Other Accessory Information                                    | \$189,000              |
| 8.                                       | UIT/015     | Study on Anisotropic Conductive Films Bonding for Fine Pitch Flip Chip Interconnection   | \$180,000              |
| 9.                                       | UIT/017     | Enhancement of Plating Quality of Printed Circuit Board by Optimizing the Design of Industrial Plating Tanks                     | \$189,000              |
| 10.                                      | UIT/018     | A Detailed Study on the Solder Mask Materials for High Density Flexible Printed Circuit Board                                    | \$180,000              |
| <u>Matching Grant for Joint Research</u> |             |  |                        |
| 11.                                      | UIM/026     | Knowledge Extraction in Databases of Power System Control Centre Using Data-mining Techniques to Improve Operational Performance | \$442,920              |
| 12.                                      | UIM/028     | Advanced Badminton Technology Project  | \$925,000              |
| 13.                                      | UIM/029     | Studies of Bonding Devices for Microelectronic Packaging   | \$1,560,000            |
| 14.                                      | UIM/031     | Fleet Management System  | \$732,500              |
| 15.                                      | UIM/033     | Development of a Mechatronic Chess-playing System  | \$680,155              |
| 16.                                      | UIM/039     | Prediction and Abatement of Train Noise in a Dense High-rise City  | \$696,000              |
| 17.                                      | UIM/040     | Isolation and Identification of Neurologically Active Constituents from Traditional Chinese Medicine(TCM)                        | \$818,300              |
| 18.                                      | UIM/042     | Therapeutic Effects of PienTze Huang Without Natural Musk on Hepatitis   | \$480,000              |
| 19.                                      | UIM/044     | Development of a Novel, Reliable and Cost-Effective Molecular Detection Kit for Avian Influenza Virus                            | \$866,000              |
| 20.                                      | UIM/047     | Program for Embedded Passives on Flexible Tape Substrates  | \$14,584,500           |
| 21.                                      | UIM/048     | A Building Integrated Photovoltaics School Design and HK Schools Solar Power Education Programme                                 | \$2,905,000            |
| 22.                                      | UIM/050     | Design of a Multi-Standard Audio Processor   | \$1,394,515            |
| <b>Total approved amount :</b>           |             |  | <b>\$28,003,890</b>    |

(Translation)

Bureau Serial No.

CIB21

Question Serial No.

0231

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 155 Government Secretariat : Subhead -  
Innovation and Technology (No. & title) :  
Commission

Programme : 15504 Planning for Innovation and Technology Development

Controlling Officer : Commissioner for Innovation and Technology

Bureau Secretary : Secretary for Commerce and Industry

Question : What progress of work has been made by the Council of Advisors on Innovation and Technology (CAIT) and the Financial Secretary's Inter-bureau Committee (FSIBC) since their establishment? What are the number of meetings held and issues discussed? What progress of work has been made by the three committees set up under CAIT to examine issues related to biotechnology, information technology and Hong Kong-Mainland technological collaboration? When will the Government publish the research findings and the work reports of CAIT and its committees and FSIBC?

Asked by : Hon SIN Chung-kai

Reply : The Council of Advisors on Innovation and Technology (CAIT) and the Financial Secretary's Inter-bureau Committee on Innovation and Technology have each held three meetings so far. They have discussed a wide variety of subjects related to innovation and technology. They include issues related to human resources development, provision of technological infrastructure, funding support for applied research and development, etc..

The three committees established under the CAIT have been actively examining issues under their respective ambits. For example, a snapshot study on the biotechnology capabilities of Hong Kong was commissioned by the Committee on Biotechnology last year. The Government is considering the recommendations of the study. The other two committees are continuing their examination and discussion on issues within their purview, with a view to formulating recommendations to the CAIT. As regards the publication of any study result or report, we will make appropriate pronouncement in due course.

|                       |  |
|-----------------------|--|
| Name in block letters | Francis Ho                                 |
| Post Title            | Commissioner for Innovation and Technology |
| Date                  | 16 March 2001                              |







The Innovation and Technology Commission considered the proposal from the design associations viable and sustainable, and that the Design Centre should be able to promote the design industry and its competitiveness in the region as a service industry. The Government has reserved \$10m under the Special Coin Suspense Account to support the initial operating expenses of the project, and will make available the heritage building at 28 Kennedy Road for the Design Centre. The support is subject to the design associations being able to incorporate a company limited by guarantee to receive and apply the allocation and manage the project to fulfill its public mission. The design associations concerned are also separately seeking a donation of \$6m from the Hong Kong Jockey Club Charities Trust (HKJC) to cover capital cost for the setting up of the Centre.

|                       |  |
|-----------------------|--|
| Name in block letters | Francis HO                                 |
| Post Title            | Commissioner for Innovation and Technology |
| Date                  | 15 March 2001                              |



We will engage the selected consulting firm shortly. The study will commence in April this year and will take about nine months to complete. The approved commitment for the consultancy study is \$5.5m.

|                       |  |
|-----------------------|--|
| Name in block letters | Francis HO                                 |
| Post Title            | Commissioner for Innovation and Technology |
| Date                  | 17 March 2001                              |



Hong Kong Design Centre will be committed to the following activities :

- (a) promote design as a value added activity and integrate it into mainstream business processes;
- (b) establish the Design Centre as a focal point for design related activities in Hong Kong;
- (c) foster the best design related education in the region;
- (d) raise the design standard among the local design community;
- (e) promote awareness of the value of design in the local community; and
- (f) raise the profile of Hong Kong as an innovative and creative hub in Asia.

Through the above activities, we believe the Design Centre can enhance the competitiveness of the design industry of Hong Kong in the region and contribute to Hong Kong's innovation development.

|                       |  |
|-----------------------|--|
| Name in block letters | Francis HO                                 |
| Post Title            | Commissioner for Innovation and Technology |
| Date                  | 16 March 2001                              |



The scope of the consultancy study will include the review on the HKPC's cost structure and pricing policy to ensure that there would not be unfair competition between the HKPC and private sector organizations.

|                       |  |
|-----------------------|--|
| Name in block letters | Francis HO                                 |
| Post Title            | Commissioner for Innovation and Technology |
| Date                  | 15 March 2001                              |

(Translation)

Bureau Serial No.

CIB27

Question Serial No.

1190

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 155 GS : Innovation and Subhead -  
Technology Commission (No. & title) :

Programme : 15505 Infrastructural Support

Controlling Officer : Commissioner for Innovation and Technology

Bureau Secretary : Secretary for Commerce and Industry

Question : When will the Hong Kong Jockey Club Institute of Chinese Medicine Ltd. (HKJCICM) be established under the Applied Science and Technology Research Institute (ASTRI) and come into operation formally?

Will there be any provision earmarked for the HKJCICM in the coming year? If yes, what will be the amount of provision? When will the Government start to provide funding support?

What is the estimated annual operational cost of the HKJCICM?

Asked by : Hon Kenneth TING Woo-shou

Reply :

The drafting of the Memorandum and Articles of Association of the HKJCICM to be established under the ASTRI has entered its final stage. The HKJCICM and its Board of Directors will soon be established and come into operation formally. Apart from the research programmes and other relevant tasks of the HKJCICM which will be met by the Hong Kong Jockey Club's donation of HK\$500m, the non-recurrent expenditure and the basic operating cost of the HKJCICM will be met by the ASTRI budget, which in turn is wholly funded by the Government. The estimate of the ASTRI budget for the year 2001-02 is HK\$94.21m, and the estimated provision for the HKJCICM's first year of operation (i.e. 2001-02) is HK\$10m. The funding requirement of the HKJCICM for meeting its annual operating cost in future years will be determined by its Board of Directors to be established.

Name in block letters

Francis HO

Post Title

Commissioner for Innovation and Technology

Date

15 March 2001



(Translation)

Bureau Serial No.

CIB28

Question Serial No.

0232

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 155 GS : Innovation and Technology Commission      Subhead : 000 Operational expenses  
(No. & title) :

Programme :

Controlling Officer : Commissioner for Innovation and Technology

Bureau Secretary : Secretary for Commerce and Industry

Question : Please explain in detail the increase in General Departmental Expenses under Subhead 000 Operational Expenses.

Asked by : Hon SIN Chung-kai

Reply :

The increase in General Departmental Expenses under Subhead 000 – Operational Expenses is mainly due to the full-year provision of expenditure in 2001-02, as compared to the 9-month provision in 2000-01 required by the Innovation and Technology Commission which was established on 1 July 2000.

|                       |  |
|-----------------------|--|
| Name in block letters | Francis HO                                 |
| Post Title            | Commissioner for Innovation and Technology |
| Date                  | 17 March 2001                              |

(Translation)

Bureau Serial No.

CIB29

Question Serial No.

0462

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 155 GS : Innovation and Subhead  
Technology Commission (No. & title) :

Programme :

Controlling Officer : Commissioner for Innovation and Technology

Bureau Secretary : Secretary for Commerce and Industry

Question : The total expenditure of the Innovation and Technology Commission in 2001-02 will be \$142,748,000. How much is to be spent on recurrent and non-recurrent consultancy studies respectively? Please list out the title and the fees of the consultancy studies to be conducted in 2001-02.

Asked by : Hon Eric LI Ka-cheung

Reply : The non-recurrent consultancy studies that will be conducted by the Commission in 2001-02 and their provision are as follows:-

|     | <u>Title</u>  | <u>Provision</u> |
|-----|---|------------------|
| (a) | Consultancy study on environmental technology industry in Hong Kong;        | \$3.7m           |
| (b) | Consultancy study on Hong Kong – Mainland technological collaboration;      | \$3.0m           |
| (c) | Consultancy study on biotechnology industry in Hong Kong; and               | \$1.3m           |
| (d) | Techno-economic and market research study on textiles and clothing industry | \$0.3m           |
|     |   | <hr/>            |
|     |   | \$8.3m           |

There is no plan to carry out any recurrent consultancy study in 2001-02.

|                       |  |
|-----------------------|--|
| Name in block letters | Francis HO                                 |
| Post Title            | Commissioner for Innovation and Technology |
| Date                  | 16 March 2001                              |

Bureau Serial No.

