

**Replies to initial written questions raised by Finance
Committee Members in examining the Estimates of Expenditure 2009-10**

**Director of Bureau : Secretary for Commerce and Economic Development
Session No. : 3**

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The Commerce and Economic Development Bureau indicates that in 2008-09, the Bureau worked through the relevant joint venture company to seek to enhance the Hong Kong Disneyland's operational performance. Please advise on the work done by the Government to enhance the operation of the Disneyland. Did the work include examining the Disneyland's expansion plan? Are Government injections required for the expansion plan?

Asked by : Hon. CHAN Kin-por

Reply :

The Government monitors Hong Kong Disneyland (HKD)'s operational performance through the Board of Directors of the joint venture company (i.e. Hongkong International Theme Parks Limited). The Board meets regularly (at least four times a year) to discuss matters relating to the park.

In addition, the Tourism Commission (TC) regularly reviews the business reports submitted by the management company, has frequent discussion with the park management on operational issues, and urges the park management to enhance operational efficiency and adjust its marketing strategies. TC also encourages the park management to strengthen co-operation and communication with the Hong Kong Tourism Board and the travel trade with a view to achieving continuous improvement in the park's performance.

The Government is actively discussing with The Walt Disney Company the expansion of HKD and possible capital realignment of the joint venture company. We hope that agreement will soon be reached on a proposal that will make HKD more attractive as well as serve the overall interests of Hong Kong. The discussion is yet to be concluded. It is too early to say at this stage whether capital injection by the Government would be required.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention: Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The Hong Kong Tourism Board will develop emerging markets like Russia and the Middle East and increase investment in high growth markets like India. Please advise how publicity will be launched in the said places, what the estimated expenditures is and how many citizens of the said countries are expected to be attracted to visit Hong Kong.

Asked by : Hon. CHAN Kin-por

Reply :

The proposed marketing budget for India, the Middle East and Russia by the Hong Kong Tourism Board (HKTB) in 2009-2010, as well as the estimated visitor arrivals from these markets in 2009 are as follows:

	2009-2010 Proposed Budget (HK\$M)	2009 Estimated Visitor Arrivals (‘000)	2009 Estimated Visitor Arrivals Vs 2008 (Growth %)
India	11.3	390	12
Middle East	3.9	180	5
Russia	3.5	48	30

Details of the HKTB's marketing programmes in the relevant markets in 2009-2010 are as follows:

India

- co-operate with major Indian media to produce travel programmes featuring Hong Kong, to raise the profile and awareness of Hong Kong as a travel destination;
- conduct consumer roadshows and promotions targetting family visitors and young couples in New Delhi and Mumbai, leverage on the mega events organised by the HKTB in autumn and winter; and

- collaborate with the local travel trade and attractions to promote family travel and introduce package combos, including “fly cruise” products that combine cruise travel and family attractions; and work with the travel trade to introduce itineraries featuring Hong Kong plus Shenzhen, Guangzhou or Macao for free independent travelers.

Middle East

In the Middle East, the HKTB will focus on the member states of the Gulf Cooperation Council, which include Saudi Arabia, Bahrain, Qatar, Kuwait, Oman and United Arab Emirates.

- raise the profile of Hong Kong in the Middle East and enhance consumers’ and the travel trade’s awareness of Hong Kong as a travel destination through HKTB’s representative office in Dubai appointed at the end of 2008;
- organise travel trade missions to the Middle East for business matching and participate in the region’s leading travel exhibition “Arabian Travel Market” to create a platform for the travel trade in Hong Kong and the Middle East to discuss and design itineraries and tourism products for travel to Hong Kong;
- co-operate with the Middle East media in leveraging on Hong Kong’s events and celebrations in their promotion work. In addition to the focus on tourism products for the family segment, collaborate with the travel trade to promote itineraries and special packages featuring theme parks, luxury travel and shopping in Hong Kong; and
- set up an Arabic version of HKTB’s www.DiscoverHongKong.com website to facilitate Middle East visitors to obtain tailor-made travel information on Hong Kong.

