

**Replies to written questions raised by Finance Committee Members in
examining the Estimates of Expenditure 2002-03**

Bureau Secretary : Secretary for Commerce and Industry

Session No. : 4 File name : CIB-e1.doc

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Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
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(Translation)

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB001

Question Serial No.

0004

<u>Head</u> :	152	Government Secretariat :	<u>Subhead</u> (No.	-
		Commerce and Industry Bureau	& title):	
	31	Custom and Excise Department		-
	78	Intellectual Property Department		-
	79	Invest Hong Kong		-
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		Hong Kong Economic and Trade Offices		
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		Non-Departmental Public Bodies		441 & 905 Hong Kong Productivity Council 444 Hong Kong Trade Development Council 533 & 930 Hong Kong Applied Science and Technology Research Institute
	181	Trade and Industry Department		-

Programme: Commerce and Industry

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 your bureau and departments/offices under your bureau,

(1) please provide the following details of the consultancy studies for which financial provision have been allocated in 2001-02 :

Names of consultants (if available)	Contents of studies	Consultancy fees	Progress and follow-up action (in plan/ in progress/ finished)	Government's follow-up action (if available)

(2) will there be any financial provision allocated for commissioning consultancy studies in 2002-03? If yes, please provide the following details :

Names of consultants (if available)	Contents of studies	Consultancy fees	Status of consultancy studies (in plan/ in progress/ finished)

Asked by: Hon. HO Sau-lan, Cyd

Reply:

- (1) The details of the consultancy studies for policy making and assessment for which financial provisions have been allocated in 2001-02 are as follows :

Head 152 - Government Secretariat : Commerce and Industry Bureau

Names of consultants (if available)	Contents of studies	Consultancy fees # (HK\$)	Progress and follow-up action (in plan/ in progress/ finished)	Government's follow-up action (if available)
PwC Consulting Hong Kong Limited	Departmental business study of Government Supplies Department	568,000	Finished	Implementation of the recommendations in progress.
ERM-Hong Kong, Ltd	A regulatory impact assessment on the proposed legislation on family entertainment centres	367,000	Finished	The Bureau concerned will make reference to the assessment in taking the matter forward.
KPMG Consulting Limited	Review of licensing of food premises other than restaurants	550,000	Finished	Implementation of the recommendations in progress.
ERM-Hong Kong, Ltd	A regulatory impact assessment on proposed amendments to the existing anti-smoking legislation	1,208,000	Finished	The Bureau concerned will make reference to the assessment in taking the matter forward.
PwC Consulting Hong Kong Limited	Feasibility study on the bulk billing functionality for rates and government rents	1,090,000	Finished	The Department concerned is seeking funds to implement the recommendations.
The McClier Corporation	Consultancy study on 'strengthening Hong Kong's role as the international and regional transportation and logistics hub'	1,148,000	Finished	The Bureau concerned will make reference to the assessment and a follow up study is in progress.

Names of consultants (if available)	Contents of studies	Consultancy fees # (HK\$)	Progress and follow- up action (in plan/ in progress/ finished)	Government's follow-up action (if available)
Vision in Business Consulting Limited	To review the future development of the Trade Officer Grade, including core competencies of the Grade, training and development of staff, advancement prospects etc.	458,500	Finished	The Trade Officer Grade Management is consulting staff on the recommendations.
Accenture Company Limited	Business process re- engineering study for the Integrated Government e-Trade System	2,500,000	In progress	The consultancy study is still in progress.
PwC Consulting Hong Kong Limited	Departmental business study for the Environmental Protection Department	2,500,000	In progress	The consultancy study is still in progress.
The McClier Corporation	Follow-up consultancy to the study on 'strengthening Hong Kong's role as the international and regional transportation and logistics hub'	1,212,500	In progress	The consultancy study is still in progress.
Maunsell Consultants Asia Ltd.	Study to strengthen Hong Kong's role as an international maritime centre	3,400,000	In progress	The consultancy study is still in progress.

Head 96 - Government Secretariat : Hong Kong Economic and Trade Offices

Names of consultants (if available)	Contents of studies	Consultancy fees # (HK\$)	Progress and follow-up action (in plan/ in progress/ finished)	Government's follow-up action (if available)
White and Case LLP	Consultancy services on commercial relation and non-trade issues in Europe	1,000,000	In progress	Will follow up the recommendations in conjunction with relevant government departments.

Head 155 - Government Secretariat : Innovation and Technology Commission

Names of consultants (if available)	Contents of studies	Consultancy fees # (HK\$)	Progress and follow-up action (in plan/ in progress/ finished)	Government's follow-up action (if available)
A consultancy study team comprising two professors from the Chinese University of Hong Kong and the Hong Kong University of Science and Technology	Consultancy study on Hong Kong Integrated Circuit Design Support Centre	120,000	Finished	The feasibility of setting up an integrated circuit design support centre in Hong Kong will be examined on the basis of the study findings.
Arthur Anderson & Co	Techno-economic and market research study on textiles and clothing industry	308,000	Finished	The Trade and Industry Department is studying the feasibility of the various recommendations made in the consultancy report.
Commonwealth Scientific and Industrial Research Organisation and Mr. John Gilmour, former Chief Executive of the National Association of Testing Authorities, Australia	Consultancy study on the review of the role and activities of the Hong Kong Accreditation Service and the Standards and Calibration Laboratory	181,000	Finished	The Commission has accepted the study report and implemented the recommendations concerned.

Names of consultants (if available)	Contents of studies	Consultancy fees # (HK\$)	Progress and follow- up action (in plan/ in progress/ finished)	Government's follow-up action (if available)
Hong Kong Productivity Council	Consultancy study on environmental technology industry in Hong Kong	3,033,000	In progress	The consultancy study is still in progress.

Head 177 - Subventions : Non-Departmental Public Bodies
Subhead 441 and 905 Hong Kong Productivity Council

Names of consultants (if available)	Contents of studies	Consultancy fees # (HK\$)	Progress and follow- up action (in plan/ in progress/ finished)	Government's follow-up action (if available)
Segal Quince Wicksteed (Asia) Ltd.	Consultancy study on the public mission, role, management and operations of Hong Kong Productivity Council (HKPC)	2,997,000	In progress (Almost finish)	Findings of the consultancy report will be submitted to the Panel on Commerce and Industry of the Legislative Council in April 2002. In 2002-03, the Innovation and Technology Commission and HKPC will follow up the recommendations made in the report to ensure continued effectiveness of HKPC in fulfilling its public mission and delivering its services.

Head 177 - Subventions : Non-Departmental Public Bodies
 Subhead 533 and 930 Hong Kong Applied Science and Technology Research Institute

Names of consultants (if available)	Contents of studies	Consultancy fees # (HK\$)	Progress and follow-up action (in plan/ in progress/ finished)	Government's follow-up action (if available)
Arthur D Little Asia Pacific, Inc.	Consultancy study on the detailed planning pertaining to the establishment of the Applied Science and Technology Research Institute (ASTRI)	1,911,000	Finished	ASTRI will make reference to the consultancy report in formulating its development strategies.
Squire, Sanders & Dempsey	Consultancy study on ASTRI's business policies on technology transfer and related matters	285,000	In progress	The consultancy study is still in progress.

Head 181 - Trade and Industry Department

Names of consultants (if available)	Contents of studies	Consultancy fees # (HK\$)	Progress and follow-up action (in plan/ in progress/ finished)	Government's follow-up action (if available)
Ernst-Ulrich Petersmann	Trade and competition policy	32,000	Finished	We have drawn on the consultant's inputs in preparing Hong Kong, China's contributions to discussions in the World Trade Organisation (WTO), including our preparations for the Ministerial Conference in 2001.
Petros Mavroidis	World Trade Organisation dispute settlement	416,000	In progress	- ditto -
Wise Consultancy Ltd.	WTO Multilateral Agreements on Trade in Goods	585,000	In progress	- ditto -

Names of consultants (if available)	Contents of studies	Consultancy fees # (HK\$)	Progress and follow- up action (in plan/ in progress/ finished)	Government's follow-up action (if available)
Akin, Gump, Strauss, Hauer & Feld LLP	Trade in services	494,000	In progress	- ditto -
Edward Graham	Trade and investment	75,000	In progress	- ditto -
International Development System Inc.	Textiles matters relevant to Hong Kong/US textiles trade	500,000	In progress	The consultant's contributions form part of the basis in our evaluation of various trade issues as appropriate.
Powell, Goldstein, Frazer & Murphy, LLP	US Customs related matters that may affect Hong Kong's trade interest, in particular the textiles trade	416,000	In progress	- ditto -
Grey, Clark, Shih & Associates Ltd.	Trade issues in Canada which may affect the economic and trade interests of Hong Kong	500,000	In progress	- ditto -

Consultancy fees paid or earmarked in 2001-02. All or part of the payments of the consultancy fees may be deferred to 2002-03 having regard to the progress of individual studies.