CIB30

Question Serial No.

0789

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 155 GS : Innovation and Subhead -  
Technology Commission (No. & title) :

Programme :

Controlling Officer : Commissioner for Innovation and Technology

Bureau Secretary : Secretary for Commerce and Industry

Question : Regarding consultancy studies for policy making and assessment commissioned by the departments/services under your Bureau,

- (1) Was there any financial provision allocated for commissioning consultancy studies in 2000-01? If yes, please reply with the following details:

| Names of consultants<br>(if available) | Consultancy fees | Status of consultancy studies<br>(in plan/in progress/finished) |
|--|------------------|---|
|  |                  |   |

- (2) Will there be any financial provision allocated for commissioning consultancy studies in 2001-02? If yes, please reply with the following details:

| Names of consultants<br>(if available) | Consultancy fees | Status of consultancy studies<br>(in plan/in progress/finished) |
|--|------------------|---|
|  |                  |   |

Asked by : Hon Cyd HO Sau-lan

Reply :

- (1) Payments made by the Innovation and Technology Commission in 2000-01 for commissioning consultancy studies are :

| Names of consultants<br>(if available)  | Consultancy fees | Status of consultancy studies<br>(in plan/in progress/finished) |
|---|------------------|---|
| (a) Segal Quince Wicksteed (Asia) Ltd   | \$2,049,500      | completed   |
| (b) A team comprising three overseas experts namely, Sir Colin Dollery, Dr Kenneth Fong and Professor Savio Woo | \$975,407        | completed   |
| (c) Arthur Anderson & Co  | \$4,738,000      | in progress   |

- (2) The funds allocated to Innovation and Technology Commission in 2001-02 for commissioning consultancy studies are :

| Names of consultants<br>(if available) | Consultancy fees | Status of consultancy studies<br>(in plan/in progress/finished) |
|--|------------------|---|
| (a) Arthur Anderson & Co               | \$346,000        | in progress   |
| (b) Not available                      | \$8,000,000      | under planning  |

Name in block letters

Francis HO

Post Title

Commissioner for Innovation and Technology

Date

17 March 2001

Bureau Serial No.

CIB31

Question Serial No.

1361

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 155 GS : Innovation and Technology Commission      Subhead  
(No. & title) :

Programme :

Controlling Officer : Commissioner for Innovation and Technology

Bureau Secretary : Secretary for Commerce and Industry

Question : In 2000, under the various programme areas of the Commission, how many (a) applications received and processed; and (b) projects funded and being monitored are relevant to (1) genetic engineering and (2) waste incineration technologies? What are the details of them?

Asked by : Hon Cyd HO Sau-lan

Reply :

In 2000, this Commission received, in respect of our various programme areas, no applications in genetic engineering and one application relating to waste incineration technologies under the Innovation and Technology Fund.

In the same year, we monitored one project relating to genetic engineering which was approved in 1996. In respect of waste incineration technologies, we only funded and monitored the single project mentioned above. Details of these two projects monitored are at the Annex.

Name in block letters

Francis HO

Post Title

Commissioner for Innovation and Technology

Date

17 March 2001

Bureau Serial No.

CIB31

Question Serial No.

1361

**Annex**

**Details of Projects relating to Genetic Engineering and Waste Incineration  
Technologies Funded and/or Monitored under the Innovation and Technology Fund  
in 2000**

**A. Project relating to Genetic Engineering**

| <b>No.</b>   | <b>Ref.</b> | <b>Title</b>  | <b>Approved amount</b> |
|--|-------------|---|------------------------|
| <u>Innovation and Technology Support Programme (Programme Area (1) for the Commission)</u> |             |   |                        |
| 1.   | AF/138/96   | Vaccine Biotechnology: Genetically Engineered Chimeric Protein Vaccine Against Foot-and-Mouth Disease | \$3,517,000            |
| <b>Total:</b>  |             |   | <b>\$3,517,000</b>     |

**B. Project relating to Waste Incineration Technologies**

| <b>No.</b>   | <b>Ref.</b> | <b>Title</b>  | <b>Approved amount</b> |
|--|-------------|---|------------------------|
| <u>University-Industry Collaboration Programme (Programme Area (2) for the Commission)</u> |             |   |                        |
| 1.   | UIM/013     | Integrated Co-Combustion Cement Production Facility for Optimum Energy Usage and Waste Minimisation | \$8,991,284            |
| <b>Total:</b>  |             |   | <b>\$8,991,284</b>     |

Bureau Serial No.

CIB32

Question Serial No.

0284

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 31 Customs and Excise Department

Subhead(No. & title) : 103 Rewards and Special Services

Programme : (1) Control and Enforcement (2) Anti-narcotics Investigation  
(3) Intellectual Property Rights and Consumer Protection  
(4) Revenue Protection and Collection (5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Security / Secretary for Commerce and Industry /  
Secretary for the Treasury

Question : Please give the breakdowns for the following items in the past year: the total expenditure on payment to informers, the biggest amount paid as informer fee, the number of informers who received the payment, the staffing expenses and number of staff.

Asked by : Hon James TO Kun-sun

Reply :

Expenditure under subhead 103 "Rewards and Special Services" includes payments of rewards, special services and operational expenses incurred in covert operations. It would not be appropriate to reveal details under this subhead because further disclosure would compromise the operational effectiveness of our investigations.

Name in block letters LI WAI-MAN

Post Title Commissioner of Customs & Excise (Ag)

Date 15 March 2001

Bureau Serial No.

CIB33

Question Serial No.

0285

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 31 Customs and Excise Department

Subhead(No. & title) : 103 Rewards and Special Services

Programme : (1) Control and Enforcement (2) Anti-narcotics Investigation  
(3) Intellectual Property Rights and Consumer Protection  
(4) Revenue Protection and Collection (5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Security/Secretary for Commerce and Industry  
/Secretary for the Treasury

Question : Please give the percentage of the expenditure on payment to informers in the total expenditure under the above subhead.

Asked by : Hon James TO Kun-sun

Reply :

Expenditure under subhead 103 "Rewards and Special Services" includes payments of rewards, special services and operational expenses incurred in covert operations. It would not be appropriate to reveal details under this subhead because further disclosure would compromise the operational effectiveness of our investigations.

Name in block letters LI WAI-MAN

Post Title Commissioner of Customs & Excise (Ag)

Date 15 March 2001



Bureau Serial No.

CIB34

Question Serial No.

0286

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 31 Customs and Excise Department

Subhead(No. & title) : 103 Rewards and Special Services

Programme : (1) Control and Enforcement (2) Anti-narcotics Investigation  
(3) Intellectual Property Rights and Consumer Protection  
(4) Revenue Protection and Collection (5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Security / Secretary for Commerce and Industry /  
Secretary for the Treasury

Question : Please advise the number of reward payments made under the above subhead in the past year.

Asked by : Hon James TO Kun-sun

Reply :

The number of reward payments made under subhead 103 "Rewards and Special Services" in the first eleven months of 2000-2001 was 56.

Name in block letters LI WAI-MAN

Post Title Commissioner of Customs & Excise (Ag)

Date 16 March 2001

Bureau Serial No.

CIB35

Question Serial No.

0760

Examination of draft Estimates of Expenditure 2001-02  
**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 31 Customs and Excise Department

Subhead(No. & title) : N.A.

Programme : (1) Control and Enforcement (2) Anti-narcotics Investigation  
(3) Intellectual Property Rights and Consumer Protection  
(4) Revenue Protection and Collection (5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Security/Secretary for Commerce and Industry  
/Secretary for the Treasury/Secretary for Economic Services

Question : Out of the 132 posts to be deleted by the Customs in the coming year, 76 are to be deleted for the Enhanced Productivity Programme. Will the reduction of the posts unduly affect the overall operation of the Customs?

Asked by : Hon Kenneth TING Woo-shou

Reply :

The deletion of the 132 posts does not affect the operational efficiency of the Customs. The 76 posts to be deleted under the EPP in 2001-02 is made possible through a series of measures to improve our efficiency and productivity, including –

- (a) rationalisation of manpower deployment;
- (b) streamlining of work procedures;
- (c) re-distribution of duties;
- (d) improving productivity through office automation and application of information technology;
- (e) enhancement of efficiency through a wider application of the intelligence-based mode of operation;

- (f) civilianisation of harbour launch crew; and
- (g) transfer of prosecution work at magistracy level to the Department of Justice.

The other 56 posts to be deleted outside the EPP context is mainly due to the completion of a number of short-term projects and implementation of several computer systems.

|                       |  |
|-----------------------|--|
| Name in block letters | <u>LI WAI-MAN</u>                                |
| Post Title            | <u>Commissioner of Customs &amp; Excise (Ag)</u> |
| Date                  | <u>16 March 2001</u>                             |

Bureau Serial No.

CIB36

Question Serial No.

1023

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 31 Customs and Excise Department

Subhead (No. & title) : N.A.

Programme : (1) Control and Enforcement

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Commerce and Industry/ Secretary for Security  
/Secretary for the Treasury

Question : While the Immigration Department will employ additional staff for passenger clearance, will the Customs make any corresponding manpower arrangement to raise the overall efficiency of passenger clearance?

Asked by : Hon Kenneth TING Woo-shou

Reply :

The Customs deploys risk management in passenger clearance. In the light of the increase in passenger traffic at the land boundary control points, we have established through internal redeployment of resources a new Control Points Investigation Division (CPID) comprising 34 officers since 28 February 2001 to strengthen our interdiction and intelligence capabilities for passenger and cargo clearance. In addition, we will flexibly deploy our manpower resources to conduct special operations at various control points from time to time.

Name in block letters LI WAI-MAN

Post Title Commissioner of Customs & Excise (Ag)

Date 16 March 2001

Examination of draft Estimates of Expenditure 2001-02  
**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 31 Customs and Excise Department

Subhead(No. & title) : N.A.

Programme : (1) Control and Enforcement

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Commerce and Industry / Secretary for Security /  
Secretary for the Treasury

Question : For cargo clearance, what changes in manpower and hardware support will the Customs introduce to boost the efficiency of cargo clearance? What will be the manpower and resources involved in the above changes?

