

**Progress Report on the Motion on
“Developing new economic strategies to meet economic challenges”
Passed by the Legislative Council on 29 April 2009**

Purpose

This report sets out actions taken by the Administration to follow up on the motion debate in respect of “Developing new economic strategies to meet economic challenges” held on 29 April 2009. The motion carried by the Legislative Council is attached at [Annex](#).

Promoting Development of Creative Industries

2. The Administration sought the Legislative Council’s approval to set up a dedicated office under the title “Create Hong Kong” (CreateHK) to strengthen our efforts in promoting development of creative industries. CreateHK is set up with a view to more effectively respond to industries’ demands and better serve the trade through a one-stop service. Resources previously under different units within the Government catering for creative industries were redeployed to CreateHK for better synergy.

3. In the course of formulating our policy to drive development of creative industries, we have made reference to the institutional arrangements of different countries on this front. The establishment of CreateHK is in line with some of the prevailing international practices. With Members’ support, CreateHK was set up in June this year under the Commerce and Economic Development Bureau.

4. We have, in consultation with the creative industries and with the support of the Legislative Council, introduced a seven-pronged strategy to drive development of creative industries as follows:

- (a) Nurturing of local talent;
- (b) Supporting the development of start-up companies;
- (c) Developing local market;
- (d) Expanding overseas and Mainland China market;

- (e) Developing creative clusters;
- (f) Enhancing the atmosphere to promote creative industries in the community; and
- (g) Supporting the organization of mega events to promote Hong Kong's development as the creative capital in Asia.

5. CreateHK has been working closely with creative industries stakeholders to develop initiatives that are in line with the above-mentioned strategy and best suit their needs. We will continue to engage our stakeholders and encourage the trade to better utilise the \$300 million CreateSmart Initiative to drive the development of the industries.

6. We sought the Legislative Council's approval in May this year to recruit the Head of CreateHK. An open recruitment exercise was conducted and is at its final stage. Besides the Head of CreateHK, we are also planning to hire talents from the industries to work at the CreateHK.

Establishment of China – ASEAN Free Trade Area

7. The establishment of the Free Trade Area between the Mainland and ASEAN should strengthen the overall relationship in the region. It will help promote the international status of Hong Kong as a financial, shipping and trading centre, and facilitate the development of services industries. In the medium to long terms, Hong Kong will have new development opportunities against the backdrop of increased overall trade and a more efficient allocation of resources in the region. The establishment of the China-ASEAN Free Trade Area will not affect economic cooperation between Hong Kong and the Mainland or ASEAN economies.

8. Regarding economic and trade cooperation with the Mainland, the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) has opened up the Mainland market to Hong Kong goods and services. The Central People's Government has earlier agreed that any commitments it makes under the FTA with ASEAN which are more favourable than those under CEPA will be incorporated

into CEPA. The Administration will continue to monitor the impact of China-ASEAN Free Trade Area on Hong Kong after its establishment in 2010.

Nurturing Talents

9. The Administration supports the nurturing of students' creativity and abilities in scientific and technological research. The recent curriculum reform aims to enable students to attain all-round development according to their own attributes in the domain of ethics, intellect, physique, social skills and aesthetics, so that they are capable of life-long learning, critical and exploratory thinking, innovating and adapting to change.

10. In basic education, all schools provide students with learning experiences to pursue all-round development, whereas creativity is one of the priority generic skills for students' development. All subjects in the school curriculum nurture students' creativity through suitable pedagogies and different learning and teaching activities. All students are entitled to arts education to strengthen their development of aesthetic sensitivity and creativity. Moreover, Science Education and Technology Education are two of the eight Key Learning Areas (KLAs) in the school curriculum that nurture students' interest in science and technology, and equip them with a concrete knowledge foundation.

11. In the new senior secondary curriculum, schools will continue to enhance students' creativity through different KLAs/ subjects, and provide students with diversified pathways and other learning experiences for learning the arts. It is embedded in the curriculum content of various subjects such as Liberal Studies, Physics, Chemistry, Biology, Design and Applied Technology, Information and Communication Technology, Visual Arts, etc. Some Applied Learning courses have been designed to facilitate students' understanding of arts-related professions and provide them with more pathways into post-secondary education and creative industries.

12. Science Education aims at developing students' scientific literacy and enhancing their interest, a sense of wonder and curiosity

about the natural world. Besides equipping students with a concrete knowledge foundation of science, the curriculum stresses the development of students' ability to think scientifically, critically and creatively. Through a wide range of learning activities including practical work and projects, students are provided with ample opportunities to design and conduct scientific investigations from which creativity and an innovative attitude can be further cultivated.

13. Technology Education is another platform to nurture students' problem-solving skills, creativity, and critical thinking skills. The Technology Education KLA comprises business education, computer education, Home Economics education, and technological education. It is every student's entitlement, which aims to develop students' technological literacy, technological understanding, and technological awareness. Authentic contexts and learning experiences are provided in classroom activities to help stimulate students' interest and motivation in technology education.