Russia

- Having regard to Russian visitors’ preference for multi-destination travel covering Hong Kong, the Mainland and nearby destinations and their love for the sun and beaches, collaborate with the China National Tourism Administration and tourism administrations of relevant provinces in the Mainland, as well as tourism organisations in Thailand and the Philippines, to promote combo itineraries featuring Hong Kong;
- increase the knowledge of Russian travel trade with Hong Kong and facilitate their promotion of Hong Kong tourism products by inviting member agents of a major Russian travel trade organisation (the Russian China Club) to participate in a familiarisation visit to Hong Kong and organise training programmes for their staff. Participate in major travel trade shows in Russia with the Hong Kong travel trade; and
- produce travel programmes on Hong Kong with the most popular Russian television channel, and invite Russian media on familiarisation visits Hong Kong to cover Hong Kong’s shopping, dining and other special tourism offerings.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Permanent Secretary for Commerce
and Economic Development

Post Title _____

(Commerce, Industry and Tourism)

Date _____

17.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CEDB(CIT)003

Question Serial No.

1344

Head : Head 152 - Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

In its major work items in 2009-10, the Bureau states that it will assist Hong Kong-funded enterprises in the Mainland to restructure, upgrade and develop new markets. What are the specific policies of the Bureau in this respect? Regarding the implementation of such policies, what are the work plan, estimated expenditures and performance indicators in 2009-10?

Asked by : Hon. CHAN Tanya

Reply :

In 2009-2010, the Commerce and Economic Development Bureau will continue to maintain close liaison with the trade and Mainland authorities at various levels to assist the trade to restructure and upgrade, relocate their operations and develop new markets. Relevant measures include:

- reflecting the trade's views and making recommendations to the Mainland authorities especially before the promulgation of new policies and legislation wherever such is possible;
- through the Task Force to Support the Processing Trade, exploring with the trade measures to cope with the relevant adjustments;
- cooperating with the Guangdong Province, through the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade, to assist Hong Kong enterprises to restructure and/or upgrade;
- organizing symposiums and seminars to enhance the understanding of the trade on new policies and legislation;
- organizing trade delegations to visit the Mainland with a view to encouraging Hong Kong enterprises to relocate their operations and to explore new markets;
- through the "SME Funding Schemes", assisting SMEs to acquire equipment to upgrade their operational and technical skills, and to restructure or relocate. Hong Kong enterprises may also apply for the "Innovation and Technology Fund" to improve their technological level, and to introduce more innovative concepts to their businesses; and

- through co-organizing the “Transformation, Upgrade and Relocation to Unveil a New Horizon for Processing Trade Industry” Programme with the Hong Kong Productivity Council and joining forces with other industry support bodies such as the Hong Kong Trade Development Council, assisting Hong Kong enterprises to upgrade their technical level, restructure into foreign-invested enterprises, and develop new markets, etc.

The above measures are part of the existing work of this Bureau and relevant departments and organizations, and will be covered under existing resources. Funding for the “SME Funding Schemes” has already been approved and resources have been allocated for this purpose.

Given that it is a business decision of an enterprise whether to restructure, upgrade and explore new market, we have not set up performance indicators in this regard.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (2) Commerce and Industry
(6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The Bureau states in its major work items that it will work with the industry to enhance the appeal of Hong Kong as an international convention, exhibition and tourism capital. In this connection, please advise on:

- (a) the organisations and individuals of the industry which the Bureau will work with;
- (b) the details of the Bureau's specific work plan and estimated expenditures for 2009-10.

Asked by : Hon. CHAN Tanya

Reply :

We have established a cross-sector Steering Committee on MICE (Meetings, Incentive Travels, Conventions and Exhibitions), chaired by the Financial Secretary and the Secretary for Commerce and Economic Development, to formulate strategies on MICE development and to conduct reviews from time to time. Membership of the Steering Committee comprises representatives from the tourism, hotel, exhibition and convention, and academic sectors, as well as representatives from related statutory bodies and major exhibition venues. The Steering Committee advises on the formulation of appropriate MICE strategies, identification of priority areas, and co-ordination among stakeholders to achieve synergy. The Tourism Commission has also set up an Alliance Group with representatives from the Hong Kong Tourism Board (HKTB), Hong Kong Trade Development Council, Invest Hong Kong and Hong Kong Economic and Trade Offices to achieve better synergy in our bidding efforts and overseas publicity work. We also work closely with the Hong Kong Exhibition and Convention Industry Association to support the exhibition sector and drive attendance for their shows. In addition, we work aggressively to attract more international conventions and events to be held in Hong Kong.