- (2) The details of the consultancy studies for policy making and assessment with financial provision allocated in 2002-03 are as follows :

Head 152 - Government Secretariat : Commerce and Industry Bureau

Names of consultants (if available)	Contents of studies	Consultancy fees (HK\$)	Status of consultancy studies (in plan/ in progress/ finished)
Accenture Company Limited	Business process re-engineering study for the Integrated Government e-Trade System	2,000,000	In progress
PwC Consulting Hong Kong Limited	Departmental business study for the Environmental Protection Department	2,250,000	In progress
The McClier Corporation	Follow-up consultancy to the study on 'strengthening Hong Kong's role as the international and regional transportation and logistics hub'	606,250	In progress
Maunsell Consultants Asia Ltd.	Study to strengthen Hong Kong's role as an international maritime centre	3,400,000	In progress
ERM-Hong Kong, Ltd	A regulatory impact assessment on proposed regulation of the vehicle maintenance trade	800,000	In progress
Not Available	To conduct three regulatory impact assessments and two consultancy studies under the Helping Business Programme, including a departmental business study for the Transport Department	6,543,750	In plan

Head 96 - Government Secretariat : Hong Kong Economic and Trade Offices

Names of consultants (if available)	Contents of studies	Consultancy fees (HK\$)	Status of consultancy studies (in plan/ in progress/ finished)
White and Case LLP	Consultancy services on commercial relation and non-trade issues in Europe	1,000,000	In progress

Head 155 - Government Secretariat : Innovation and Technology Commission

Names of consultants (if available)	Contents of studies	Consultancy fees (HK\$)	Status of consultancy studies (in plan/ in progress/ finished)
Hong Kong Productivity Council	Consultancy study on environmental technology industry in Hong Kong	355,000	In progress
Not Available	Conduct studies on Hong Kong-Mainland technological collaboration	2,440,000	In plan
Not Available	Conduct study on further development of biotechnology in Hong Kong	1,300,000	In plan
Not Available	Conduct respective impact studies on different types of Innovation and Technology Fund projects	5,000,000	In plan

Head 177 - Subventions : Non-Departmental Public Bodies

Subhead 533 and 930 Hong Kong Applied Science and Technology Research Institute

Names of consultants (if available)	Contents of studies	Consultancy fees (HK\$)	Status of consultancy studies (in plan/ in progress/ finished)
Squire, Sanders & Dempsey	Consultancy study on ASTRI's business policies on technology transfer and related matters	665,000	In progress

Head 181 - Trade and Industry Department

Names of consultants (if available)	Contents of studies	Consultancy fees (HK\$)	Status of consultancy studies (in plan/ in progress/ finished)
International Development System Inc.	Textiles matters relevant to Hong Kong/US textiles trade	558,000	In progress
Powell, Goldstein, Frazer & Murphy, LLP	US Customs related matters that may affect Hong Kong's trade interest, in particular the textiles trade	487,000	In progress
Grey, Clark, Shih & Associates Ltd.	Trade issues in Canada which may affect the economic and trade interests of Hong Kong	575,000	In progress
Petros Mavroidis	WTO dispute settlement	357,000	In progress
Wise Consultancy Ltd.	WTO Multilateral Agreements on Trade in Goods	428,000	In progress
Edward Graham	Trade and investment	312,000	In progress
Akin, Gump, Strauss, Hauer & Feld LLP	Trade in services	565,000	In plan
Not Available	Free trade agreements	500,000	In plan
Not Available	International economics	500,000	In plan
Not Available	Trade and competition policy	442,000	In plan
Not Available	Trade and environment	406,000	In plan

There is no such consultancy study in respect of the following Heads/Subheads for both financial years 2001-02 and 2002-03 :

Head 31 Customs and Excise Department

Head 78 Intellectual Property Department

Head 79 Invest Hong Kong

Head 177 Subventions: Non-Departmental Public Bodies Subhead 444 Hong Kong Trade Development Council

Name in block letters CHAU Tak Hay

Post Title Secretary for Commerce and Industry

Date 19.3.2002

(Translation)

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB002

Question Serial No.

0882

Head : 152 Government Secretariat :
Commerce and Industry Bureau

Subhead (No. & title): 002 Allowances

Programme : Commerce and Industry

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question : Of the provision of \$4,980,000 under Subhead 002 Allowances, please set out the specific provisions for standard allowances, allowance for Chauffeur grade and the consolidated overtime allowance.

Asked by : Hon. TING Woo-shou, Kenneth

Reply :

For Subhead 002 Allowances, the breakdown of the estimate for 2002-03 is as follows –

<u>Allowance</u>	<u>Estimate</u> (\$'000)
(a) Acting Allowance	4,117
(b) Overtime Allowance (including consolidated overtime allowance for the Chauffeur grade)	418
(c) Special Posting Allowance	363
(d) Subsistence Allowance on commencement of posting	71
(e) Typhoon Allowance and Hardship Allowance for rainstorm black warning	11
	<hr/>
	Total
	<hr/> 4,980 <hr/>

Name in block letters CHAU Tak Hay

Post Title Secretary for Commerce and Industry

Date 19.3.2002

(Translation)

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB003

Question Serial No.

0933

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

Programme : Commerce and Industry

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question : The provision for the Commerce and Industry Bureau for 2002-03 will be reduced by 12.7% in 2002-2003. Instead of deleting permanent posts, why will there be one additional permanent post?

Asked by : Hon. HUI Cheung-ching

Reply :

The provision for 2002-03 is 12.7% lower than the revised estimate for 2001-02. This is mainly due to the full-year savings of short-term posts deleted in 2001-02, the reduced requirement for capital expenditure in 2002-03 and reduced operating expenses under the Enhanced Productivity Programme (EPP) in 2002-03. In relation to deletion of posts, apart from deleting the short-term posts created for the organisation of the 14th General Meeting of the Pacific Economic Cooperation Council and related meetings held in Hong Kong in end 2001, we will also delete 3 posts as a result of rationalising the secretarial and clerical services under EPP.

For 2002-03, we need to create 1 post to strengthen administrative support to cope with the operational requirements.

Name in block letters CHAU Tak Hay

Post Title Secretary for Commerce and Industry

Date 19.3.2002

(Translation)

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB004

Question Serial No.

1289

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

Programme : Commerce and Industry

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question : Apart from the new exhibition centre at the new airport, are there any plans to build major facilities or organize large-scale activities in the coming year which will require a substantial amount of additional funding?

Asked by : Hon. CHAN Kam-lam

Reply :

Apart from the plan to collaborate with the Hong Kong Airport Authority in developing a new exhibition centre at Chek Lap Kok, we do not have any plans at this stage to build major facilities or organise large-scale activities which will require a substantial amount of additional funding in 2002-03.

Name in block letters CHAU Tak Hay

Post Title Secretary for Commerce and Industry

Date 19.3.2002

(Translation)

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB005

Question Serial No.

1290

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

Programme : Commerce and Industry

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question : The expenditure for 2002-03 was reduced by 12.7% as a result of the reduction of capital expenditure, the deletion of posts and the implementation of the Enhanced Productivity Programme in the previous year. What is the objective for the current year?

Asked by : Hon. CHAN Kam-lam

Reply :

The provision for 2002-03 is \$16.4 million (12.7%) lower than the revised estimate for 2001-02. This is mainly due to the full-year savings of short-term posts deleted in 2001-02, the reduced requirement for capital expenditure in 2002-03 and reduced operating expenses under the Enhanced Productivity Programme (EPP) in 2002-03.

For 2002-03, our target for savings will be based on EPP which amounts to \$1.99 million. The EPP measures largely involve rationalising the executive support as well as the provision of secretarial and clerical services. Other EPP measures include economising on the departmental operating expenses and the wider use of e-mail in internal and external communication to reduce expenditure on postage, long distance telephone calls/facsimile transmission, photocopying, paper etc.

Name in block letters CHAU Tak Hay

Post Title Secretary for Commerce and Industry

Date 19.3.2002

(Translation)

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB006

Question Serial No.

0932

Head: 152 Government Secretariat:
Commerce and Industry Bureau

Subhead (No. & title):

Programme: Commerce and Industry

Controlling Officer: Secretary for Commerce and Industry

Bureau Secretary: Secretary for Commerce and Industry

Question :

Please respond to the following questions with regard to “matters requiring special attention in 2002-03”:

- (a) The Commerce and Industry Bureau will participate in consultations with the Mainland on the establishment of the “Mainland/Hong Kong Closer Economic Partnership Arrangement”. Please specify the grades and ranks of the participating officers. What are their major areas of work? What is the expenditure involved?
- (b) What is the number of staff responsible for monitoring and reviewing the progress in implementing the new support measures for small and medium enterprises? What is the expenditure required?