14. To promote application of creative thinking among students and further stretch their potential in creativity, the Education Bureau (EDB) regularly organises and co-organises a large number of student events, such as Hong Kong Odyssey of the Mind, Hong Kong Student Science Project Competition, Schools Music Festival, etc. Moreover, EDB also provides support to students to participate in international events every year such as the International Mathematics Olympiad, International Olympiad in Informatics and Intel International Science and Engineering Fair, etc.

15. The Administration also attaches great importance to academic research. The \$18 billion Research Endowment Fund established recently is a major investment in the higher education sector and demonstrates the Government's staunch support to research activities. In addition, the Government will create 800 additional research postgraduate places by phases in the 2009/10-2011/12 triennium. This will provide more opportunities of further study for students aspiring for a research career, thereby encouraging the development of a research culture in Hong Kong.

Lok Ma Chau Loop and the New Development Areas

16. The Lok Ma Chau (LMC) Loop and the New Development Areas (NDAs) are two of the ten major infrastructure projects for economic growth announced by the Chief Executive in his 2007-08 Policy Address. We support the ideas to make the best use of these land resources for development and to take advantage of their geographical edge with regard to the development of the Pearl River Delta Region to achieve synergy effects.

17. The Hong Kong and Shenzhen Governments have initially considered developing the Loop with higher education as the leading land use, complemented with hi-tech R&D development as well as cultural and creative industries. Both sides have commenced a comprehensive planning and engineering (P&E) study in June. If proceeding smoothly, the planned facilities in the Loop will commence operation in 2020.

18. The NDAs in the North East New Territories include Kwu Tung North (KTN), Fanling North (FLN), and Ping Che/Ta Kwu Ling (PC/TKL) NDAs, which are in close proximity to the HK-SZ boundary district. The Planning Department and the Civil Engineering and Development Department commissioned the P&E Study on the North East New Territories in June 2008, for preparation of the Outline Development Plans and Layout Plans for the NDAs, confirming the feasibility of these plans, and carrying out preliminary design of the infrastructural works and site investigation. Scheduled for completion in end 2010, the study will carefully examine the land use of the NDAs to cater for the long term development needs and to provide job opportunities for the NDAs and their vicinity. Construction works are scheduled for commencement in 2014, with first population intake in 2019.

19. We will carefully consider and coordinate various development projects in conducting various studies to ensure that these projects are compatible with one another, thus achieving synergy effects. We will engage the Legislative Council, the North District Council, local communities, green groups and other affected parties in each stage of the studies.

Public Art and Performing Arts

20. The Home Affairs Bureau (HAB) has been developing and actively promoting public art through the Leisure and Cultural Services Department (LCSD) and the Hong Kong Arts Development Council (HKADC). This will provide local artists with more room to develop their talents and enable the public to come across and take part in activities relating to culture and arts in their living environment.

21. The Art Promotion Office of the LCSD arranges for the installation of artworks to embellish the public environment and the neighbourhood through specific commissioning projects, in addition to organising educational and promotional activities to enhance awareness of public art in society. From time to time, the Office organises joint projects on public art with different parties to display the works of local artists in public places. The LCSD also organises short-term exhibitions in a number of ways with its partners on works of local artists, as part of the efforts to make available more public spaces for such displays. For example, under the Artists in the Neighbourhood Scheme, artists are invited to introduce and demonstrate their practice to the audience. In the past three rounds of the scheme, a total of 61 exhibitions were organised, involving 29 artists or arts groups. Many schools and students participated in the arts creation activities. The exhibitions attracted over one million visitors. On the other hand, the HKADC is actively widening the window for the community and the public to appreciate art through sponsorship and Proactive Projects, which include collaboration with the Art Promotion Office of the LCSD and the transport companies to feature artworks and organise art activities and exhibitions on public transport.

22. Public art should be developed in a diversified manner to allow more opportunities for artists and people from all walks of life in society to participate. Apart from encouraging the private sector to promote public art, the HAB has also set up an inter-departmental working group to study proactively the possibility of displaying the works of local artists within Government premises.

23. As regards funding for the development of the arts and culture, the Administration will, in collaboration with our partners, continue to invest resources to strengthen Hong Kong's cultural software through a three-pronged approach: capacity building, audience building, and arts education and manpower training.

24. Under the current turbulent economic environment, small and medium-sized performing arts groups have been greatly affected. We have therefore launched a series of measures in end May to help the small and medium-sized arts groups tide over the economic adversity, including providing assistance to these groups in publicising their programmes, enhancement of performance opportunities, promotion of community involvement for audience building, as well as relief on cash flow. On long-term funding for performing arts, we have commenced a consultancy study to introduce an improved funding mechanism based on measurable assessment criteria to promote the progressive development of arts groups. The study will look into the setting up of a funding system that allows for "entry and exit" and "upward and downward" adjustment of subvention amounts for an effective progression ladder for arts groups.