In the 2008-09 Budget, the Government has earmarked \$150 million over five years to promote MICE tourism and to attract more international conventions and exhibitions to be hosted in Hong Kong. We will continue the arrangement of providing HK\$30 million in the coming year to HKTB to provide one-stop professional support for event organisers, enhance overseas promotion initiatives, and enrich the travel experience of our MICE visitors. HKTB established the "Meetings and Exhibitions Hong Kong" (MEHK) office in November 2008 to

carry out the above tasks and has organised launch ceremonies and publicity programmes in Hong Kong and 11 cities round the world. In the coming year, MEHK will arrange sector-specific publicity through different channels targetting overseas event organisers to consolidate Hong Kong's image as a preferred MICE destination. These activities include participating in trade fairs, advertisements, direct mailing and other promotion activities. At the same time, MEHK will develop an independent website customised for MICE clients and provide one-stop support service to event organisers, which include:

- assisting local event organisers to identify prospective MICE events, conduct site inspection and arrange hospitality programmes;
- enriching the bidding proposals for prospective MICE events, mobilising its worldwide network and partnering with relevant parties to carry out lobbying work in the bidding process, and publicise the events after they have been secured;
- co-ordinating with relevant Government departments to provide greater travel convenience to overseas visitors attending major conventions and exhibitions in Hong Kong; and
- providing consultancy and referral services for event organisers, and assisting them in sourcing requisite services, such as providers of venue, itinerary planning, back-up support and tourism products, etc.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CEDB(CIT)005

Question Serial No.

1346

Head : Head 152 - Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Apart from the work of the SME Committee, the Bureau's work plan for 2009-10 has not mentioned any specific policies regarding the small and medium enterprises (SMEs), including the measures to resolve the liquidity crunch facing SMEs. Does the Bureau have any specific supporting measures to assist SMEs operating in Hong Kong and the Mainland? If yes, please advise on the relevant work plan and the estimated expenditures.

Asked by : Hon. CHAN Tanya

Reply :

It is stated in Programme (2) of Head 152 that one of the main responsibilities of the Commerce, Industry and Tourism Branch (CITB) of the Commerce and Economic Development Bureau is to formulate policies to support SMEs. As for the specific measures which are implemented by the Trade and Industry Department (TID), they are set out in Programme (3) of Head 181.

To help SMEs tackle the liquidity problem, we enhanced the SME Loan Guarantee Scheme and the SME Export Marketing Fund on 6 November 2008, and launched the Special Loan Guarantee Scheme with a total commitment of \$100 billion from the Government on 15 December 2008 to guarantee up to 70% of the loans granted by participating lending institutions. In 2009-10, the TID has set aside a provision of \$370 million for providing support for SMEs and the industries. Apart from implementing the above Schemes, the TID will also provide support services for SMEs through its Support and Consultation Centre for SMEs and other support measures.

Another responsibility of the CITB is to provide support for local businesses operating in the Mainland as stated in Programme (2) of Head 152. In this connection, we will continue to maintain close liaison with the trade and the Mainland authorities at various levels to assist the trade to restructure and upgrade, relocate their operations and develop new markets so as to meet the changes in Mainland's processing trade policy. The measures include:

- reflecting the trade's views and making recommendations to the Mainland authorities especially before the promulgation of new policies and legislation wherever possible;
- through the Task Force to Support the Processing Trade, exploring with the trade measures to cope with the relevant adjustments;
- cooperating with the Guangdong Province, through the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade, to assist Hong Kong enterprises to restructure and/or upgrade;
- organising symposiums and seminars to enhance the understanding of the trade on new policies and legislation;
- organising trade delegations to visit the Mainland with a view to encouraging Hong Kong enterprises to relocate their operations and to explore new markets;
- through the "Innovation and Technology Fund", assisting Hong Kong enterprises to improve their technological level, and to introduce more innovative concepts to their businesses;
- through co-organizing the "Transformation, Upgrade and Relocation to Unveil a New Horizon for Processing Trade Industry" Programme with the Hong Kong Productivity Council and joining forces with other industry support bodies such as the Hong Kong Trade Development Council, assisting Hong Kong enterprises to upgrade their technical level, restructure into foreign-invested enterprises, and develop new markets, etc.