Asked by : Hon Kenneth TING Woo-shou

Reply :

The following additional resources have been provided to the Department in 2001-02 to strengthen our capability for cargo clearance –

- (a) \$1.9 m (cash flow requirement for 2001-02 is \$0.2 m) for procuring one mobile X-ray van for the Cargo Examination Team at the Kowloon Railway Unit to enhance operational efficiency and detection capability;
- (b) \$2.3 m for procuring one set of open-type X-ray inspection system for the Airport Command to enhance the efficiency in inspecting bulky cargo and other cargo of unusual shape or oversized height and weight;
- (c) \$14.1 m earmarked for implementation of an Automatic Vehicle Recognition System in March 2002 in phases at Lok Ma Chau, Man Kam To and Sha Tau Kok Control Points;

- (d) \$3.4 m being the balance payment for two sets of mobile X-ray vehicle scanning system for Man Kam To and Sha Tau Kok Control Points to be delivered in June 2001 to facilitate the examination of container cargo; and
- (e) \$9.2 m for recurrent departmental expenses of phase I of the Electronic Data Interchange System for Cargo Manifests which upon full implementation in phase II in 2004, will speed up the Customs clearance process.

Name in block letters LI WAI-MAN

Post Title Commissioner of Customs & Excise (Ag)

Date 17 March 2001

Bureau Serial No.

CIB38

Question Serial No.

0413

Examination of draft Estimates of Expenditure 2001-02  
**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 31 Customs and Excise Department

Subhead (No. & title) : N.A.

Programme : (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Commerce and Industry

Question : Customs will implement new operational strategies and control measures to step up enforcement action against copyright piracy. Will the new strategies involve any new expenses or re-deployment of manpower for support?

Asked by : Hon LAU Wong-fat

Reply :

We shall deploy our existing resources flexibly to implement the new operational strategies and control measures to combat copyright piracy activities. No new expenses or re-deployment of manpower for support is involved.

Name in block letters LI WAI-MAN

Post Title Commissioner of Customs & Excise (Ag)

Date 17 March 2001

Bureau Serial No.

CIB39

Question Serial No.

0414

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 31 Customs and Excise Department

Subhead(No. & title) : N.A.

Programme : (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Commerce and Industry

Question : What is the Customs' total expenditure on the establishment of the computer forensic laboratory? When will it officially commence operation? Will the Customs consider setting up a trans-departmental forensic laboratory in co-operation with other departments for reduced expenses and higher efficiency?

Asked by : Hon LAU Wong-fat

Reply :

The total non-recurrent cost for the establishment of our computer forensic laboratory is \$6.6m which comprises the \$4m allocation for 2001-02 under CWRP Head 710 and our internal redeployment of \$2.6m in 2000-01. In addition, a recurrent cost of \$0.55m per annum is required for the operating cost of the laboratory.

The laboratory commenced operation in November 2000.

The laboratory will serve to provide specialised forensic processing on seized computer items, and research and development of new means and tools to combat computer crimes offences relevant to Customs. We do not envisage the need for other departments to make use of this laboratory. We shall, however, share our experience with other departments.

Name in block letters LI WAI-MAN

Post Title Commissioner of Customs & Excise (Ag)

Date 17 March 2001



Bureau Serial No.

CIB40

Question Serial No.

0461

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 31 Customs and Excise Department

Subhead (No. & title) : N.A.

Programme : (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Commerce and Industry

Question : While copyright piracy activities have generally been suppressed, intellectual property rights infringement relating to computer products, such as computer compact discs and computer video compact discs, still exists. What will be the allocation of expenditure to the deployment of resources for suppression of such illegal activities under programme (3) and how will the resources be utilized?

Asked by : Hon Eric LI Ka-cheung

Reply :

Under Programme (3), out of the financial provision of \$265.6 m in 2001-02, an amount of \$167.20 m (63%) is allocated for the suppression of all types of copyright infringement activities, including those relating to computer products. We do not keep separate statistics on the exact share of the allocation to computer products.

The resources are utilized to –

- (a) conduct syndicated and front-line investigations and raiding operations;
- (b) collect and analyze intelligence;
- (c) conduct inspections on optical disc factories;
- (d) process complaints lodged by rights owners and members of the general public;
- (e) provide support services to seizure identification and verification; and
- (f) control the import and export of optical disc mastering and replication equipment.

Name in block letters

LI WAI-MAN

Post Title

Commissioner of Customs & Excise (Ag)

Date

17 March 2001

Bureau Serial No.

CIB41

Question Serial No.

0756

Examination of draft Estimates of Expenditure 2001-02  
**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 31 Customs and Excise Department

Subhead (No. & title) : N.A.

Programme : (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Commerce and Industry/Secretary for Economic Services

Question : The Customs' estimated expenditure for programme (3) will decrease by \$11.9 million (4.3%) mainly due to the deletion of 35 temporary posts upon completion of a project on intellectual property rights (IPR) protection. What is the said IPR project? Furthermore, 10 posts under programme (3) will be deleted under the Enhanced Productivity Programme. Will the arrangement adversely affect the protection of IPR and consumer rights?

Asked by : Hon Kenneth TING Woo-shou

Reply :

The intellectual property rights (IPR) project relates to logistics support and clearance of backlog of seized goods pending identification. These cases had accumulated as a result of the stepped up enforcement actions against IPR infringement activities in previous years.

Of the ten posts to be deleted from Programme (3) under the Enhanced Productivity Programme (EPP), eight are related to IPR protection work.

The deletion of the 35 temporary posts and the eight posts relating to IPR protection work under the EPP will not adversely affect our effectiveness on IPR protection for the following reasons –

- (a) as a result of strengthened legislation and our vigorous enforcement actions, piracy activities in Hong Kong at manufacturing and retail levels are shrinking rapidly;

- (b) the backlog of seized goods pending identification has been greatly reduced as a result of the addition of the temporary posts and the streamlining of procedures to shorten the time for identification of seized goods; and
- (c) we have created 52 temporary posts in 2000-01 for 33 months up to end of 2002-03 to expedite the handling and sorting of seized pirated and counterfeit goods

Of the ten posts to be deleted from Programme (3), two are related to consumer protection. The deletion is made possible by rationalizing the operational strategy and practice to improve productivity in the Weights and Measures Unit of our Trading Standards Investigation Bureau. It has no adverse effect on our consumer protection work.

|                       |  |
|-----------------------|--|
| Name in block letters | <u>LI WAI-MAN</u>                                |
| Post Title            | <u>Commissioner of Customs &amp; Excise (Ag)</u> |
| Date                  | <u>16 March 2001</u>                             |

Bureau Serial No.

CIB42

Question Serial No.

0758

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 31 Customs and Excise Department

Subhead (No. & title) : N.A.

Programme : (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Commerce and Industry

Question : What will be the additional manpower and resources allocated by the Customs to the suppression of toy piracy activities for the new financial year? Furthermore, what are the record, actual expenditure and achievements (value for money) in respect of the Customs' efforts against toy piracy in the previous financial year?

Asked by : Hon Kenneth TING Woo-shou

Reply :

We shall devote similar level of resources in the new financial year to combat toy piracy activities. In 2000, Customs effected 19 cases concerning pirated toys, with a seizure of 20,007 pirated toys and a total of 28 persons arrested.

|                       |   |
|-----------------------|---|
| Name in block letters | <u>JOHN C TSANG</u>                         |
| Post Title            | <u>Commissioner of Customs &amp; Excise</u> |
| Date                  | <u>19 March 2001</u>                        |

Bureau Serial No.

CIB43

Question Serial No.

0799

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 31 Customs and Excise Department

Subhead (No. & title) : N.A.

Programme : (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Commerce and Industry

Question : What is the reason for the estimated decrease of 13.8% in the number of spot checks on optical disc factories conducted from 348 in 2000 to 300 in 2001?

Asked by : Hon Henry WU King-cheong

Reply :

We stepped up our checks on optical disc factories in 2000 following the discovery of a licensed factory manufacturing pirated discs. The situation is now under control. We will return to our normal checking schedule in 2001. However, if the need for more frequent inspection should arise, we will redeploy our resources to step up checks again.

Name in block letters JOHN C TSANG

Post Title Commissioner of Customs & Excise

Date 19 March 2001

Bureau Serial No.

CIB44

Question Serial No.

1021

Examination of draft Estimates of Expenditure 2001-02  
**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 31 Customs and Excise Department

Subhead(No. & title) : N.A.

Programme : (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Bureau Secretary : Secretary for Commerce and Industry

Question : Please advise upon completion of which intellectual property protection project the 35 temporary posts will be deleted.

Asked by : Hon Mrs Selina CHOW LIANG Shuk-ye

Reply :

The project relates to logistics support and clearance of backlog of seized goods pending identification. These cases had accumulated as a result of the stepped up enforcement actions against intellectual property rights infringement activities in previous years.

Name in block letters LI WAI-MAN

Post Title Commissioner of Customs & Excise (Ag)

Date 16 March 2001

Bureau Serial No.

CIB45

Question Serial No.

1105

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN QUESTION**

Head 78 Intellectual Property Department      Subhead (No. & title) : 000 Operational  
: expenses  
Programme :

Controlling Officer : Director of Intellectual Property

Bureau Secretary : Secretary for Commerce and Industry

Question : What are the reasons for the revised estimate for departmental expenses under Subhead 000 Operational expenses being higher than the original estimate for 2000-01?

Asked by : Hon. SIN Chung-kai

Reply : The Original Estimate for 2000-01 was \$13,297,000. The Revised Estimate for 2000-01 is \$15,914,000.

The increase of \$2,617,000 (19.7%) is mainly due to an unforecast 30% increase in service demand, resulting in the need for salary payments for additional contract staff and the related administrative support, for example, publications, telephone charges, staff training etc.

Name in block letters Stephen SELBY

Post Title Director of Intellectual Property

Date 17 March 2001

Bureau Serial No.

CIB46

Question Serial No.