25. For support to other arts forms, the various funding schemes under the Hong Kong Arts Development Council are applicable to all arts forms. In 2008-09, funding under these schemes reaches a level of \$51 million, which covers arts forms such as literature, visual arts, media arts and cross-disciplinary arts, etc.

Broadcasting Opportunities through Public Channel

26. Radio Television Hong Kong will be allocated appropriate resources and spectrum frequency to enhance its services, including the running of its digital TV production on its own channel, launching digital radio services, facilitating more local original content production, overseas co-production, providing a platform for NGOs and voluntary groups to participate in broadcasting, and using the newly assigned spectrum for national broadcasting.

Tax Concessions

27. It is the Government's long-standing policy to provide a business environment that is conducive to fair competition. We seek to avoid providing specified tax incentives for selective lines of business or classes of taxpayers so as not to affect the neutrality of our tax system.

Commerce and Economic Development Bureau
December 2009

(Translation)

**Motion on
“Developing new economic strategies to meet economic challenges”
moved by Hon Mrs Regina IP LAU Suk-ye
at the Legislative Council meeting
of Wednesday, 29 April 2009**

Motion as amended by Hon Audrey EU Yuet-mee, Hon LEE Wing-tat and Hon WONG Kwok-hing

That the economy of Hong Kong lacks diversification in recent years, which aggravates the disparity between the rich and the poor as well as undermines social mobility, and Hong Kong's short-term and long-term economic development will face enormous challenges, with short-term challenges arising from the global financial tsunami and the economy entering recession; while in the long term, with the industries in the Pearl River Delta gradually transforming and upgrading, the enterprises in Hong Kong are facing big challenges and the risk of being hollowed out, coupled with the fact that China and ASEAN will form a free trade area and the State Council has decided to develop Shanghai into an international financial centre, the competitive edge of Hong Kong's traditional economic pillars, including finance, trading and logistics, tourism as well as the related service sectors, etc, is on the wane, Hong Kong must therefore promote new economic strategies which can create higher economic value and benefit various social strata, and the Task Force on Economic Challenges headed by the Chief Executive also announced earlier its decision to develop industries including those based on innovation and technology as well as cultural and creative industries; in this connection, this Council urges the Government to adopt the following measures to develop these new industries:

- (a) formulating long-term and practicable development strategies for the new industries and implementing them in a down-to-earth manner to ensure that the new industries will not become 'empty talks';
- (b) drawing reference from the successful experience of countries such as the United Kingdom, Korea and Australia, etc, for example, assigning the work relating to the promotion of innovation and technology as well as cultural and creative industries to suitable policy bureaux or assigning the work to a higher-level body for overall co-ordination and setting up new policy bureaux in respect of individual areas of the innovative industry or cultural industry as necessary, as well as restructuring the organization of the various policy bureaux to achieve a more rational distribution of work among them;
- (c) making good use of the land available for development in the Lok Ma Chau Loop and the North East New Territories, putting emphasis on supporting the development of innovation and technology as well as cultural and creative industries, and utilizing the geographical advantage to complement the development of the Pearl River Delta so as to achieve synergy;

- (d) recruiting talents from the private sector, making good use of society's resources and introducing new ideas to ensure that the new industries will not lose vitality due to the Government's bureaucratic way of doing things;
- (e) studying the impact of the establishment of China-ASEAN Free Trade Area on Hong Kong, and formulating corresponding strategies;
- (f) while developing new industries, exploring the creation of more jobs that are related to the new industries for non-skilled workers, so that sufficient employment opportunities are available to such workers; and
- (g) improving the education and training systems to provide more talents for the new industries, and promoting a social climate that respects talents engaging in scientific and technological research and creative work, so as to attract the young generation to join the new industries;
- (h) reviewing the current subsidies on cultural arts provided by the Government so as to nurture budding performing arts groups and, apart from subsidizing performing arts, extending the scope of subsidies to other forms of arts such as literature or installation arts, etc, thereby enabling arts development in Hong Kong to be more diversified and fostering a social culture which is conducive to promoting the development of the creative industry;
- (i) increasing the opportunities for local artists to display their works, including improving the management and operation mode of cultural venues as well as the operation of their supporting facilities, and providing more exhibition space to enable artists to have more opportunities to display their works to the public, thereby enhancing their popularity and augmenting the economic contributions of the cultural and creative industries;
- (j) promoting public art and increasing the display of art works in public space or at venues other than museums and art galleries to enable the community and the public to enjoy more local art works, so that cultural arts can integrate into the community to nurture the local audience, thereby boosting the development of cultural and creative industries; and
- (k) opening up public service broadcasting to promote and encourage public participation in the diversified broadcasting businesses, and setting up radio and television channels for use by the public, so as to boost the creative industry through broadcasting businesses;
- (l) examining the provision of tax concession and land assistance as well as how to make good use of vacant factory buildings, constructing infrastructural facilities, opening up areas for research and development, as well as nurturing relevant talents, etc for the new industries; and
- (m) providing one-stop support services to centrally process all applications relating to the creative industry, including those for licences required for setting up business, government subsidy and tax concession, etc.