The work mentioned above are part and parcel of the work of this Bureau, relevant departments and organisations, and will be undertaken with existing resources. It is not possible to provide a breakdown of the resources required for each measure.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 152 – Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (4) Posts, Competition Policy and Consumer Protection

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The priority of the Bureau in 2009-10 is to seek to introduce the Competition Bill into the Legislative Council. In this regard, what will be the action plan, work schedule and details of the estimates of expenditure in 2009-10? Will the related policy and legal studies be included? When will the Government expect to submit the Bill to the Legislative Council for scrutiny?

Asked by : Hon. CHAN Tanya

Reply :

We are adjusting the institutional arrangements and reviewing the exemption provisions of the Bill to take into account feedback received during the public consultation and some recent legal developments, with a view to introducing the Competition Bill as soon as practicable in the 2009-10 legislative session.

As regards staffing and expenditure, officers from the Department of Justice and this Bureau engaged in the preparation of the Competition Bill and their salaries have already been subsumed in the respective staffing and financial provision in the two Heads and cannot be quantified separately. Apart from this, we appointed in June 2007 a consultant to provide expert advice on issues relating to the preparation of the Competition Bill. The estimate for the relevant consultancy in 2009-10 is around \$4 million.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CEDB(CIT)007

Question Serial No.

1388

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (4) Posts, Competition Policy and Consumer Protection

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The Bureau indicates that it will promote policy on protecting consumer rights in 2009-2010. Regarding the recommendations put forward by the Consumer Council to the Government to introduce legislation to regulate undesirable trade practices, does the Government has any plan for corresponding follow-up actions in 2009-2010? If yes, what are the details, work schedule and estimates of expenditure of the plan? If not, what are the reasons?

Asked by : Hon. CHAN Tanya

Reply :

We agree in principle to strengthen regulation over inappropriate sales practices. However, the Consumer Council's recommendations are very complex. We have to consider them very carefully. For example, we need to consider how to define inappropriate sales practices clearly, and what practices amount to misleading representations and material omissions. In addition, we have to consider the issue of effective enforcement, how the proposed new legislation would interface with a number of existing laws and regulatory regimes, and whether we can achieve the same purpose by effecting amendments to existing legislation. The study and the issues to be examined are wide and complex. At present, we have not yet come to a view or devised a working timetable.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat : Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The Bureau states that the estimated expenditure for 2009-2010 is lower than the revised estimate for 2008-2009 due to a decrease in ad hoc tourism promotion initiatives. In this connection, will the Government advise:

- (a) Are there any ad hoc tourism promotion initiatives planned for 2009-2010? If yes, what are the details of these initiatives, including action plans and schedules?
- (b) In view of the East Asian Games to be held in December 2009, will the Bureau launch any ad hoc tourism promotion initiatives for this event? If yes, what are the details? If not, what are the reasons?
- (c) Tourism is one of the major economic pillars of Hong Kong. Facing the global financial tsunami, the Government should devote more resources to tide the industry over the economic crisis. So why does the Bureau reduce the expenditure for ad hoc tourism promotion initiatives under these circumstances?