Asked by: Hon. HUI Cheung-ching

Reply:

- (a) On the consultation mechanism for the Mainland/Hong Kong Closer Economic Partnership Arrangement (CEPA), the Financial Secretary, assisted by the Secretary for Commerce and Industry, heads a special taskforce on the HKSAR side. The special taskforce comprises officials from the Commerce and Industry Bureau, Trade and Industry Department, and other relevant Policy Bureaux and Departments. In addition, the technical aspects of the consultations are being tackled at the Senior Officials level.

As far as the Commerce and Industry Bureau is concerned, the Secretary for Commerce and Industry and his officials, irrespective of ranks and grades, are actively participating and supporting the consultations and related work. Financial and staffing implications arising from this work program have been absorbed through flexible redeployment of the Bureau's existing resources, without involving additional resources or creating permanent posts. At the working level, the Principal Assistant Secretary (1), assisted by Principal Trade Officer (1) and an

Assistant Secretary, is responsible for the daily coordination work. Since the CEPA consultations involve many different sectors, the Trade and Industry Department and relevant Policy Bureaux and Departments also actively participate in and provide assistance to the consultations. Hence, it is impossible to quantify the expenditure involved.

The CEPA consultations focus on trade in goods, trade in services, as well as trade and investment facilitation. Separately, the Government is conducting an extensive consultation with respective business sectors, commerce and industrial organizations as well as professional bodies on the content of the CEPA.

- (b) The Commerce and Industry Bureau (CIB) and the Trade and Industry Department are monitoring and reviewing the progress in implementing the new support measures for small and medium enterprises together with the Small and Medium Enterprises Committee. At CIB, a Deputy Secretary, a Principal Assistant Secretary, and an Assistant Secretary are responsible for this task. In the Department, one Deputy Director and one Assistant Director assist the Director-General of Trade and Industry to monitor the progress of the support measures. It is impossible to single out the staffing resources devoted to this task alone as it is only a part of the duties of the officers concerned.

Name in block letters	<u>CHAU Tak Hay</u>
Post Title	<u>Secretary for Commerce and Industry</u>
Date	<u>20.3.2002</u>

(Translation)

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB007

Question Serial No.

0881

Head: 152 Government Secretariat:
Commerce and Industry Bureau

Subhead (No. & title):

Programme: Commerce and Industry

Controlling Officer: Secretary for Commerce and Industry

Bureau Secretary: Secretary for Commerce and Industry

Question : What is the provision made by the Commerce and Industry Bureau for monitoring the progress in implementing the new support measures for small and medium enterprises in the new financial year? How would the Administration assess the cost-effectiveness of the four new funding schemes? What are the estimated amounts of funds advanced by the four funding schemes respectively in the new financial year?

Asked by: Hon. TING Woo-shou, Kenneth

Reply:

The Commerce and Industry Bureau will make use of its existing resources to monitor the progress in implementing the new support measures for small and medium enterprises. It is impossible to single out the resources devoted to this task alone as it is only a part of the duties of the officers concerned.

In assessing the cost-effectiveness of the four new funding schemes, a number of factors will be taken into account. These would include the number of SME beneficiaries, the size of funds allocated, the efficiency in administering the funds, and the overall feedback from the SME sector on the usefulness of the schemes. We shall monitor the progress closely together with the Small and Medium Enterprises Committee and gather feedback from the business sector, especially SMEs, in the new financial year.

As we have not set an annual ceiling for the funds to be allocated under the four funding schemes, and as it is impossible to predict the number of applications and the exact amount of funds to be allocated for each, we have not attempted to estimate the expenditure under the four funding schemes for the new financial year.

Name in block letters CHAU Tak Hay

Post Title Secretary for Commerce and Industry

Date 19.3.2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB008

Question Serial No.

0879

Head: 152 Government Secretariat :
Commerce and Industry Bureau

Subhead(No. & title):

Programme: Commerce and Industry

Controlling Officer: Secretary for Commerce and Industry

Bureau Secretary: Secretary for Commerce and Industry

Question : In the new financial year, according to the estimation of the Commerce and Industry Bureau, how many large-scale general and sector-specific business events will be organized to promote Hong Kong's role as the leading international business centre in Asia? What is the estimated cost for organizing these business events? Comparing with the cost of last year, how does the expenditure change this year? In addition, how successful are the large-scale business events organized last year?

Asked by: Hon. TING Woo-shou, Kenneth

Reply:

In 2001-02, Invest Hong Kong hosted the Fortune Global Forum and the East Asia Economic Summit (EAES) of the World Economic Forum (WEF) at about \$12.2 million. In 2002-03, Invest Hong Kong will host the Forbes Global CEO Conference and the Business Week Asia Leadership Forum at a total estimated cost of \$11 million. In addition, Invest Hong Kong will also play host to a number of smaller scale events, including some sector-specific ones.

These events help to underline Hong Kong's position as Asia's World City and the best place to do business, and help to attract foreign investment.

Both events organized in 2001-02 were highly successful. In particular, the Fortune Global Forum was reportedly the best attended conference in the series in recent years, having attracted over 600 top business and political leaders.

Name in block letters CHAU Tak Hay

Post Title Secretary for Commerce and Industry

Date 19.3.2002

(Translation)

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB009

Question Serial No.

0845

Head: 152 Government Secretariat: Commerce and Industry Bureau

Subhead(No. & title):

Programme: Commerce and Industry

Controlling Officer: Secretary for Commerce and Industry

Bureau Secretary: Secretary for Commerce and Industry

Question :

It is reported that during 2001/02, the Commerce and Industry Bureau "completed more than 15 studies and projects and identified over 50 initiatives with a view to streamlining government procedures, reducing government regulations, assessing impact of regulatory proposals, or improving services under the Helping Business Programme". What are the details of the 15 studies and 50 initiatives? Please give a breakdown of the expenses incurred by individual projects? How many these initiatives have actually been adopted? How many projects involved the appointment of consultants?

Asked by: Hon. Mrs CHOW LIANG Shuk-ye, Selina

Reply:

Over 15 studies and projects were completed in 2001-02 under the Helping Business Programme. Almost all the improvement recommendations and initiatives have been accepted by the government bureaux and departments concerned. They are being actively pursued by these bureaux and departments which have plans for phased implementation. Up to now more than 20 measures have been implemented.

Of the above studies and projects, six require hiring of consultancy services with a total cost of \$9,209,000. There are eight full time staff in Commerce and Industry Bureau responsible for promoting the Helping Business Programme. Total staff emolument in 2001-02 for these staff is \$5,524,000. Since the staff are frequently engaged in different studies/projects at the same time, it is not possible to relate the staff expenditure to individual studies and projects.

Apart from that, staff from the bureaux and departments concerned also take part in the above-mentioned studies/projects. We have not calculated in fiscal terms their related expenditure for the Helping Business Programme.

Details of the main studies/projects, initiatives and benefits, expenses for employing consultancy services are set out in the **Appendix**.

Name in block letters CHAU Tak Hay
Post Title Secretary for Commerce and Industry
Date 19.3.2002

Helping Business Programme
Projects/Studies Completed in 2001/02

	Name of Project/Study	Major Initiatives and Benefits	Consultancy Fee (HK\$M)
1.	Electronic submission of Government forms through Internet	Enables the public to fill in and submit forms to Government electronically anytime and anywhere. Currently, about 240 "e-Forms" are available for electronic submission.	NA
2.	Departmental business study of Government Supplies Department	Increase business-friendliness of the Department's supplier registration system and web site. Options identified for automating the registration system and enhancing navigation between the Government Supplies Department and Electronic Tendering System web sites.	1.795
3.	Helping Business Awards Scheme 2001	Increase awareness of government departments of the need to be more business friendly and engender a helping business culture and mindset in the civil service.	NA
4.	A regulatory impact assessment on the proposed legislation on family entertainment centres	Cost and benefits of the proposed regulatory regime for family entertainment centres to traders, Government and the community assessed.	0.916
5.	Review of licensing of food premises other than restaurants	Measures identified to streamline the licensing processes. Introduction of new generic licence to replace 8 existing food licences. Extended licence renewal period to 2 years.	2.2
6.	Review of approval procedures for general building plan submission	Approval process streamlined to improve processing time by 25%. Enhanced the transparency and business-friendliness of the process.	NA
7.	Pilot project on electronic retrieval of approved building plans	Plans for the Yau Tsim Mong District can be retrieved electronically. Retrieval time is substantially shortened from weeks in the past to within minutes.	2.0
8.	Provision of portable water meters to the construction industry	Contractors can obtain metered water supply speedily and conveniently for early commencement of their works.	NA

	Name of Project/Study	Major Initiatives and Benefits	Consultancy Fee (HK\$M)
9.	Stock-taking of public forms (Year 2001) and encouraging departments to cut unnecessary forms	Public forms reduced as a result. A useful benchmark for cutting red tape exercises.	NA
10.	Processing of Short Term Waiver in North District	Processing of some applications for Short Term Waiver in North District speeded up.	NA
11.	A regulatory impact assessment on proposed amendments to the existing anti-smoking legislation	Cost and benefits of the proposed anti-smoking measures to traders, Government and the community assessed.	1.208
12.	Business process re-engineering study of massage establishments licensing procedures	Licensing control of massage establishment relaxed and processing of applications for licences speeded up to 25 working days.	NA
13.	Feasibility study on the bulk billing functionality for rates and government rent	Bulk billing options recommended to save multi-property rates and government rent payers' time and operating costs.	1.09
14.	Water-cooled air-conditioning systems	The water-cooled air-conditioning system can significantly reduce energy cost. Trial scheme to introduce and promote the systems extended to more districts, thus helping users save costs.	NA
15.	Review of industrial land use	Restrictions on use of industrial land for entertainment, business and other institutional uses relaxed to provide flexibility to owners and occupiers.	NA

(Translation)

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB010

Question Serial No.