1103

Examination of draft Estimates of Expenditure 2001-02  
**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 78 Intellectual Property Dept.      Subhead (No. & title) :

Programme : (1) Statutory Functions

Controlling Officer : Director of Intellectual Property

Bureau Secretary : Secretary for Commerce & Industry

Question : The number of standard patents granted has increased from 2,502 in 1999 to 2,737 in 2000. However, the estimated number of standard patents to be granted in 2001 is 2,000 only, which is lower than the level in 2000. What is the reason for the decrease? Moreover, the number of short-term patents to be granted in 2001 is estimated to be 190, as compared to 233 in 2000. What is the reason for the decrease? Does the department consider that the aim of the establishment of the registration system for short-term patents has already been achieved?

Asked by : Hon Mrs Selina CHOW LIANG Shuk-yee

Reply : A drop in the number of standard patents to be granted in 2001 is envisaged because the backlog of transitional applications has been cleared. Transitional applications are those filed under the old patent system carried over to the new patent system established in 1997.

A drop in the number of short-term patents to be granted in 2001 is envisaged because the backlog of applications has been cleared. In addition, the applicant may request to defer the grant of a short-term patent for a period specified in the application on his own volition. Based on past experience in the deferral of grant, we envisage a smaller number of short-term patent granted than the estimated number of applications received.



The aim of establishing the short-term patent system is to grant patent protection to inventions as easily and quickly as possible. The number of short-term patent applications received in 1998, 1999 and 2000 is 113, 175 and 274 respectively. There is a steady increase in the number of applications received, which reflects its popularity. We therefore consider that we have by and large achieved our aim of establishing the registration system for short-term patents.

Name in block letters Stephen SELBY  
Post Title Director of Intellectual Property  
Date 17 March 2001

Bureau Serial No.

CIB47

Question Serial No.

1104

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 78 Intellectual Property Department    Subhead (No. & title) : -

Programme : (1) Statutory Functions

Controlling Officer : Director of Intellectual Property

Bureau Secretary : Secretary for Commerce and Industry

Question : How many international intellectual property (IP) activities did the Department participate in the past three years? Did the Department allocate any funds to promote the participation of representatives from the private sector in such activities? If so, please provide the details.

Asked by : Hon Mrs Selina CHOW LIANG Shuk-ye

Reply : The department participated in the following number of international IP activities in the past three years -

| <u>Year</u> | <u>No. of activities</u> |
|-------------|--------------------------|
| 1998        | 15                       |
| 1999        | 13                       |
| 2000        | 13                       |

Of these, nine are open to private sector participation. No subsidy has been granted to private sector participation in such activities.

Name in block letters Stephen SELBY

Post Title Director of Intellectual Property

Date 17 March 2001



Bureau Serial No.

CIB49

Question Serial No.

0322

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 79 Invest Hong Kong

Subhead  
(No. & title) :

Programme : Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Bureau Secretary : Secretary for Commerce and Industry

Question : What are the details of the new operation mode of the Invest Hong Kong (InvestHK) in respect of the review of the non-directorate grade supporting staff, the resources allocated to the Overseas Investment Promotion Units for investment promotion, the resources for investment promotion by the InvestHK, and the overall institutional arrangements between the InvestHK headquarters, the Economic and Trade Offices and the Trade Development Council overseas offices?

Asked by : Prof Hon NG Ching-fai

Reply :

Invest Hong Kong (InvestHK) began operating under the new mode on 8 January 2001. The Department now seeks to be more responsive to investors by being proactive and business oriented, and the division of work in the organization is sector-based, and not based on geographical areas as in the past. The priority economic sectors are - financial services, trade related services, transportation, telecommunications, business and professional services, information technology, media and multi-media, technology (especially electronics and biotechnology) and tourism and entertainment. InvestHK has moved from a geography-based to a sector-based mode of operation in early January. Under the new mode of operation, InvestHK seeks to: (a) respond more positively to requests for assistance from potential investors approaching the Government on their own initiative; (b) proactively identify and approach target companies in the nine priority economic sectors; (c) provide a supportive aftercare service; and (d) build up a corporate identity that would in turn promote Hong Kong's profile as an ideal investment location and the best place to do business.

The Head Office comprises three divisions, each headed by an Associate Director-General. Two of the divisions focus exclusively on marketing activities. Each has four teams, headed by an Investor Relations Manager (IRM) supported by two Investor Support Officers (ISO). Each team deals with one or more priority economic sectors and all investment relations work arising therefrom, including fielding enquiries; identifying targets for proactive approach; and aftercare. The third division comprises two teams and deals with marketing activities for other sectors and special projects. In addition, it provides other corporate services. From 1 April 2001, the overseas Economic and Trade Offices will be staffed as follows: New York, 1 IRM and 2 ISOs; San Francisco, 1 IRM & 2 ISOs; London, 1 IRM and 1 ISO; Tokyo, 1 IRM and 1 ISO; Brussels; 1 ISO (subject to review in a year's time); and Sydney, 1 ISO (subject to review in a year's time).

Separately, the Department is embarking on a series of public relations and image building activities, including participating in two international yacht races - the BT Global Challenge and the New World Challenge, and sponsoring the FORTUNE Global Forum. Proactive investment attraction measures include raising Hong Kong's profile through the media, PR, special high profile events and through advertising. Interested companies identified through these activities are then assisted to come to Hong Kong. Towards this, a fourth Associate Director-General has been provided up to March 2003 to focus on PR and image building.

The Head Office now relates directly with the Heads of Overseas Offices (HOO) on promotion of inward investment. Investment promotion work is now an element of ETO functions such that the investment promotion staff at ETOs report directly to the HOOs. InvestHK Head Office will agree in advance a business plan for the next financial year with each HOO, having regard to the size of the dedicated investment promotion team and other staffing resources, including agreed ETO research commitment and the specific target sectors.

While InvestHK has been established to spearhead Hong Kong's efforts to attract foreign direct investment (FDI), promoting Hong Kong in general and attracting FDI in particular require the joint efforts of everybody, particularly InvestHK's strategic partners such as the ETOs and the Hong Kong Trade & Development Council (HKTDC)'s network of overseas offices.

In general InvestHK promotes investment, and HKTDC promotes trade, but there is considerable scope for cooperation and synergy, for the benefit of Hong Kong.

Name in block letters : M J T Rowse

Post Title : Director-General of Investment Promotion

Date : 17 March 2001

Bureau Serial No.

CIB50

Question Serial No.

0373

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 79 Invest Hong Kong                      Subhead                      700, Item 003  
(No. & title) :                      General Other non-recurrent

Programme :                      Investment Promotion

Controlling Officer :                      Director-General of Investment Promotion

Bureau Secretary :                      Secretary for Commerce and Industry

Question :                      It is estimated that \$2,500,000 will be spent on hosting the FORTUNE Global Forum under the general other non-recurrent capital account for 2000-01. Please specify how the money is to be spent.

Asked by :                      Hon Bernard CHAN

Reply :

Of the \$2.5 million, \$2.34 million is to cover the first of two equal installments (each of US\$300,000) to FORTUNE as provided by the agreement reached with them in September 2000. The rest is for miscellaneous payments in connection with the production of publicity materials for use at the Forum.

The total sponsorship fee of US\$600,000 is offset by an equivalent amount of advertising space in the FORTUNE Group's magazines and on its website.

Name in block letters                      M J T Rowse  
Post Title                      Director-General of Investment Promotion  
Date                      19 March 2001

Bureau Serial No.

CIB51

Question Serial No.

0514

**Examination of draft Estimates of Expenditure 2001-02**

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 79 Invest Hong Kong

Subhead  
(No. & title) :

Programme : Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Bureau Secretary : Secretary for Commerce and Industry

Question : What is the progress of the preparation work for the investment promotion programme to be implemented and what is the structure of the Invest Hong Kong? Would additional resources be allocated in the coming year to enhance the competitiveness of Hong Kong?

Asked by : Hon CHAN Kam-lam

Reply :

Invest Hong Kong began operating under the new mode on 8 January 2001. The Department now seeks to be more responsive to investors by being proactive and business oriented, and the division of work in the organization is sector-based, and not based on geographical areas as in the past. The priority economic sectors are - financial services, trade related services, transportation, telecommunications, business and professional services, information technology, media and multi-media, technology (especially electronics and biotechnology) and tourism and entertainment.

The Head Office comprises three divisions, each headed by an Associate Director-General. Two of the divisions focus exclusively on marketing activities. Each has four teams, headed by an Investor Relations Manager supported by two Investor Support Officers. Each team deals with one or more priority economic sectors and all investment relations work arising therefrom, including fielding enquiries; identifying targets for proactive approach; and aftercare. The third division comprises two teams and deals with marketing activities for other sectors and special projects. In addition, it provides other corporate services.

Separately, the Department is embarking on a series of public relations and image building activities, including participating in the BT Global Challenge and the New World Challenge, and sponsoring the FORTUNE Global Forum. Proactive investment attraction measures include raising Hong Kong's profile through the media, PR, special high profile events and through advertising. Interested companies identified through these activities are then assisted to come to Hong Kong. Towards this, a fourth Associate Director-General has been provided up to March 2003 to focus on PR and image building.

Provision of \$15,000,000 under Subhead 724 Investment promotion (block vote) in 2001-02 is for expenses related to investment promotion projects to be undertaken in Hong Kong and overseas. Separately, funds have been provided under capital account Subhead 700 for public relations and image building activities that will promote Hong Kong's profile as an ideal investment location and the best place to do business, thereby enhancing the competitiveness of Hong Kong.

|                       |   |
|-----------------------|---|
| Name in block letters | <u>M J T Rowse</u>                              |
| Post Title            | <u>Director-General of Investment Promotion</u> |
| Date                  | <u>17 March 2001</u>                            |



Bureau Serial No.

CIB52

Question Serial No.

0707

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 79 Invest Hong Kong

Subhead  
(No. & title) :

Programme : Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Bureau Secretary : Secretary for Commerce and Industry

Question : Regarding the general departmental expenses under the detail of expenditure by subheads, the estimate for 2001-02 leaps to \$13,172,000, compared to \$5,946,000 for the revised estimate for 2000-01. What are the reasons and the details concerned?