Asked by : Hon. CHAN Tanya

Reply :

- (a) The ad hoc tourism promotion initiatives in 2008-2009 mainly include improving the lighting and audio effects and attractiveness of the light and sound show "A Symphony of Lights", and enhancing Hong Kong Wetland Park's marketing and promotion programme during the winter festive holidays. The reduction in provision is due to the completion of these initiatives. For 2009-2010, the tourism promotion initiatives will be mainly funded under Programme (7) Subvention: Hong Kong Tourism Board (HKTB).
- (b) The HKTB will promote the East Asian Games (EAG) to visitors through various channels, including its website, publications and visitor centres. The HKTB will provide EAG volunteers with tourism information in Hong Kong to help them greet the visiting athletes, VIPs, and tourists. Its worldwide offices will work with the tourism trade and related organisations in the EAG's participating countries/regions to incorporate EAG events into the travel itineraries. During the EAG period, the

HKTB will organise activities for the visiting overseas media to showcase Hong Kong's attractions.

In parallel, the Hong Kong Economic and Trade Offices in the Mainland and overseas will also organise a series of publicity events, highlighting Hong Kong as one of Asia's major sporting event locations. The publicity channels will include leaflets, exhibitions and other promotional activities.

- (c) In view of the global financial turmoil and at the Government's request, the HKTB will adjust its marketing strategy in 2009-2010 and actively explore new source markets and promotion windows with a view to maximising the cost effectiveness of its marketing resources. The HKTB will continue to promote Hong Kong globally as a leading international city in Asia and a world-class tourist destination. Its provision for 2009-2010 is \$42.3 million (or 9.2%) higher than the revised estimate for 2008-2009.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The Bureau states that it will continue to discuss with The Walt Disney Company further development of the Hong Kong Disneyland in 2009-2010. What are the plans and expected progress for the tasks? Will they require additional expenditure? Also, will the Government incur any expenditure for the operation or expansion of the Disneyland in 2009-2010? If so, what are the details?

Asked by : Hon. CHAN Tanya

Reply :

The Government is actively discussing with The Walt Disney Company (TWDC) the expansion of Hong Kong Disneyland (HKD) and possible capital realignment of the joint venture company. We hope that agreement will soon be reached on a proposal that will make HKD more attractive as well as serve the overall interests of Hong Kong. The discussion is yet to be concluded and we have not set a timetable for it.

To support the Government's discussion with TWDC, following approval by the Finance Committee, a supernumerary Administrative Officer Staff Grade C post was created in the Tourism Commission for nine months from 16 February 2009. The notional annual salary cost at mid-point for the post is \$1,518,000.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CEDB(CIT)010

Question Serial No.

2425

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

- (a) The Administration said that it would take forward further enhancement of existing tourist attractions and facilities in 2009-10. What are the specific plan, timetable and estimated expenditure of the enhancement work? Regarding the Aberdeen Tourism Project, would the Administration advise on the specific plan and estimated expenditure of the Project, the impact on traffic, environment and people's livelihood in Aberdeen and its vicinity as well as the assessment of the economic benefits generated?
- (b) The Administration said that in 2009-10 special attention would be given to the work on joining hands with performing arts groups and the tourism sector to enhance the marketing platform for promotion of cultural tourism. What are the Government's work plan and estimated expenditure for 2009-10 in this aspect? Will the Administration devote more resources to related initiatives in response to the policy of supporting art and cultural development as well as facilitate the growth of small and medium art groups by setting up special cultural promotion platforms to cater for their needs? If yes, what are the details? If not, what are the reasons?

Asked by : Hon. CHAN Tanya

Reply :

- (a) The Tourism Commission will invest about \$50 million in 2009-10 to implement the Tourism District Enhancement Programme, details of which are as follows:
- (i) Enhancement of public facilities at Ngong Ping, Lantau

The scope of works includes the construction of a landscaped piazza of about 1.52 hectare, a roundabout and an emergency vehicular access/footpath, a new public toilet and associated storm water drainage works, and the environmental mitigation measures and monitoring work during the construction period. The estimated expenditure in 2009-10 is \$36 million. The construction works commenced in November 2008 for completion in early 2010.

(ii) Enhancement of Footbridges in Tsim Sha Tsui East

The project aims to enhance the two existing footbridges across Mody Road and Salisbury Road in Tsim Sha Tsui East including refurbishment of the footbridges, replacement of the existing ramps with lifts, and associated works such as re-paving of footpaths. The estimated expenditure in 2009-10 is \$8.8 million. Works will commence in the third quarter of 2009 for completion in mid-2011.