0878

Head: 152 Government Secretariat: Commerce and Industry Bureau

Subhead(No. & title): 838

Programme: Commerce and Industry

Controlling Officer: Secretary for Commerce and Industry

Bureau Secretary: Secretary for Commerce and Industry

Question :

Please provide details of the specific provision of \$15,600,000 under Subhead 838 Minor Consultancy Studies. Of these, how many are for the Business and Services Promotion Unit to conduct minor studies related to the Helping Business and Services Promotion Programmes? What are the pay items?

Asked by: Hon. TING Woo-shou, Kenneth

Reply:

Specific provision of \$15,600,000 is made under Subhead 838 Minor Consultancy Studies for the Business and Services Promotion Unit to conduct the following studies related to the Helping Business and Services Promotion Programmes :

Study Item	Consultancy Fees (HK\$)
Business process re-engineering study for the Integrated Government e-Trade System	2,000,000
Departmental business study for the Environmental Protection Department	2,250,000
A regulatory impact assessment on proposed regulation of the vehicle maintenance trade	800,000
Study to strengthen Hong Kong's role as an international maritime centre	3,400,000
Follow-up consultancy to the study on 'strengthening Hong Kong's role as the preferred international and regional transportation and logistics hub'	606,250
To conduct three regulatory impact assessments and two consultancy studies under the Helping Business Programme, including a departmental business study for the Transport Department	6,543,750
Total	15,600,000

Name in block letters CHAU Tak Hay

Post Title Secretary for Commerce and Industry

Date 19.3.2002

(Translation)

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB011

Question Serial No.

0880

Head: 152 Government Secretariat:
Commerce and Industry Bureau

Subhead(No. & title):

Programme: Commerce and Industry

Controlling Officer: Secretary for Commerce and Industry

Bureau Secretary: Secretary for Commerce and Industry

Question :

What is the provision made by the Commerce and Industry Bureau for implementing the Helping Business Programme in the coming year? Please give a detailed account of the implementation plan, including measures to assess the effectiveness of the Programme and to further adopt improvement proposals put forward by the business sector.

Asked by: Hon. TING Woo-shou, Kenneth

Reply:

There are eight full-time staff in the Commerce and Industry Bureau tasked to coordinate closely with government bureaux and departments in the conduct of helping business studies and speedy implementation of improvement measures under the Helping Business Programme. In 2002-03, the Commerce and Industry Bureau has earmarked \$5,524,000 for the Personal Emolument in respect of these staff and included an estimate of \$11,600,000 for employing consultants to conduct the following studies under the Programme -

Study Item	Consultancy Fees (HK\$)
Business process re-engineering study for the Integrated Government e-Trade System	2,000,000
Departmental business study for the Environmental Protection Department	2,250,000
A regulatory impact assessment on proposed regulation of the vehicle maintenance trade	800,000
To conduct three regulatory impact assessments and two consultancy studies under the Helping Business Programme, including a departmental business study for the Transport Department	6,544,000
Total :	11,594,000

The Helping Business Programme aims to cut government red tape, streamline processes and improve services so as to help business. In assessing the effectiveness of the Programme, the main consideration is whether the various measures introduced under the Programme can achieve the above objectives. In this context, the feedback and views of the business community are definitely important yardsticks for the assessment. Apart from that, the acceptance level by the related bureaux and departments of the improvement measures recommended under the Programme is also a main factor for consideration.

The Commerce and Industry Bureau will actively promote the Helping Business Programme in the business sector and take initiative to contact individual trade representatives and associations to listen to their views and solicit their suggestions for improving the Programme and the related initiatives.

Name in block letters	<u>CHAU Tak Hay</u>
Post Title	<u>Secretary for Commerce and Industry</u>
Date	<u>19.3.2002</u>

(Translation)

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB012

Question Serial No.

0843

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

Programme: Commerce and Industry

Controlling Officer: Secretary for Commerce and Industry

Bureau Secretary: Secretary for Commerce and Industry

Question : Matters requiring special attention in 2002-03 include the following three items:

- i) continue to identify and implement appropriate initiatives to promote the service industries;
- ii) continue to co-ordinate the Government's efforts in supporting the development of professional services; and
- iii) introduce a Professional Services Development Assistance Scheme to help raise the standard of professional services.

What is the progress of these three items? Does the Administration have any specific plan for achieving the targets in the coming year? What are the resources involved?

Asked by: Hon. Mrs CHOW LIANG Shuk-ye, Selina

Reply:

The progress of the three items in question and the related plans for the coming year are detailed as follows:

- (1) *Continue to identify and implement appropriate initiatives to promote the service industries*

The Services Promotion Strategy Group, chaired by the Financial Secretary, formulates an Action Agenda each year to set out initiatives which help promote the development of the service industries. The Group also co-ordinates follow-up actions by relevant departments arising from the Action Agenda. The Action Agenda for this year includes 10 items. For details, please refer to Annex A.

In addition, the Business and Services Promotion Unit (BSPU) of the Commerce and Industry Bureau (CIB) will launch publicity programmes, for example the production and broadcast of Announcement for Public Interest, to promote Hong Kong's service industries to the international markets and to enhance the public and service providers' understanding of quality services as well as their support for it.

(2) *Continue to co-ordinate the Government's efforts in supporting the development of professional services*

The Government has adopted a two-pronged approach in promoting the development of the professional service sectors. Firstly, we provide assistance to individual professional service sectors to help them tap external markets. Given that different sectors are faced with different problems in the process and have different interests, the assistance is provided by relevant bureaux and departments. BSPU maintains close contact with these bureaux and departments to monitor the situation and identify areas for further improvement or support. It also liaises with the Office of the Government of the HKSAR in Beijing and the Hong Kong Trade Development Council (TDC) to disseminate, directly or through relevant departments, to professional bodies the updated information about Mainland's market and regulations.

Secondly, we provide support to facilitate the development of the professional service sector as a whole. The work in this area can be further divided into two parts:

- Promotional activities: BSPU is responsible for organising promotional activities concerning the professional service sector as a whole. For example, last year we produced VCDs to promote the professional services of Hong Kong to the Mainland and distributed them to the Mainland enterprises through TDC. In the coming year, we will collaborate with the Joint Professional Centre to set up a website on professional services of Hong Kong. We also plan to organize seminars to discuss with various professional sectors about the changes and business opportunities brought about by China's accession to WTO.
- Professional Services Development Assistance Scheme: The Scheme, which is administered by BSPU, aims at providing funding support to the professional service sectors for launching projects conducive to their development. Please refer to item (3) below for the latest developments.

(3) *Introduce a Professional Services Development Assistance Scheme to help raise the standard of professional services*

The Professional Services Development Assistance Scheme was open for applications on 28 February 2002. We expect to complete the vetting of applications in July and invite second tranche of applications in August to September.

CIB's resources (excluding personal emoluments) involved in items (1) and (2) above amount to around \$6.85m. That includes the estimated expenditures of \$3.4m under Subhead 838 (Minor consultancy studies), \$2m under Item 010 of Subhead 700 (Publicity programme to maintain Hong Kong's position as a pre-eminent services centre by promoting quality service) and \$1.45m under Subhead 149 (General departmental expenses). As mentioned above, other bureaux are also involved in promotion work and providing support relating to these two items. We have not compiled statistics on the resources contributed by them.

As regards item (3) above, we have set aside \$33m in 2002/03 to fund the approved projects.

Name in block letters	CHAU Tak Hay
Post Title	Secretary for Commerce and Industry
Date	19.3.2002

2002 Action Agenda on Services Promotion

1. Consider and formulate strategies to further strengthen HK's role as an advanced IT city by –
 - increasing our external connectivity for the internet and promoting the development of Internet2; and
 - formulating a comprehensive e-government policy and reviewing the need for a unified approach for all government portals.
2. Strengthen HK's electronic presence in the U.S. and Europe by revamping the Government home page, with a view to improving the dissemination of information, especially financial and economic news and figures.
3. Identify appropriate measures to support the development of the digital entertainment industry in Hong Kong.
4. Consider the case for building a multi-media exhibition hall/game centre similar to the Sony Exploratorium in SF with a view to promoting innovation, interest in IT as well as tourism.
5. Identify a suitable area (such as West Kowloon, Airport Island, etc) for the development of a second business district to counteract the increasing rental cost in Central.
6. Conduct a benchmark study on HK as a maritime services centre against other leading centres in the world, with a view to adopting measures and strengthening infrastructure to enhance our position as a leading maritime centre in Asia.
7. Assist businesses, in particular SMEs, in exploring the Mainland market by establishing a centre where they can get advice and gather information on the Mainland market.
8. Promote HK's professional services in the Mainland.
9. Organize promotional activities that target our young people with a view to informing them about the globalized knowledge-based economy, building up their confidence about our economic future as well as impressing upon them the need for increased competitiveness.
10. Conduct activities to publicise the importance of quality service.