Asked by : Hon Ambrose LAU Hon-chuen

Reply :

The difference between the revised estimate 2000-01 and the Estimate 2001-02 is due mainly to –

- (1) the revised estimate for 2000-01 representing expenses for only nine months from 1 July 2000 to 31 March 2001, as opposed to a full year provision required for 2001-02;
- (2) non civil service posts being filled progressively during 2000-01. Full year provision for their salary has been made in 2001-02; and
- (3) estimated increase in activities for 2001-02 and hence related expenses.

Name in block letters: M J T Rowse

Post Title: Director-General of Investment Promotion

Date: 19 March 2001

Bureau Serial No.

CIB53

Question Serial No.

0812

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 79 Invest Hong Kong                      Subhead  
(No. & title) :

Programme : Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Bureau Secretary : Secretary for Commerce and Industry

Question : Under the heading "Analysis of Financial and Staff Provision", Invest Hong Kong states that it will create 11 permanent posts to strengthen investor relations and support functions. Please provide details about the posts and the total payroll costs to be incurred. What are the planned measures for strengthening investor relations and support functions subsequent to such an increase in staffing provision?

Asked by : Hon Ambrose LAU Hon-chuen

Reply :

The 11 posts planned to be created are for strengthening the investor relations and support functions in the Head Office. They include 5 Investment Promotion Project Officers, 1 Trade Officer, 1 Chief Executive Officer, 1 Executive Officer I, 1 Personal Secretary II, 1 Assistant Clerical Officer and 1 Motor Driver. The total annual salary provision for these 11 posts is \$7,310,160.

Invest Hong Kong has moved from a geography-based to a sector-based mode of operation in early January. Under the new mode of operation, InvestHK seeks to: (a) respond more positively to requests for assistance from potential investors approaching the Government on their own initiative; (b) proactively identify and approach target companies in the nine priority economic sectors; (c) provide a supportive aftercare service; and (d) build up a corporate identity that would in turn promote Hong Kong's profile as an ideal investment location and the best place to do business.

Name in block letters: M J T Rowse

Post Title: Director-General of Investment Promotion

Date: 17 March 2001



Bureau Serial No.

CIB55

Question Serial No.

1106

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 79 Invest Hong Kong

Subhead  
(No. & title) :

Programme : Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Bureau Secretary : Secretary for Commerce and Industry

Question : Please give a breakdown of the 200 projects to be pursued in 2001. Since the establishment of the agency, what is the percentage of successful cases where aftercare services were provided?

Asked by : Hon Mrs Selina CHOW LIANG Shuk-ye

Reply :

Invest Hong Kong (InvestHK) began its new mode of operation in January 2001. The figure of 200 reflects the estimate of the number of projects to be pursued in the year on the assumption that half of the projects will be derived from new leads and the other half through aftercare work. As at 28 February 2001, InvestHK recorded 101 live cases in the following sectors :

|                         |    |
|-------------------------|----|
| Telecommunications      | 15 |
| Media and Multimedia    | 2  |
| IT                      | 15 |
| Technology              | 21 |
| Tourism & Entertainment | 5  |
| Financial Services      | 10 |
| Trade Related           | 4  |
| Business & Professional | 7  |
| Transport               | 6  |
| Others                  | 16 |

Name in block letters: M J T Rowse

Post Title: Director-General of Investment Promotion

Date: 17 March 2001

Bureau Serial No.

CIB56

Question Serial No.

1107

**Examination of draft Estimates of Expenditure 2001-02**

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 79 Invest Hong Kong

Subhead

(No. & title) :

Programme : Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Bureau Secretary : Secretary for Commerce and Industry

Question : With reference to the department's creation of 11 permanent posts to strengthen investor relations and support functions, what will be the duties of the additional staff? Please specify in detail their areas of responsibilities.

Asked by : Hon Mrs Selina CHOW LIANG Shuk-ye

Reply :

The 11 posts planned to be created are for strengthening the investor relations and support functions in the Head Office. They include 5 Investment Promotion Project Officers, 1 Trade Officer, 1 Chief Executive Officer, 1 Executive Officer I, 1 Personal Secretary II, 1 Assistant Clerical Officer and 1 Motor Driver.

InvestHK has moved from a geography-based to a sector-based mode of operation in early January. Under the new mode of operation, InvestHK seeks to: (a) respond more positively to requests for assistance from potential investors approaching the Government on their own initiative; (b) proactively identify and approach target companies in the nine priority economic sectors; (c) provide a supportive aftercare service; and (d) build up a corporate identity that would in turn promote Hong Kong's profile as an ideal investment location and the best place to do business.

The work will be carried out by 10 teams, 8 of them covering the priority economic sectors and the other 2 handling all other investment promotion work. The Investment Promotion Project Officer and the Trade Officer posts will be used to strengthen these teams and the others will be for corporate services and departmental administration.

Name in block letters: M J T Rowse

Post Title: Director-General of Investment Promotion

Date: 17 March 2001

Bureau Serial No.

CIB57

Question Serial No.

1108

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 79 Invest Hong Kong

Subhead  
(No. & title) :

Programme : Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Bureau Secretary : Secretary for Commerce and Industry

Question : Invest Hong Kong is going to create 11 posts in 2001-02, increasing its manpower by 26%. In this connection,

- (1) how will the newly created posts be allocated?
- (2) how will the department achieve investment promotion with such an increase in manpower?

Asked by : Hon Abraham SHEK Lai-him

Reply :

The 11 posts planned to be created are for strengthening the investor relations and support functions in the Head Office. They include 5 Investment Promotion Project Officers, 1 Trade Officer, 1 Chief Executive Officer, 1 Executive Officer I, 1 Personal Secretary II, 1 Assistant Clerical Officer and 1 Motor Driver.

InvestHK has moved from a geography-based to a sector-based mode of operation in early January. Under the new mode of operation, InvestHK seeks to: (a) respond more positively to requests for assistance from potential investors approaching the Government on their own initiative; (b) proactively identify and approach target companies in the nine priority economic sectors; (c) provide a supportive aftercare service; and (d) build up a corporate identity that would in turn promote Hong Kong's profile as an ideal investment location and the best place to do business.

The work will be carried out by 10 teams, 8 of them covering the priority economic sectors and the other 2 handling all other investment promotion work. The Investment Promotion Project Officer and the Trade Officer posts will be used to strengthen these teams and the others will be for corporate services and departmental administration.

Name in block letters: M J T Rowse

Post Title: Director-General of Investment Promotion

Date: 17 March 2001





Bureau Serial No.

CIB59

Question Serial No.

1201

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 181 Trade and Industry Department                      Subhead (No. & title) :

Programme : 18101 Commercial Relations

Controlling Officer : Director-General of Trade and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question : What are the number and details of meetings of working groups under multilateral and regional trade (such as the Working Group on Trade and Competition Policy under the World Trade Organisation) in which the Department participated in 2000-01? Will consideration be given to disseminating details concerning the date, agenda and notes of meeting on the internet?

Asked by : Hon SIN Chung-kai

Reply :

Hong Kong is an active participant in multilateral and regional trade fora, notably the World Trade Organisation (WTO) and Asia-Pacific Economic Cooperation (APEC), the work of which is key to promoting trade and investment.

There are over 30 formal committees and working groups established under the WTO. Regular meetings are held in its headquarters in Geneva, Switzerland to discuss a wide range of trade and related issues. These include the negotiations on further liberalisation for trade in agriculture and services, preparation for the launch of a new round of overall trade negotiations, discussions on rule-making issues to eliminate and avoid barriers to trade, settlement of trade disputes among Members, and assessment of the readiness of those economies wishing to join the WTO. In the year 2000-01, we participated in 30 formal meetings. We also provided input and guidance in respect of 145 formal meetings and a large number of informal and small group meetings, seminars and conferences. Normally, these meetings are covered by the Hong Kong Economic and Trade Office in Geneva.

Various committees of the APEC met 64 times in 2000-01. They discussed a wide range of issues relating to the APEC goal of free and open trade and investment and economic and technical cooperation. Highlights included managing globalization and the New Economy, strengthening the multilateral trading system, reform of the international financial architecture, development of small and medium enterprises, electronic commerce, trade facilitation, improvement on Individual Action Plans, capacity building initiatives and human resources development.

As a matter of practice, we inform the public of our involvement in major events of multilateral trade organisations, such as WTO Ministerial Conferences, APEC Senior Officials Meetings and APEC Economic Leaders' Meeting by way of press releases. All the press releases are made available on the Trade and Industry Department website ([www.gov.hk/tid](http://www.gov.hk/tid)). A hyperlink to the WTO official website ([www.wto.org](http://www.wto.org)), where notice of meetings and minutes are available for public information, is also provided. Similarly, our website includes a hyperlink to the APEC official website ([www.apecsec.org.sg](http://www.apecsec.org.sg)), where the APEC calendar of meetings and meeting agendas/documents can be found under the "News & Events" and "Publications & Library" sections respectively.

Name in block letters Joshua C K LAW

Post Title Director-General of Trade and Industry

Date 19 March 2001

Bureau Serial No.

CIB60

Question Serial No.

0937

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 181 Trade and Industry Department                      Subhead (No. & title) :

Programme :                      18102 Trade Support and Facilitation

Controlling  
Officer :                      Director-General of Trade and Industry

Bureau Secretary :                      Secretary for Commerce and Industry

Question :                      With the US economy slowing down, why did the Trade and Industry  
Department estimate the textiles quota utilisation for 2001-02 at  
88.4%, an increase of 2.3 percentage points over last year's figure?

Asked by :                      Hon Mrs Sophie LEUNG LAU Yau-fun

Reply :

It is our practice to estimate the quota utilisation rate for a particular year on the basis of changes in quota utilisation rates in the preceding years. The quota utilisation rate in 2001 is projected on the basis of the changes in the actual utilisation figures in 1998, 1999 and 2000.

Name in block letters                      Joshua C K LAW

Post Title                      Director-General of Trade and Industry

Date                      16 March 2001

Bureau Serial No.

CIB61

Question Serial No.