(iii) Visitor Signage Improvement Scheme

The scope of works includes the installation of additional directional signs, mapboards and identification signs on Hong Kong Island, Kowloon and the New Territories with a view to providing a co-ordinated and clear system of signage for visitors. The estimated expenditure in 2009-10 is \$5 million. Works will commence in mid-2009 for completion by end-2009.

As regards the Aberdeen Tourism Project, the Tourism Commission appointed a financial consultant in 2008 to assess the business potential and financial viability of the conceptual plan of the project. The study will be completed in the first quarter of 2009. Upon its completion, we will brief the Southern District Council and the Panel on Economic Development of the Legislative Council on the latest development of the project and the findings of the consultancy study.

- (b) Since 2007, the Tourism Commission, in collaboration with the Hong Kong Tourism Board (HKTB), has been joining hands with performing arts groups and the tourism sector to leverage on our arts and cultural products to enrich visitors' nightlife and travel experience. The initiatives include enhancing product awareness of the travel sales force, facilitating communication between the tourism sector and performing arts groups, improving the existing online ticketing facility of URBTIX, etc. The HKTB revamped its website in 2008 for more effective promotion of upcoming event highlights to travel trade partners and overseas visitors.

Under the vision of the West Kowloon Cultural District project, the cultural policy initiatives of the Home Affairs Bureau are to enhance support to local arts groups of various sizes and nurture emerging artists on the one hand, and promote arts education and develop local audience on the other hand.

In 2009-10, the HKTB will approach more performing arts groups (including small and medium-size art groups) and invite them to provide information on performances which appeal to overseas visitors. This will further enrich HKTB's website for more effective promotion of cultural tourism to overseas visitors. We will continue to seek to enhance the user-friendliness of the existing online ticketing system to facilitate booking of arts and cultural events by individual visitors from the Mainland. We will also continue to arrange visits to the rehearsals and performance venues of the performing arts groups for travel and hotel trade practitioners to enhance their knowledge of cultural tourism and help them promote the arts performances to visitors.

The above work will be implemented with existing resources. No additional expenses will be incurred.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CEDB(CIT)011

Question Serial No.

0839

Head : Head 152 - Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Under this Programme, the Administration claimed that in 2009-10, it will continue to ensure the successful operation of the Post Office Trading Fund and take measure to improve customer service and productivity where appropriate. However, it has been known that the Post Office recently issued an instruction that service should cease immediately after office hour and time-off should be cleared within one month. Staff morale is dampened as a result. In this connection, will the Administration advise this Committee whether it will take action to stop these measures and ensure quality postal service?

Asked by : Hon. CHAN Wai-yip, Albert

Reply :

The Post Office (HKPO) is committed to providing accessible, reliable and quality postal services for the general public, and has pledged that 98% of locally posted letters will be delivered to the addressees by the following working day. Since last year, some customers habitually enter the post offices for posting in bulk just before they close, with some of their mail items even not yet packed or properly prepared. There were occasions where HKPO was unable to have the mail items posted that day transported to the mail processing centres on time because of the need to deal with such customers, thus resulting in delayed delivery of all mail items posted at the post offices concerned. The overall service quality has also been adversely affected as a significant amount of resources have to be used to serve such customers. In view of the deteriorating situation, HKPO has stated that with effect from 2 January 2009, all post office counters would cease accepting mail items after normal office hours. Notwithstanding that, the post offices will exercise discretion to provide services to customers who have not yet completed the transactions by the close of normal office hours provided that other mail items will not be seriously affected. The post offices can also provide temporary storage of mail items for customers posting in bulk. HKPO will continue to keep these arrangements under review having regard to the needs and implementation of these arrangements as well as customers' feedback.

As regards the arrangements for compensation of overtime (OT) work, the Civil Service Bureau has issued guidelines stipulating that all departments should avoid accumulating a large amount of OT hours by their staff. HKPO thus needs to work out and implement relevant plans. In devising the relevant measures, HKPO has consulted its staff through the existing consultation channels, and has considered their views thoroughly. In general, staff of the HKPO understands that there is a need for HKPO to make such arrangements. The HKPO will also regularly exchange views with its staff on the measures for managing OT work.