(Translation)

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB013

Question Serial No.

0619

Head : 96 Government Secretariat :
Hong Kong Economic and Trade Offices

Subhead(No. & title):

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

Controlling Officer : Secretary for Commerce and Industry

Bureau Secretary : Secretary for Commerce and Industry

Question : What is the estimated provision for the new Hong Kong Economic and Trade Office in Guangdong for 2002-03? Please provide a detailed breakdown of expenditure on setting up the office.

Asked by : Hon. LEE Chu-ming, Martin

Reply :

A breakdown of the estimated financial provision for the Hong Kong Economic and Trade Office in Guangdong for 2002-03 is as follows –

<u>(a) Recurrent Account</u>	<u>Estimates</u> (\$'000)
i) Personal Emoluments (including salaries and allowances for 8 Hong Kong-based staff)	9,660
ii) Departmental Expenses (including office rentals and building management fees, duty travel expenses and day-to-day operational expenses)	11,690
iii) Other Charges (including publicity)	1,050
	<hr/>
Total	<u>22,400</u>

<u>(b) Capital Account</u>	<u>Estimates</u> (\$'000)
i) Setting-up costs (including fitting-out costs of office accommodation (\$5.5m) and costs of acquisition and installation of furniture and equipment)	7,500
ii) Business and Hong Kong promotion	2,000
iii) Purchase of office vehicle	<u>500</u>
Total	<u>10,000</u>

Name in block letters CHAU Tak Hay

Post Title Secretary for Commerce and Industry

Date 18.3.2002

(Translation)

Examination of Estimates of Expenditure 2002-03

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

Reply Serial No.

CIB014

Question Serial No.

0620

Head: 96 Government Secretariat:
Hong Kong Economic and Trade Offices

Subhead(No. & title):

Programme: (1) Commercial Relations

Controlling Officer: Secretary for Commerce and Industry

Bureau Secretary: Secretary for Commerce and Industry

Question : Please give details on the work plan of the Hong Kong Economic and Trade Office in Guangdong on specific trade issues in 2002-03, such as plans for attending meetings on trade-related matters, organizing seminars, exhibitions and so on.

Asked by: Hon. LEE Chu-ming, Martin

Reply:

The main functions of the Hong Kong Economic and Trade Office (ETO) in Guangdong will include - (a) to promote trade between Hong Kong and Guangdong through enhanced communication and cooperation with the provincial government and different levels of local authorities; (b) to reflect and follow up trade-related issues of common concern among Hong Kong businessmen to the relevant Guangdong authorities; (c) to gather and disseminate the latest information on commerce and trade policy and legislation in Guangdong; (d) to publicize the excellent investment environment of Hong Kong in order to facilitate more investment between the two places and to enhance trading opportunities; and (e) to cultivate a positive image of Hong Kong so as to facilitate business promotion. As establishment of the ETO is still in the preparatory stage, details on its work plan on specific trade issues in 2002-03 have yet to be worked out. However, it is expected that the ETO will first focus on establishing working relationships with the government authorities and industrial and trade associations in Guangdong and gaining deeper understanding of the concerns and needs of Hong Kong businessmen with a view to formulating the detailed and long-term work plan of the ETO.

Name in block letters CHAU Tak Hay
Post Title Secretary for Commerce and Industry
Date 18.3.2002

(Translation)

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB015

Question Serial No.

1169

Head: 155 Government Secretariat :
Innovation and Technology Commission

Subhead(No. & title):

Programme: (1) Support for Research and Development

Controlling Officer: Commissioner for Innovation and Technology

Bureau Secretary: Secretary for Commerce and Industry

Question : Will the government inform this Council of the amount of funding requested by the 202 applications expected to be received in 2002?

Asked by: Hon. CHAN Kam-lam

Reply:

It is estimated that 202 applications under the Innovation and Technology Support Programme will be received and processed in 2002, and their requested amount of funding is expected to be HK\$1.2b.

Name in block letters Francis HO

Post Title Commissioner for Innovation and Technology

Date 19.3.2002

(Translation)

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB016

Question Serial No.

1188

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

Programme: (2) Fostering University – Industry Collaboration

Controlling Officer: Commissioner for Innovation and Technology

Bureau Secretary: Secretary for Commerce and Industry

Question : Will the Government inform this Council of the number of funded projects which are confirmed to have potential to achieve deliverables but no hope of commercialisation? Will the Government consider terminating funding for those projects? If yes, how much is expected to be saved?

Asked by: Hon. CHAN Kam-lam

Reply:

So far, no project funded under the University-Industry Collaboration Programme has been confirmed to have potential to achieve deliverables but no hope of commercialisation.

Name in block letters Francis HO
Post Title Commissioner for Innovation and Technology
Date 19.3.2002

(Translation)

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB017

Question Serial No.

1301

Head: 155 Government Secretariat :
Innovation and Technology Commission

Subhead(No. & title):

Programme: (3) Promotion of Technological Entrepreneurship

Controlling Officer: Commissioner for Innovation and Technology

Bureau Secretary: Secretary for Commerce and Industry

Question : Will the Government inform this Council of the progress of the Government's cooperation with the Hong Kong Science and Technology Parks Corporation (HKSTPC)? Will there be any new programmes or projects that can be implemented within this year and what will be the costs involved?

Asked by: Hon. CHAN Kam-lam

Reply:

Since the establishment of the HKSTPC in May 2001, the Government has been working closely with the Corporation through representation at its Board and committees. The main tasks include formulating HKSTPC's policy directions, following up the current major programmes and projects, developing new focuses for its projects and services, as well as handling matters in relation to its transition after the merger. HKSTPC's transitional matters, such as its organisational structure, staffing and establishment, have generally been settled. Besides, the newly appointed Chief Executive Officer will assume duty in April 2002. With its satisfactory progress of development, the Science Park will commence to operate in mid-2002.

Regarding the promotion of innovation in technology, the HKSTPC will place its emphasis on the nurturing of technology-based start-ups. Since the expansion of the incubation programme in September 2001, the response from the business sector has been encouraging, with more than 40 technology start-ups joining the Scheme. This year, the HKSTPC will further strengthen its incubation programme, provide tenants of the Science Park and incubatees with training and technical support, and develop network with the universities. The HKSTPC also actively seeks opportunities for collaborations with the science parks in the Mainland. In November 2001, it signed a collaboration agreement with the Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality ("the Bureau") to spearhead cooperation in scientific and technological development between Guangzhou and Hong Kong. The Bureau led a delegation comprising key enterprises in Guangzhou and the Guangdong Province for participation in the business-matching sessions of the TechWorld 2002 hosted by the HKSTPC on 19 March 2002. According to the preliminary estimates made by the HKSTPC, the costs involved for the above programmes will be about \$50m, which will be met by the HKSTPC.

Name in block letters

Francis HO

Post Title

Commissioner for Innovation and Technology

Date

19.3.2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB018

Question Serial No.

1294

Head: 31 Customs and Excise Department Subhead(No. & title):

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 : Why is there still an increase of 10% in the estimates of financial provision for 2002-03 even if there is no provision of new services and programmes?

Asked by: Hon. LAU Kong-wah

Reply:

The increase in provision for 2002-03 is for enhancing existing services and is \$106.6 m (9.7%) higher than the revised estimate for 2001-02 mainly due to –

- (a) the creation of 121 posts (40 posts for manning customs facilities at the Container Terminal No. 9, 48 posts for the expansion of Lok Ma Chau Control Point and 33 posts for facilitating cross-boundary traffic) as well as the transfer of 24 posts from the Marine Department to man harbour launches. The provision for these new posts is partly offset by a net deletion of 50 posts upon the establishment of a new Intelligence and Co-operation Branch, implementation of Electronic Data Interchange services for cargo manifest and completion of short term projects, and 49 posts deleted under the Enhanced Productivity Programme;
- (b) an increase in recurrent departmental expenditure arising from the facilities in the new Container Terminal No. 9, the procurement of two mobile X-ray vehicle scanners for Man Kam To and Sha Tau Kok Control Points and the implementation of the Case Processing System and the Electronic Data Interchange System for cargo manifest; and
- (c) non-recurrent expenditure for the procurement of four high speed pursuit crafts for the purpose of suppressing smuggling activities along the sea boundaries.

Name in block letters RAYMOND H C WONG

Post Title Commissioner of Customs & Excise

Date 20.3.2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB019

Question Serial No.