1202

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 181 Trade and Industry Department                      Subhead (No. & title) :

Programme : 18102 Trade Support and Facilitation

Controlling Officer : Director-General of Trade and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question : How many complaints were received by the Department in 2000-01 against textiles fraud and origin malpractice? How many inspections and investigations were carried out? What are the number and details of follow-up actions and sanctions?

Asked by : Hon SIN Chung-kai

Reply :

Between April 2000 and February 2001, the Customs and Excise Department (C&ED) received 176 complaints and cases relating to textiles origin and transshipment fraud. During the same period, C&ED conducted a total of 30,567 inspections (including 1,360 factory inspections, 3,274 consignment and factory inspections, and 25,933 consignment checks). During the period from April 2000 to January 2001, C&ED also carried out 200 origin/transshipment fraud investigations. In addition, between April 2000 and February 2001, 191 cases involving 224 persons/companies were convicted for origin fraud, resulting in fines totalling \$5.33m. Separately, \$0.88m worth of goods involved in origin fraud were forfeited.

Alongside with C&ED's vigorous enforcement action, it is the policy of the Trade and Industry Department (TID) to take administrative actions against traders who breach any of the provisions of the textiles export control system. Such administrative actions are taken independent and irrespective of prosecution action. They include, but are not necessarily confined to, permanent forfeiture of quotas, discount of shipment performance, debarment of teaming up, de-registration of factory registration, and for repeated offenders, suspension of all licensing and certification facilities for a period of six months. Between April 2000 and February 2001, TID completed 531 administrative action cases.

|                       |  |
|-----------------------|--|
| Name in block letters | Joshua C K LAW                         |
| Post Title            | Director-General of Trade and Industry |
| Date                  | 16 March 2001                          |

Bureau Serial No.

CIB62

Question Serial No.

0292

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 181 Trade and Industry Department                      Subhead (No. & title) :  
Programme : 18103 Support for Small and Medium Enterprises and Industries  
Controlling Officer : Director-General of Trade and Industry  
Bureau Secretary : Secretary for Commerce and Industry  
Question : What are the details of manpower and expenses needed for Industrial Support Division to provide secretariat support to the Small and Medium Enterprises Committee in 2001-02? What is the specific work plan of the Committee?  
Asked by : Hon NG Leung-sing  
Reply :

At present, the Small and Medium Enterprises Committee (SMEC) secretariat comprises an Assistant Director-General of Trade and Industry, a Principal Trade Officer, a Trade Officer and an Executive Officer I. Provision of secretariat support to the SMEC and its five working groups constitutes about 20% of the portfolio of the Assistant Director-General of Trade and Industry. As for the other staff, this takes up their entire portfolio. The total salaries of these staff will be \$2.5m in 2001-02.

The present arrangement takes into account the extremely heavy workload and tight schedule of the SMEC since it became operational in mid December 2000. The secretariat is providing full support to the SMEC's work, which includes thorough research and discussion on a wide range of issues in the five working groups as well as consultation with the trade and the public at large. Its task at hand is to facilitate the SMEC in meeting the target of producing a package of practical recommendations on SME support measures for the Chief Executive's consideration by mid-June this year.

The SMEC is currently inviting suggestions from the community on feasible support measures for small and medium enterprises. Upon completion of the public consultation at the end of March, the SMEC will deliberate on the views collected, with a view to finalising the proposals for submission to the Chief Executive by mid-June.

After the submission of the report to the Chief Executive, the SMEC will have a new focus, namely to help further develop those recommendations that have been taken on board by the Government, monitor their implementation, evaluate their effectiveness and advise on further measures or improvements. The detailed work plan and manpower requirements will be worked out at a later stage, taking into account the SMEC's recommendations to the Chief Executive and the Government's response.

Name in block letters Joshua C K LAW

Post Title Director-General of Trade and Industry

Date 16 March 2001

Bureau Serial No.

CIB63

Question Serial No.

0529

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 181 Trade and Industry Department                      Subhead (No. & title) :  
Programme : 18103 Support for Small and Medium Enterprises and Industries  
Controlling Officer : Director-General of Trade and Industry  
Bureau Secretary : Secretary for Commerce and Industry

Question : How much resources will be allocated to the Small and Medium Enterprises (SMEs) Development Support Plan and the Pilot Mentorship Programme for SMEs in 2001-02? How effective were these plans in the past? Will consideration be given to combining these two similar plans to pool together the resources, so as to maximise the support for SMEs and to avoid undermining the support for each case due to diversification of resources?

Asked by : Hon CHAN Kam-lam

Reply :

The SME Development Support Plan (the Plan) is a directory first published in late 1999. It is also available at the Virtual SME Information Centre. The Plan lists all the SME-related services and programmes provided by government departments and various industry support organisations, and sets out their objectives. The Plan has been a very useful source of information to SMEs and their service providers. So far, about 3,000 copies have been distributed to trade and industry associations, industry support organisations and SMEs on request. Of the 100,000 visitors to our Virtual SME Information Centre in 2000-01, we believe that many of them have read the Plan on the website.

In view of the popularity of the Plan, we are updating it and will publish 10,000 hard copies for distribution to the public by the middle of this year. The production cost is about \$100,000.

The Pilot Mentorship Programme (the Programme) is a scheme that aims to enhance the long term capability of SMEs through free counselling provided to them by successful businessmen or professionals acting as mentors.

As the Programme was only launched in November last year, we have yet to fully assess its effectiveness. That said, initial feedback from mentors and mentees indicates that the Programme is conducive to enhancing the long term capability of SMEs.

The mentors are providing their services on a voluntary basis and do not receive any honorarium. Also, the Programme is run by our own staff. The only expenditure incurred so far is related to the promoting and launching of the Programme, and organising activities for the mentors and participating SMEs, such as experience-sharing sessions and workshops. About \$530,000 has been spent as at the end of February 2001. Taking into account the review to be conducted at the end of the one-year trial period and the likelihood of an expanded Programme afterwards, we estimate that \$500,000 will be required in 2001-02.

In view of the entirely different nature of the Plan and the Programme, we do not consider it appropriate to combine the two initiatives into one.

Name in block letters Joshua C K LAW

Post Title Director-General of Trade and Industry

Date 16 March 2001



Bureau Serial No.

CIB64

Question Serial No.

0938

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 181 Trade and Industry Department                      Subhead (No. & title) :  
Programme : 18103 Support for Small and Medium Enterprises and Industries  
Controlling Officer : Director-General of Trade and Industry  
Bureau Secretary : Secretary for Commerce and Industry  
Question : The Trade and Industry Department indicated under matters requiring special attention in 2001-02 that the Small and Medium Enterprises Development Support Plan would be updated. Which part of the plan will be updated?  
Asked by : Hon Mrs Sophie LEUNG LAU Yau-fun  
Reply :

The Small and Medium Enterprises Development Support Plan (the Plan) is a directory that lists all the small and medium enterprises (SME) related services and programmes provided by government departments and various industry support organisations, and sets out their objectives. As there have been changes to SME services and programmes since the Plan was published in late 1999, we will publish an updated version by the middle of this year. New features in the updated version will include information about the present state of play of individual services and programmes for benchmarking progress/improvement in future.

Name in block letters Joshua C K LAW

Post Title Director-General of Trade and Industry

Date 16 March 2001

Bureau Serial No.

CIB65

Question Serial No.

1203

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 181 Trade and Industry Department                      Subhead (No. & title) :  
Programme : 18103 Support for Small and Medium Enterprises and Industries  
Controlling Officer : Director-General of Trade and Industry  
Bureau Secretary : Secretary for Commerce and Industry  
Question : Please provide details on the progress of the Pilot Mentorship Programme for Small and Medium Enterprises?  
Asked by : Hon SIN Chung-kai  
Reply :

The Pilot Mentorship Programme (the Programme) was launched in November 2000. There are now 78 pairs of mentor and mentee, involving 41 successful businessmen and professionals as mentors and 78 small and medium enterprises (SMEs).

The Programme is on trial for a period of one year. During this period, each pair of mentor and mentee is expected to meet at least three times. Between meetings, they are encouraged to maintain close contact and communicate freely on business know-how issues.

To add value to the Programme, the Small and Medium Enterprises Office (SMEO) of this Department will organise seminars, workshops, discussion and experience-sharing sessions for mentors and mentees in the coming months, with a view to helping participating SMEs gain wider access to expert advice and benefit from cross-fertilisation of ideas.

The SMEO will monitor the operation of the Programme, gauge the feedback from mentors and mentees regularly and evaluate the effectiveness of the Programme after the one-year trial period, with a view to deciding whether and how the Programme should be run in the long term.

Name in block letters Joshua C K LAW  
Post Title Director-General of Trade and Industry  
Date 16 March 2001

Bureau Serial No.

CIB66

Question Serial No.

1204

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 181 Trade and Industry Department                      Subhead (No. & title) :  
Programme : 18103 Support for Small and Medium Enterprises and Industries  
Controlling Officer : Director-General of Trade and Industry  
Bureau Secretary : Secretary for Commerce and Industry  
Question : Please account for the provision for processing recommendations of  
three Techno-Economic and Market Research Studies in 2001-02?  
Asked by : Hon SIN Chung-kai  
Reply :

The three Techno-Economic and Market Research Studies cover the electronics, plastics, and textiles, clothing and footwear industries. The studies aim to help these industries to take stock of their positions, identify market opportunities and challenges, and come up with recommendations on measures to upgrade their technologies, strengthen their competitiveness and expand their markets.

Our staff will examine the three Studies, consult relevant bureaux, government departments and trade and industry organisations, and deliberate on the consultants' recommendations. No additional resources will be required to complete the work.

Name in block letters Joshua C K LAW  
Post Title Director-General of Trade and Industry  
Date 16 March 2001

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

- Head : 181 Trade and Industry Department                      Subhead (No. & title) :
- Programme : 18103 Support for Small and Medium Enterprises and Industries
- Controlling Officer : Director-General of Trade and Industry
- Bureau Secretary : Secretary for Commerce and Industry
- Question :
- (a) The Financial Secretary announced the establishment of a training fund to be administered by the Trade and Industry Department to subsidise small and medium enterprises (SMEs)' employee training initiatives. When will the fund come into operation and how many SMEs and their employees can benefit from the fund?
  - (b) Will the Department need extra resources to set up the fund? If yes, what is the amount of the provision required? Will extra manpower be needed? If yes, what will be the staff establishment?
  - (c) What is the difference between this plan and the 'Skills Upgrading Scheme'? Are those SMEs who have participated in the Skills Upgrading Scheme eligible to join this plan?