0912

Head: 31 Customs and Excise Department Subhead(No. & title):

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise

Bureau Secretary: Secretary for Commerce and Industry

Question : According to the analysis of financial provision, the increase of \$3.7 m for the estimates of expenditure under Programme (5) is mainly due to the establishment of the Intelligence and Co-operation Branch. On the other hand, there is an increase of \$7 m for the estimates of expenditure under Programme (3), of which the establishment of the Intelligence and Co-operation Branch also accounts for one of the two major items of expenditure. What is the actual financial provision for this new Intelligence and Co-operation Branch? Please also advise this Council on the functions of the Branch and whether additional recruitment of manpower is needed.

Asked by: Hon. CHAN Kam-lam

Reply:

The resources required for establishing the Intelligence and Co-operation (IC) Branch is \$24.82 m, of which \$20.94 m will be met by internal redeployment involving a re-distribution of the existing resources among the five programme areas under the purview of the Department. In this connection, an amount of \$2.85 m will be redeployed to Programme (3) which accounts for about 41% of the total increase of \$7.0 m in the provision for the programme area in 2002-03, while another amount of \$3.06 m will be redeployed to Programme (5) which accounts for about 82% of the total increase of \$3.73 m in the provision for that programme area. The net additional provision from central government for establishing the IC Branch is \$3.88 m.

The functions of the IC Branch are -

- (a) to steer and co-ordinate departmental intelligence activities;
- (b) to formulate policies, guidelines and procedures on intelligence work for application across the Department;
- (c) to produce strategic intelligence to support top level decision making;
- (d) to provide tactical/operational intelligence timely and directly to field officers to enhance efficiency in various operational activities;
- (e) to co-ordinate the sharing of intelligence across formations;
- (f) to research on intelligence collected by formations to develop new intelligence or add value to existing intelligence; and
- (g) to be responsible for the liaison and co-operation work with overseas Customs administrations and Mainland's Customs authorities on intelligence exchange and other mutual assistance matters.

The IC Branch will be manned by existing staff and additional recruitment of manpower is not required.

Name in block letters	<u>RAYMOND H C WONG</u>
Post Title	<u>Commissioner of Customs & Excise</u>
Date	<u>20.3.2002</u>

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB020

Question Serial No.

1157

Head: 31 Customs and Excise Department Subhead (No. & title):

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise

Bureau Secretary: Secretary for Commerce and Industry

Question : In 2001, there were significant increases in the number of investigations and seizures in relation to intellectual properties, reflecting the situation was not satisfactory. What will be the additional resources and manpower allocated by the Customs in 2002 to step up enforcement action ?

Asked by: Hon. Mrs CHOW LIANG Shuk-ye, Selina

Reply:

Copyright piracy is under firm control. The significant increases in the number of investigations and seizures in 2001 were the results of our revised tactics of launching more intensive investigations and mounting more frequent, vigorous and multiple raids to curb the business of the pirates.

We will strengthen enforcement against copyright piracy by implementing new control measures and launching intelligence-based operations. The additional resources and manpower requirement will be met by internal redeployment.

Name in block letters RAYMOND H C WONG

Post Title Commissioner of Customs & Excise

Date 20.3.2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB021

Question Serial No.

0947

Head: 31 Customs and Excise Department

Subhead(No. & title):

Programme: (5) Trade Controls

Controlling Officer: Commissioner of Customs and Excise

Bureau Secretary: Secretary for Commerce and Industry

Question : What kinds of strategic commodities are covered under the Strategic Trade Control System? Under the import and export licensing control systems for licensable items, what items are required to apply for import or export licences?

Asked by: Hon. Mrs LAU Kin-yee, Miriam

Reply:

Under the Import and Export Ordinance, the import, export, transshipment, and in some cases, transit of strategic commodities are subject to licensing control. Such strategic commodities are listed in the Schedules to the Import and Export (Strategic Commodities) Regulations. They include munitions items and a wide variety of goods that are capable of use for both industrial and military purposes, such as chemicals, electronic components, computers, telecommunication equipment, as well as articles that might be used in the development, production etc of chemical, biological or nuclear weapons.

Apart from strategic commodities, some 30 other categories of articles are also subject to import and export licensing control under various legislations for different purposes, such as to safeguard public health, security, public revenue, or to discharge Hong Kong's international obligations. For instance, under the Import and Export (General) Regulations, the import and/or export of textiles, pesticides, pharmaceutical products and medicines, frozen or chilled meat and poultry, left hand drive vehicles, outboard engines exceeding 111.9 kilowatts and optical disc mastering and replication equipment have to be covered by licences.

Name in block letters RAYMOND H C WONG

Post Title Commissioner of Customs & Excise

Date 20.3.2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB022

Question Serial No.

1144

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: For non-core activities including the development of new computer systems for trade marks and designs, enhancement of the patent computer system, on-going IT support and front/back office operations, etc., has any comparison been made between the expenses of outsourcing and those of in-house service? Which of the services mentioned above have currently been outsourced? What are the implications on resource savings?

Asked by: Hon. CHAN Kam-lam

Reply:

When we sought funding from the Finance Committee, we included a cost-benefit analysis of the outsourcing of non-core activities which showed that outsourcing would be more cost-effective when compared with in-house service. The cumulative net savings expected to be achieved through the outsourcing project over the five-year period was estimated to be \$32.8 million.

2. The non-core activities, including the development of new computer systems for trade marks and designs, enhancement of the patent computer system, on-going IT support and front/back office operations, have been outsourced as a package under a contract which commenced on 1 December 2001.

3. While the contract is still at an early stage, we envisage that the estimated cumulative net savings of \$32.8 million will be realised upon the completion of the project.

Name in block letters

Stephen SELBY

Post Title

Director of Intellectual Property

Date

19.3.2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB023

Question Serial No.

0065

Head: 79 Invest Hong Kong

Subhead(No. & title): 724 Investment promotion
(block vote)

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion

Bureau Secretary: Secretary for Commerce and Industry

Question : What is the amount of resources Invest Hong Kong plans to allocate to various investment promotion activities to be organized in mainland China in 2002-03? Please provide the details of such promotion activities. (Please specify the names, venues, dates, costs, purposes and targets of the activities.)

Asked by: Hon. LEUNG Fu-wah

Reply:

Invest Hong Kong's investment promotion (IP) activities are sector-based as opposed to geography-based. It is therefore not possible to specify the resources dedicated to IP work or activities in or related to any one economy including Mainland China. Suffice it to say that the purpose of all IP activities is to attract inward investment to Hong Kong particularly in the priority sectors, regardless of where the investors are based.

Invest Hong Kong is supported by units in the Hong Kong Economic & Trade Offices (ETOs) overseas and will allocate a budget to each ETO to enable the IP unit to carry out a programme of activities in accordance with a business plan agreed between the department and the ETO. For Mainland China, the first ETO is being planned for Guangzhou and a business plan is being developed. Initially the IP Unit of the Guangzhou ETO can be expected to target private enterprises in priority sectors and to organize sector specific seminars, workshops and promotional activities. Details are being worked out pending the establishment of the Guangzhou ETO.

Name in block letters M J T ROWSE

Post Title Director-General of Investment Promotion

Date 19.3.2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB024

Question Serial No.

0575

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 : The amount at market value of the in-flow of foreign direct investment into Hong Kong was up from \$190.8 billion in 1999 to \$502.1 billion in 2000. Please account for the substantial increase and the distribution of the related investment of businesses. What is the estimate of the amount at market value of the in-flow of foreign direct investment for 2002? What are the impacts of increase or decrease in the amount at market value of the in-flow of foreign direct investment on the departmental establishment and expenditure?

Asked by: Hon. NG Leung-sing

Reply:

The substantial increase in Inward Direct Investment in 2000 is due mainly to -

- (a) major merger and acquisition activities in the telecommunications sector in 2000;
- (b) the reinvested earnings of foreign companies in Hong Kong due to improved corporate profitability and increased confidence in Hong Kong;
- (c) recovery from the economic turmoil of the recent past;
- (d) transnational companies planning to invest in Mainland China 'parking' funds in Hong Kong in anticipation of China's entry into the WTO; and
- (e) the increasing importance of investment from Mainland China to the development of the Hong Kong economy.

The Inward Direct Investment in 2000 came mainly from three enterprise groups, including investment holding, real estate and various business services (68%), wholesale, retail and import/export trades (13%) and banks and deposit-taking companies (7%).

The global slowdown in economic growth and reduction in cross-border mergers and acquisitions would likely cause a drop in Foreign Direct Investment flows in 2001 and a lull in 2002. However, we are hopeful that the setback would be temporary and we expect direct investment flow to increase again from 2003 and grow over the medium term.

There is no direct relationship between the value of Inward Direct Investment and the department's establishment and expenditure. During the Inward Direct Investment boom in 2000, the department had coped with the demands from a great number of foreign investors mainly through prioritisation.

Name in block letters M J T ROWSE

Post Title Director-General of Investment Promotion

Date 19.3.2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB025

Question Serial No.

0576

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 : The estimate for the number of pursuable new leads for 2002 is down to 250. What is the reason for that? What are the impacts of the decrease on the departmental establishment and expenditure?

Asked by: Hon. NG Leung-sing

Reply:

In the wake of worldwide economic downturn in 2001, foreign direct investment is expected to decline, according to the World Investment Report 2001 published by the United Nations Conference on Trade and Development. There could be some recovery in the latter part of 2002, but it would be prudent not to be too optimistic, hence the estimate of 250 for the number of pursuable new leads in 2002. In difficult economic times, the department would need to devote more effort to reach out proactively to overseas investors and promote Hong Kong as the ideal location for investment and for setting up regional operations.

Name in block letters M J T ROWSE

Post Title Director-General of Investment Promotion

Date 19.3.2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB026

Question Serial No.

0884

Head: 181 Trade and Industry Department

Subhead(No. & title):

Programme: (1) Commercial Relations

Controlling Officer: Director-General of Trade and Industry

Bureau Secretary: Secretary for Commerce and Industry

Question :

Please reply the following questions under "Matters Requiring Special Attention in 2002-03":

- (a) the Trade and Industry Department has indicated that it will continue its efforts in supporting activities to be conducted by the Mainland and HKSAR Joint Commission on Commerce and Trade. What is the budget and its weight in total expenditure? What are the differences when compared with the past two years?
- (b) the Trade and Industry Department has indicated that it will continue to monitor the implementation of China's liberalisation commitments made on its entry into the World Trade Organisation and the implications for the Mainland and Hong Kong. What is the budget and its weight in the total expenditure?

Asked by: Hon. HUI Cheung-ching

Reply:

- (a) The Trade and Industry Department is involved in supporting the activities of the Mainland and HKSAR Joint Commission on Commerce and Trade, co-chaired by the Secretary for Commerce and Industry on the Hong Kong side and a Deputy Minister of the Ministry of Foreign Trade and Economic Cooperation (MOFTEC). A number of working groups have been established under it, including the Working Group on Trade with the Director-General of Trade and Industry as co-convenor. Matters for discussion under the Working Group include trade and trade-related subjects of common interest or mutual concern.
- (b) The Trade and Industry Department will continue its efforts in monitoring the implementation of the market liberalisation commitments made for China's accession to the World Trade Organisation (WTO). In 2002, the Mainland and HKSAR Joint Commission on Commerce and Trade will organise a series of seminars on China's accession to the WTO. Mainland officials will be invited to speak at the seminars, and to discuss with Hong Kong businessmen issues concerning the implementation of the liberalisation commitments and business opportunities for Hong Kong. In addition, the Department will enhance liaison with relevant Mainland authorities to understand the latest market developments, and disseminate information to the business community accordingly.

We have not set aside a special provision for the tasks mentioned above as they are largely carried out by existing manpower resources available in the Mainland and Asia Branch of the Asia Division. On a day to day basis, these tasks are carried out by a Principal Trade Officer, a Trade Officer and an Assistant Trade Officer under the supervision of an Assistant Director-General and a Deputy Director-General.

Name in block letters	Joshua C K LAW
Post Title	Director-General of Trade and Industry
Date	19.3.2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB027

Question Serial No.

0885

Head: 181 Trade and Industry Department

Subhead(No. & title):

Programme: (2) Trade Support and Facilitation

Controlling Officer: Director-General of Trade and Industry

Bureau Secretary: Secretary for Commerce and Industry

Question : According to the "Indicators - Licence issued" column, there will be a sharp increase in the number of strategic commodities licence from 38,565 in 2001 to 46,278 in 2002. What are the reasons? Will there be a corresponding increase in the manpower and expenditure? Or will the extra workload be absorbed by existing resources? Please provide details if additional resources are required.

Asked by: Hon. HUI Cheung-ching

Reply:

Strategic commodities cover, among other things, various dual use high-tech products which have wide application in various trade and industry sectors. The most common types of strategic commodities include electronic components, computers, telecommunication equipment and information security products.

The estimated number of strategic commodities licences to be issued in 2002 is projected based on the licensing pattern in 2001, which showed a general increasing trend for licences covering electronic components and information security products. We envisage that, as e-commerce becomes more popular and as demand for high-tech goods for use by the business community increases, the import and export activities relating to strategic commodities will continue to grow in 2002. We further envisage that the more powerful or sophisticated products falling under the statutory control system may become more widely available during the course of the year. Taking into account all these considerations and based on past experience, we estimate that there would be a 20% increase in licences covering the import and export of strategic commodities in 2002.

The Department will absorb the additional workload through productivity enhancement and internal redeployment of resources. No additional manpower resources or expenditure would be required in this respect.

Name in block letters	<u>Joshua C K LAW</u>
Post Title	<u>Director-General of Trade and Industry</u>
Date	<u>19.3.2002</u>

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB028

Question Serial No.

0886

Head: 181 Trade and Industry Department

Subhead(No. & title):

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry

Bureau Secretary: Secretary for Commerce and Industry

Question : Under "Matters Requiring Special Attention in 2002-03", the Trade and Industry Department has indicated that it will implement other support measures recommended by the Small and Medium Enterprises (SME) Committee, in addition to overseeing the four SME funding schemes. Please provide the budget for and details on the implementation of these measures.

Asked by: Hon. HUI Cheung-ching

Reply:

In its report to the Chief Executive in June 2001, the SME Committee (SMEC) recommended over 30 measures in the areas of SME financing, business environment, corporate governance and culture, human resources, technology application, and market expansion, to help SMEs further develop, including setting up four SME funding schemes.

The four SME funding schemes were launched in December 2001 and January 2002 respectively. The Department has also started to implement, in collaboration with other government bureaux and departments, trade and industry associations, and industry support organisations, all the other recommendations of the SMEC. The major ones are as follows:

- (a) the Department has upgraded its SME Information Centre into the Support and Consultation Centre for SMEs (SUCCESS), which came into operation in November 2001. Through partnership with more than 60 major trade and industry associations, support organisations, professional bodies, private firms, and government departments, SUCCESS provides SMEs with a comprehensive range of free information, business advisory services and facilities under the same roof. It also regularly runs seminars on topics of interest to SMEs;
- (b) a Roundtable on SME Financing has been set up recently under the SMEC to consider issues and developments relating to SMEs' financing needs, and to suggest measures that will facilitate SMEs to raise capital for short- and long-term development. The Roundtable comprises SMEC members, individual SMEs, and representatives from SME associations, lending institutions, financial institutions, the Hong Kong Monetary Authority, and relevant government bureaux and departments. The Roundtable convened its first meeting on 18 March 2002;
- (c) the existing Pilot Mentorship Programme for SMEs will be expanded. In this regard, we will work in partnership with various trade and industry associations, industry support organisations, and professional bodies so that more SMEs may benefit. We aim to launch the expanded Programme in the second quarter of 2002; and
- (d) we will encourage and facilitate trade and industry associations to work closely with local higher education institutions, with a view to coming up with practical measures to attract more local talents to join local industries upon graduation. For example, we will explore the feasibility of running a pilot practicum programme in SMEs for undergraduates in various industry-related disciplines.

In order to cope with the additional workload arising from implementing the recommendations of the SMEC, three non-directorate civil service posts will be created in 2002-03. Further, the Department will engage 35 non-civil service contract staff.

The setting up of the four SME funding schemes involves a total commitment of \$7.5b, with an expected maximum expenditure of \$1.9b. We have also earmarked about \$3.7m in 2002-03 for implementing the activities run by SUCCESS. Any additional resource requirement that is needed to implement the other new initiatives will be absorbed by the Department within its existing resources.

Name in block letters	<u>Joshua C K LAW</u>
Post Title	<u>Director-General of Trade and Industry</u>
Date	<u>19.3.2002</u>

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB029

Question Serial No.

0917

Head: 181 Trade and Industry Department

Subhead(No. & title):

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry

Bureau Secretary: Secretary for Commerce and Industry

Question : Under "Matters Requiring Special Attention in 2002-03", the Trade and Industry Department has indicated that the Small and Medium Enterprises Development Support Plan will be updated. Please set out the resources required and schedule for implementing this task.

Asked by: Hon. Mrs LEUNG LAU Yau-fun, Sophie

Reply:

The Small and Medium Enterprises Development Support Plan (the Plan) is a directory first published by the former Industry Department in November 1999. The Plan listed all the small and medium enterprises (SME) related services and programmes provided by various government departments and industry support bodies, and set out their objectives. It was a very useful source of information for SMEs and service providers. The Plan was updated in 2001, and will be updated again in 2002. The updated version will be available in the second half of 2002.