Asked by : Hon CHAN Yuen-han

Reply :

- (a) The Small and Medium Enterprises Committee (SMEC) will consider how the \$300m SME Training Fund (the Fund) should be operated and come up with recommendations in its report to the Chief Executive in mid-June. It may take a few more months before all the details are thrashed out and for the Fund to be operational.

As the SMEC has yet to come up with recommendations on the detailed operation of the Fund, including the scope of training, the eligibility criteria and the amount of subsidy to be provided to each SME, it is not possible for us to tell at this stage the exact number of SMEs and SME employees that would benefit from the Fund.

- (b) At present, the work to set up the Fund will be absorbed by existing resources. The resource requirement in the future will be reassessed after the detailed operation has been worked out.
- (c) As the details of the operation of both schemes have yet to be worked out, we can only compare the two schemes by looking at the policy intention behind them. In this regard, the two schemes may have the following differences in emphasis -
  - (i) the Skills Upgrading Programme (the Programme) focuses on skills training in selected sectors whereas the Fund covers manpower training that are needed to build up the human capital of SMEs across the board; and
  - (ii) the Programme is pitched at workers with secondary or below education levels whereas the Fund will cover a much broader working population, namely SME employees in general.

Name in block letters Joshua C K LAW

Post Title Director-General of Trade and Industry

Date 19 March 2001

(Translation)

Bureau Serial No.

CIB68

Question Serial No.

0894

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 177 Subventions: Non- Departmental Public Bodies      Subhead (No. & title) : 444 Hong Kong Trade Development Council

Programme : Subventions: Hong Kong Trade Development Council

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question : Does the Hong Kong Trade Development Council have any specific measures to assist local traders in opening up the Mainland market? If so, what is the relevant estimated expenditure?

Asked by : Hon James TIEN Pei-chun

Reply :

The Hong Kong Trade Development Council (TDC) set up a special task force last year to coordinate strategies of helping Hong Kong companies develop the Mainland market. With regard to the latest developments in opening up the Mainland market and the needs of Hong Kong companies, the task force has formulated the following strategies to help them expand sales in the Mainland:

- (a) To help SMEs expand the domestic sales network in all directions: This year, the TDC will organise study missions to the key retail and wholesale markets in the Mainland, as well as industry-specific business delegations to the Mainland. Such activities are intended to strengthen connections between Hong Kong companies and large department stores, chain supermarkets, shopping arcades, specialty shops, duty free groups and industry-related import and export corporations in the Mainland, as well as to foster cooperation between the two sides.
- (b) To promote the image of Hong Kong brandname products: The TDC will hold brand-building seminars and talks, and organise "Hong Kong Brandname Products Expo" in major cities as well as those cities that have strong consumption potential. The TDC will also join hands with department stores in the Mainland in organising activities to promote Hong Kong brandname products.









(Translation)

Bureau Serial No.

CIB71

Question Serial No.

1388

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 177 Subventions: Non- Departmental Public Bodies      Subhead (No. & title) : 444 Hong Kong Trade Development Council

Programme :

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question : Please explain the plan(s) that the Trade Development Council will specifically pursue in the coming year for the expansion of the business training programme and trade-matching service?

Asked by : Hon SIN Chung-kai

Reply : The business training programme of the Hong Kong Trade Development Council (TDC) aims to provide small and medium enterprises (SMEs) with practical training in developing overseas markets. To equip SMEs for the challenges and business opportunities brought by globalisation and China's impending accession to the World Trade Organisation (WTO), TDC will organise a series of training courses in areas such as export promotion, China trade, SME management and e-commerce. These courses will focus on ways to promote exports to emerging markets, the know-how to tap the business opportunities arising from China's entry into the WTO through brand-building and enlarging the market share of Hong Kong products in the Mainland market. In addition, TDC will organise management courses to help SMEs enhance their operational efficiency and their awareness of intellectual property rights protection. TDC expects that over 100 training events and free talks will be organised in the coming year and more than 8,000 people will participate in these events.

As regards trade-matching services, TDC currently maintains a databank of 600,000 business contacts in Hong Kong, the Mainland and overseas markets, and has been making continuous efforts to update and further expand the databank. TDC also provides trade-matching services through its TDC-Link, SME Service Stations and Customer Service Centre. It will further collect information on companies that have links with the Mainland market to facilitate the formation of strategic partnership between local SMEs and overseas and Mainland companies in tapping the business opportunities associated with China's accession to the WTO. A China Business Advisory Unit will be established to provide SMEs with one-stop services for doing business in Guangdong. TDC will also collaborate with other relevant organisations in establishing a referral mechanism to provide SMEs with a wider spectrum of trade-matching services.

Name in block letters CHAU Tak Hay

Post Title Secretary for Commerce and Industry

Date 19 March 2001

(Translation)

Bureau Serial No.

CIB72

Question Serial No.

1389

Examination of draft Estimates of Expenditure 2001-02  
**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 177 Subventions: Non-  
Departmental Public Bodies

Subhead (No. & title) : 444 Hong Kong Trade  
Development Council

Programme :

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question : Please explain the plan(s) that the Trade Development Council will specifically pursue in the coming year to assist Hong Kong companies meet the challenges that come with China's accession to the World Trade Organisation?

Asked by : Hon SIN Chung-kai

Reply : To help Hong Kong companies grasp the business opportunities and overcome the challenges brought by Mainland's accession to the World Trade Organisation, the Hong Kong Trade Development Council (TDC) has formulated the following strategies with regard to trade promotion, market intelligence and building up business networks:

- (a) To keep abreast of the progress in opening up the Mainland market and help SMEs expand their sales networks in the Mainland. The strategy is to consolidate and further expand market share of Hong Kong products in established markets such as the Pearl River Delta Region; further strengthen trade-matching services; organise regional and industry-specific study missions, as well as promotion and networking activities; promote Hong Kong brandname products and the image of Hong Kong products as quality products; as well as organise Hong Kong companies to take part in leading exhibitions and trade fairs in the Mainland. These activities aim to help Hong Kong companies tackle the domestic sales market in the Mainland in all directions.



(Translation)

Bureau Serial No.

CIB73

Question Serial No.

0801

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 177 Subventions: Non- Subhead 441 & 905 Hong Kong  
Departmental Public Bodies (No. & title) : Productivity Council

Programme : Subvention : Hong Kong Productivity Council

Controlling Officer : Commissioner for Innovation and Technology

Bureau Secretary : Secretary for Commerce and Industry

Question : The Government estimates that the number of people undertaking Hong Kong Productivity Council (HKPC)'s training courses will be decreased from 26 050 in last year to 24 000 in 2001-02, whereas the estimated income derived from the training courses will be increased from \$45m to \$57m. Would the Government account for the estimated increase in income despite that there will be less people undertaking the training courses? Is it because there will be a substantial increase in training course fees of the training courses?

Asked by : Hon Henry WU King-cheong

Reply :

In order to assist the industries to meet the new demand of the market, the HKPC has gradually shifted its training focus from training courses of less technological content for operators/craftsmen to advanced development and training courses on information technology, management skills, etc. for technicians/technologists and senior/middle management. Those advanced training courses usually have a smaller enrolment capacity, but charge a higher tuition fee. Hence, it is estimated that the income from the training courses will be increased.

Name in block letters Francis HO

Post Title Commissioner for Innovation and Technology

Date 15 March 2001



- (c) TechMart, the major initiative of the Product Development and Innovation Institute (PDII), helps the industries to conduct commercial and technical evaluation on technologies that are suitable for commercialization. In light of the new demands and opportunities from increased Hong Kong-Mainland cooperation, the HKPC set up the Compass North in 1999 to deepen and strengthen its support to the industries in the following 6 areas: business information, investment assessment, commercialization of technologies, professional and expertise interchange, enterprise cooperation, and optimization of business management.

The above three institutes provide comprehensive services to the Hong Kong industries as a whole, including the SMEs. The HKPC does not have a separate budget of expenditure for its SMEs support services. However, in the past few years, the HKPC's support to the SMEs has constituted 50-60% of all its services for individual clients, reflecting that the SMEs are an important service target of the HKPC.

|                       |  |
|-----------------------|--|
| Name in block letters | Francis HO                                 |
| Post Title            | Commissioner for Innovation and Technology |
| Date                  | 16 March 2001                              |



(Translation)

Bureau Serial No.

CIB75

Question Serial No.

1390

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 177 Subventions: Non-                      Subhead                      441 & 905 Hong Kong  
Departmental Public Bodies                      (No. & title) :                      Productivity Council

Programme :                      Subvention : Hong Kong Productivity Council

Controlling Officer :                      Commissioner for Innovation and Technology

Bureau Secretary :                      Secretary for Commerce and Industry

Question :                      Hong Kong Productivity Council (HKPC) states that it will support the small and medium enterprises (SMEs) by providing affordable customised business solutions and enhancement services, focusing on 16 major sectors and nurturing new enterprises in 2001-02. Would the Government inform this Council:

- (a) which these 16 major sectors are and what kind of service the HKPC will provide; and
- (b) how HKPC determine its "affordable" criterion?