When the Plan was first published in 1999, it was available in hard and soft copies (soft copy is available on the website of the Virtual SME Information Centre (VSMEIC) (www.sme.gcn.gov.hk)). The 2001 version was available in soft copy only. To facilitate more regular updating of the information in the Plan, we plan to issue updated versions in soft copies only in future. We estimate that it will cost about \$20,000 to update the Plan in 2002. Provision has been made for this purpose.

Name in block letters

Joshua C K LAW

Post Title

Director-General of Trade and Industry

Date

19.3.2002

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB030

Question Serial No.

1243

Head: 181 Trade and Industry Department

Subhead(No. & title):

Programme: (3) Support for Small and Medium Enterprises and Industries

Controlling Officer: Director-General of Trade and Industry

Bureau Secretary: Secretary for Commerce and Industry

Question : It is estimated that three civil service posts and 35 non-civil service posts will be created this year for the implementation of support measures recommended by the Small and Medium Enterprises (SME) Committee. Apart from the four SME funding schemes, will the Government let the Council know the details of other support measures and the budget for each measure?

Asked by: Hon. CHAN Kam-lam

Reply:

In order to cope with the additional workload arising from implementing the recommendations of the Small and Medium Enterprises Committee (SMEC), three non-directorate civil service posts will be created in 2002-03. Further, the Department will engage 35 non-civil service contract staff. These additional manpower are deployed as follows:

- (a) a Principal Trade Officer, an Executive Officer I and 35 non-civil service contract staff are responsible for helping to implement the four SME funding schemes; and
- (b) a Trade Officer is responsible for operating the new Support and Consultation Centre for SMEs (SUCCESS).

The SUCCESS, which started operation in November 2001, provides SMEs with convenient one-stop services. Through partnership with more than 60 major trade and industry associations, support organisations, professional bodies, private firms and government departments, SUCCESS provides SMEs with a comprehensive range of free information, business advisory services and facilities under the same roof. It also runs regular seminars on topics of interest to SMEs.

The Department is also helping to implement the other recommendations of the SMEC. The major ones include:

- (a) a Roundtable on SME Financing has been set up recently under the SMEC to consider issues and developments relating to SMEs' financing needs, and to suggest measures that will facilitate SMEs to raise capital for short- and long-term development. The Roundtable comprises SMEC members, individual SMEs, and representatives from SME associations, lending institutions, financial institutions, the Hong Kong Monetary Authority and relevant government bureaux and departments. The Roundtable convened its first meeting on 18 March 2002;
- (b) the existing Pilot Mentorship Programme for SMEs will be expanded. In this regard, we will work in partnership with various trade and industry associations, industry support organisations, and professional bodies so that more SMEs may benefit. We aim to launch the expanded Programme in the second quarter of 2002; and

- (c) we will encourage and facilitate trade and industry associations to work closely with local higher education institutions, with a view to coming up with practical measures to attract more local talents to join local industries upon graduation. For example, we will explore the feasibility of running a pilot practicum programme in SMEs for undergraduates in various industry-related disciplines.

The setting up of the four SME funding schemes involves a total commitment of \$7.5b, with an expected maximum expenditure of \$1.9b. We have also earmarked about \$3.7m in 2002-03 for implementing the activities run by SUCCESS. Any additional resource requirement that is needed to implement the other new initiatives will be absorbed by the Department within its existing resources.

Name in block letters	<u>Joshua C K LAW</u>
Post Title	<u>Director-General of Trade and Industry</u>
Date	<u>19.3.2002</u>

(Translation)

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB031

Question Serial No.

0989

Head: 111 Innovation and Technology

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

Programme:

Controlling Officer:

Bureau Secretary: Secretary for Commerce and Industry

Question : What was the total number of projects financed by the Innovation and Technology Fund in the 2001-02 financial year? Please provide a brief on the projects which were given the largest and smallest sums of grants, indicating the respective figures.

Asked by: Hon. LI Ka-cheung, Eric

Reply:

During the past 11 months of the financial year 2001-02, the Innovation and Technology Fund financed a total of 97 projects. The project receiving the largest sum of grant was "Photonic Packaging Laboratory" under the Innovation and Technology Support Programme. The grant for this research project, which amounts to HK\$11.5m, was used to establish a photonic component and subsystem prototype development laboratory with a view to assisting the industry to develop the method and process of photonic components packaging, and providing training to local talents and technical support to the local photonic industry. The project receiving the smallest sum of grant was "EcMap, an Integrated E-commerce Marketing System, to Enable Cost-effective and Result-based Web-site Marketing" under the University-Industry Collaboration Programme. The grant for this research project, which amounts to HK\$150,000, was used to develop a web-based marketing and transaction system.

Name in block letters Francis HO

Post Title Commissioner for Innovation and Technology

Date 19.3.2002

(Translation)

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB032

Question Serial No.

0397

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

Programme: Subvention : Hong Kong Productivity Council

Controlling Officer: Commissioner for Innovation and Technology

Bureau Secretary: Secretary for Commerce and Industry

Question : When will the government announce the recommendations made in the consultancy study on the Hong Kong Productivity Council (HKPC)?

What are the resource implications in implementing those recommendations?

Asked by: Hon. SIN Chung-kai

Reply:

The consultancy study on the Hong Kong Productivity Council (HKPC) is near completion. The consultant has made a number of recommendations on the future role and focus, business model, organisation and management, funding arrangement and performance measures of the HKPC. The Commissioner for Innovation and Technology will present the findings and recommendations of the consultancy study to the Panel on Commerce and Industry of the Legislative Council in April 2002.

In view of the wide coverage of the recommendations, the Government has to discuss in detail with the HKPC on how to take forward and implement the recommendations. As such, the resource implications in implementing the recommendations cannot be assessed at this stage. The Government, however, will ensure the continued effective use of resources by HKPC in fulfilling its public mission and delivering its services when it implements the recommendations.

Name in block letters Francis HO

Post Title Commissioner for Innovation and Technology

Date 19.3.2002

(Translation)

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB033

Question Serial No.

0256

Head: 177 Subventions : Subhead(No. & title): 533 and 930
Non-Departmental Public Bodies Hong Kong Applied 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 :
- (a) How many staff does the Hong Kong Applied Science and Technology Research Institute (ASTRI) intend to recruit in 2002-03? How many of them would be research and development (R&D) staff and how many would be administrative and support staff?
 - (b) How does ASTRI determine the pay packages of its staff?
 - (c) What will be the main research areas of ASTRI in 2002-03?

Asked by: Hon. SIN Chung-kai

Reply:

- (a) The Hong Kong Applied Science and Technology Research Institute (ASTRI) intends to recruit about 20 additional staff in 2002-03. Out of which, 4 would be administrative and support staff and the remainder would be R&D staff.
- (b) The staff of ASTRI are employed on a time-limited contract basis. In determining the pay packages of its R&D staff, ASTRI has made reference to those of the researchers in local universities and similar positions in the market. As for the pay packages of its administrative and support staff, reference has been made to those of similar positions in both the Government and the market. Since ASTRI is a subvented organisation, in general, the terms of service for its staff are no better than those of the comparable grades in the civil service.
- (c) In 2002-03, the research areas of ASTRI will include optical, wireless, Internet contents and applications, and semi-conductor design, etc.

Name in block letters Francis HO

Post Title Commissioner for Innovation and Technology

Date 19.3.2002

(Translation)

Examination of Estimates of Expenditure 2002-03
**CONTROLLING OFFICER'S REPLY TO
WRITTEN/SUPPLEMENTARY QUESTION**

Reply Serial No.

CIB034

Question Serial No.

1170

Head: 177 Subventions : Subhead(No. & title): 533 and 930
Non-Departmental Public Bodies Hong Kong Applied 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 : Will the government inform this Council of the progress of the operation of the Hong Kong Jockey Club Institute of Chinese Medicine (HKJCICM) since its establishment in May 2001? What research projects will be implemented within this year? What are their details? Has the Government made estimation on the provisions for those projects?

Asked by: Hon. CHAN Kam-lam

Reply:

Soon after the establishment of HKJCICM in May 2001, a 13-member Board of Directors, comprising representatives from the Government, the Hong Kong Applied Science and Technology Research Institute Co. Ltd., the Hong Kong Jockey Club (HKJC) and the business sector, was appointed. In 2001-02, 4 Board of Directors meetings were held to discuss the start-up operation and long-term development strategies of HKJCICM. HKJCICM also appointed its Executive Director and other key staff in October/November 2001 to develop and implement its research and development (R&D) programmes and operating strategies of HKJCICM. Separately, HKJCICM has formulated its long term business plan, and it has also formed a Strategic Advisory Panel and a Technical Advisory Panel to provide strategic advice on future directions of HKJCICM and technical advice on individual R&D projects respectively.

HKJCICM is now planning and arranging for its first R&D project on Chinese medicine. Since the detailed arrangements are still under discussion, particulars and financial provision of the project are not available for the time being. Nevertheless, it is planned that the project would be funded by the \$500m donation from the HKJC.

Name in block letters Francis HO

Post Title Commissioner for Innovation and Technology

Date 19.3.2002