Asked by :                      Hon SIN Chung-kai

Reply :

- (a) Hong Kong Productivity Council (HKPC) is focusing on the following 16 major sectors:

Manufacturing Sector

- Textile, Apparel & Footwear
- Toys & Plastics
- Machinery & Equipment
- Telecom, AV & Office Automation Products
- Innovative Enterprise
- Electrical Household Appliances
- Critical Components
- Watches & Jewellery

## Services Sector

- Software & Information
- Media Services & Packaging
- Food, Healthcare & Biotechnology
- Building & Environmental Service
- Wholesale, Retail & Tourism
- Import/Export
- Logistics & Transport
- Professional Services

Through the three institutes of the HKPC, the SMEs are supported in the following ways :

- (i) The Institute for Information and Media Industries (IIMI) provides the industries with services in E-Commerce, Business Intelligence, Enterprise Resource Planning, E-Community, Software Industry Information and New Media through its integrated facility, the DigiHall 21. In addition, the HKPC itself provides information-based service to the industries through the Hong Kong Industry On-Line and publication of industrial bulletins and directories. In 2001, the HKPC will also establish the Hong Kong Computer Emergency Response Team Coordination Centre to provide information security services to the industries.
- (ii) The Best Management Practices Institute (BMPI) provides integrated one-stop services to the industries. Established under the BMPI, the Powerhouse, the Service Quality Centre, the Asian Benchmarking Clearinghouse and the SME Centre are tasked to provide various supporting services to the industries, particularly the SMEs, in order to enhance their competitiveness. Targeting the practical needs specific to the SMEs, the SME Centre also organizes supporting activities such as executive seminars, group consultancy workshops, IT software demonstration, networking happy hour and consultation services.
- (iii) TechMart, the major initiative of the Product Development and Innovation Institute (PDII), helps the industries to conduct commercial and technical evaluation on technologies that are suitable for commercialization. In light of the new demands and opportunities from increased Hong Kong-Mainland cooperation, the HKPC set up the Compass North in 1999 to deepen and strengthen its support to the industries in the following 6 areas: business information, investment assessment, commercialization of technologies, professional and expertise interchange, enterprise cooperation, and optimization of business management.

In addition, in order to assist those SMEs which have insufficient resources to meet the new demand of the market, such as information technology, application of the advanced quality management mode, etc., the HKPC provides them with one-stop services through its SME Centre. Besides, the HKPC initiates and provides a series of free or quality but affordable customised services for the SMEs from time to time.

- (b) The pricing policy of the HKPC in providing consultancy, training and supporting services is governed by strict guidelines, which require that in a mature market where there are other suppliers and when large companies or organizations are involved, the HKPC should determine its service charges in accordance with commercial principle and the charges should be based on cost plus profit. This will ensure that there would not be unfair competition between the HKPC and private service providers. However, the HKPC has to fulfil its public mission, particularly to provide the SMEs with low-return supporting services which see a lack of participation by the private sector. Under these circumstances, the HKPC will only recover the staff cost and direct cost of their services to the SMEs.

|                       |  |
|-----------------------|--|
| Name in block letters | Francis HO                                 |
| Post Title            | Commissioner for Innovation and Technology |
| Date                  | 17 March 2001                              |

(Translation)

Bureau Serial No.

CIB76

Question Serial No.

0897

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 177 Subventions: Non-                      Subhead                      533 & 930 Hong Kong Applied  
Departmental Public Bodies                      (No. & title) : Science and Technology Research  
Institute

Programme :                      Subvention : Hong Kong Applied Science and Technology Research  
Institute

Controlling Officer : Commissioner for Innovation and Technology

Bureau Secretary : Secretary for Commerce and Industry

Question :                      There is a substantial increase of 519.7% in the financial provision  
for the Hong Kong Applied Science and Technology Research  
Institute (ASTRI) in 2001-02 as compared with the revised estimate  
for last year. Please give a breakdown of the provision concerned  
and make a comparison between the 2 years.

Asked by :                      Hon James TIEN Pei-chun

Reply :

The Government's provision for the Hong Kong Applied Science and Technology Research Institute Company Limited (the Company) is used to finance the Company's operating expenditure, of which staff cost constitutes the largest proportion. The Company was at its initial start-up stage in 2000-01 and it had mainly focused on the detailed planning and development work for ASTRI. The staff recruitment exercises and office setting-up work will be carried out in the following financial year. Hence, its operating expenditure for the year remained at a low level. Since the Company is expected to operate in full swing in 2001-02, a provision of \$94.21m is sought to cover its operating expenses and that of its subsidiary, the Hong Kong Jockey Club Institute of Chinese Medicine Limited to be set up shortly. Of the amount sought, 68% is earmarked for the staff cost, and 32% for office accommodation and other recurrent operating costs.

Name in block letters

Francis HO

Post Title

Commissioner for Innovation and Technology

Date

15 March 2001

(Translation)

Bureau Serial No.

CIB77

Question Serial No.

0056

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 111 Innovation and Technology      Subhead      101 Innovation and  
(No. & title) :      Technology (block vote)

Programme :

Controlling Officer :

Bureau Secretary : Secretary for Commerce and Industry

- Question :
- (a) According to the Draft Estimates of Expenditure 2001-02, the provision under the Innovation and Technology (block vote) is \$891m of which \$400m is earmarked for the Hong Kong Applied Science and Technology Research Institute (ASTRI). Please specify the project types and their number.
  - (b) How will the remaining provision of \$491m be allocated? Please specify the probable project types and their number.

Asked by : Hon Eric LI Ka-cheung

Reply :

- (a) The research and development (R&D) programme of the Applied Science and Technology Research Institute (ASTRI) is still at its formation stage. A consultancy study on the detailed planning for the establishment of ASTRI is underway and the consultant will submit the report concerned by mid 2001. The consultancy study will recommend, among other things, ASTRI's R&D programme based on which the ASTRI will work out its projects. Of the \$5b capital of Innovation and Technology Fund (ITF), some 60% has been earmarked for ASTRI's R&D projects for the initial five to six years of its operation. Since we envisage that the ASTRI would start its projects in the financial year 2001-02, for budgetary planning purpose, \$400m from the ITF has been earmarked for ASTRI's projects for the year. The exact amount of annual allocation to the ASTRI will be determined by its budget for its R&D projects eventually worked out based on its finalised R&D programme and as accepted by the Government. Hence, details of ASTRI's R&D projects as requested is not available for the time being.

- (b) The remaining \$491 million is earmarked for ITF recipient organisations other than ASTRI (e.g. universities and industrial support organisations and so on). This amount represents our projected cashflow requirements in 2001-02 by these 'other' recipient organisations in respect of their on-going projects and projects to be approved in 2001-02. Details are as follows :

| <b>Funding Programme under the Innovation and Technology Fund</b>  | <b>Estimated Number of Projects to be provided with ITF Funds in 2001-02</b> | <b>Estimated Amount Involved</b> |
|--|--|----------------------------------|
| <b><i>Innovation and Technology Support Programme</i></b><br>(for funding midstream/downstream R&D projects undertaken mainly by universities, industrial support organisations and so on) | 174  | 305m                             |
| <b><i>University-Industry Collaboration Programme</i></b><br>(for funding commercial R&D projects undertaken by private companies in collaboration with local universities)                | 120  | 62m                              |
| <b><i>General Support Programme</i></b><br>(for funding projects that contribute to fostering an innovation and technology culture, such as conferences, exhibitions, seminars and so on)  | 35   | 33m                              |
| <b><i>Small Entrepreneur Research Assistance Programme</i></b><br>(for providing financing for pre-venture capital stage for start-ups to carry out R&D and to conduct market validation.) | 77   | 91m                              |
| <b><i>Total</i></b>  | <b><i>406</i></b>  | <b><i>491m</i></b>               |

Name in block letters Francis HO  
 Post Title Commissioner for Innovation and Technology  
 Date 16 March 2001

(Translation)

Bureau Serial No.

CIB78

Question Serial No.

0057

Examination of draft Estimates of Expenditure 2001-02

**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 111 Innovation and Technology      Subhead      101      Innovation      and  
(No. & title) :      Technology (block vote)

Programme :

Controlling Officer :

Bureau Secretary :      Secretary for Commerce and Industry

Question :      Why is there a Refund of Grants of \$27m as shown in the revised estimate of income of the Innovation and Technology Fund (ITF) for 2000-01?

Asked by :      Hon Eric LI Ka-cheung

Reply :

As a matter of policy, the recipient organization has to return all unspent grants and interest generated from the ITF funding to the Government on the completion of a project. This is shown as "Refund of Grants" in the revenue estimates for the ITF and the amount is estimated to be \$27m in 2000-01.

Name in block letters      Francis HO

Post Title      Commissioner for Innovation and Technology

Date      16 March 2001

Bureau Serial No.

CIB79

Question Serial No.

0767

Examination of draft Estimates of Expenditure 2001-02  
**CONTROLLING OFFICER'S REPLY TO  
WRITTEN/SUPPLEMENTARY QUESTION**

Head : 26 Census and Statistics Department      Subhead (No. & title) :

Programme : (1) Trade Statistics

Controlling Officer : Commissioner for Census and Statistics

Bureau Secretary : Secretary for Commerce & Industry

Question :

Will Phase I of the project for receiving cargo manifests by electronic means be completed in 2001 as scheduled? To ensure smooth operation in future, will stages of test runs be carried out at various levels following the practice of other organisations? Will there be a back-up support system as a contingency measure? If test runs in Phase I are not satisfactory, will there be a deadline for the commencement of Phase II of the project? Will it incur additional cost?

Asked by : Hon Jasper TSANG Yok-sing

Reply :

The Electronic Manifest (EMAN) System Phase I will be launched at the end of 2001 as scheduled.

There will be a six-month period of test runs to ensure the smooth operation of the system in future. In addition, the system will be rolled out in stages for manifests of different transport modes (air, rail etc.) to ensure smooth implementation. There are back-up support facilities in the system. The original method of collecting paper manifests will also continue until transition to electronic submission is completed.



Launching of Phase II of the EMAN System, which provides for back-end processing of electronic manifests by the Government, is dependent on the successful implementation of Phase I. The launching of Phase II is tentatively scheduled to be in 2004. Unless there are serious delays in implementing Phase I, the launching of Phase II will not be affected because of the time lapse between the two. At present, there is no need for setting a deadline for Phase II. Delay in implementing EMAN System Phase I would mean that anticipated savings from the project cannot be materialized. The industry would also not benefit as early from the efficient means of submitting manifests electronically. Other than that, no additional cost will be incurred.

Name in block letters FREDERICK W H HO  
Post Title Commissioner for Census & Statistics  
Date 17 March 2001