Signature	_____
Name in block letters	MISS YVONNE CHOI
	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Post Title	_____
Date	17.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CEDB(CIT)012

Question Serial No.

1821

Head: 152 - Government Secretariat: Subhead (No. & title):
Commerce and Economic Development
Bureau (Commerce, Industry and
Tourism Branch)

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Among matters requiring special attention in 2009-10, the Administration will continue to support the further development of wine-related businesses in Hong Kong. Please provide specific work plans, giving details on whether the amount of manpower required to be trained and the quantity of storage facilities to be developed have been included in the estimation, and how the industry stakeholders will be assisted to enter the Mainland and Southeast Asia markets.

Asked by: Hon. CHEUNG Yu-yan, Tommy

Reply:

Since the exemption of wine duty last February, we have introduced a series of measures to support the further development of wine trading and distribution businesses in Hong Kong. These measures cover areas including customs facilitation, trade and investment promotion, manpower training and education, use of heritage buildings (such as Haw Par Mansion) for commercial purposes including wine-related businesses, combating counterfeits, and co-operating with trading partners. We will continue our efforts in these areas in 2009-10.

Demand for manpower training and storage facilities is market-driven and the Government acts mainly as a facilitator. Our work in these two areas is as follows -

- (a) on manpower training, we have arranged for the training institutions to meet with the industry to exchange views on training needs. In the light of feedback from the industry, the relevant training institutions are considering how best to strengthen their wine-related courses. For example, the Vocational Training Council (VTC) plans to launch new courses from June 2009 to provide about 100 training places, primarily for frontline staff. Depending on market response, VTC may roll out more wine-related modules in the autumn. We are also planning to organise a large-scale workshop for the industry and training institutions to further exchange views; and

- (b) as regards storage facilities, the industry has been responding well to the growth in demand. For example, a number of companies have set up such facilities in factory premises. We have also been examining the possible use of heritage buildings for commercial purposes including wine-related businesses. To test the market, the Development Bureau will invite tenders for Haw Par Mansion later this year, with a view to granting the tenancy in a fair and open manner.

Riding on the success of the first Hong Kong International Wine & Spirits Fair last year, the Hong Kong Trade Development Council will organise its second wine fair in early November 2009. The Hong Kong Tourism Board is also planning to hold the first Hong Kong Wine and Dine Festival from late October to early November 2009. These two events should provide a good marketing platform for wine companies aspiring to enter the Asian market. With a view to providing added room for the industry to tap the Mainland market, we are exploring with the relevant Mainland authorities the possibility of facilitating the clearance of wines exported from Hong Kong into the Mainland.

Signature _____

Name in block letters MISS YVONNE CHOI

Post Title Permanent Secretary for Commerce and
Economic Development
(Commerce, Industry and Tourism)

Date 18.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

- (1) What were the respective expenditures incurred by the promotion of green tourism and cultural tourism in 2008-09? What were the economic benefits? Apart from the enhancement of green tourism facilities in the Plover Cove and Tolo Channel area and Tung Ping Chau, what other strengthening measures will be implemented in 2009-10? What is the expenditure involved?
- (2) Please state the event highlights promoted under the pilot scheme for cultural tourism in 2009-10 and their genres.

Asked by : Hon. EU Yuet-mee, Audrey

Reply :

- (1) In 2006, the Tourism Commission, in collaboration with relevant departments, implemented a phased programme to enhance a number of green tourism attractions in Northeast New Territories to enable visitors to better appreciate our natural scenery. These attractions are located at Lai Chi Wo, Ap Chau, Kat O, Tap Mun, Wu Kai Sha, Tai Mei Tuk, Ma Liu Shui and Tung Ping Chau. The improvement items include erection of signage and mapboards, provision of seating facilities, enhancement of lighting, planting of trees, upgrading of existing pier facilities, and reconstruction of piazzas at Lai Chi Wo and Kat O. All the works were completed in early 2009. As no large-scale works were involved, the project was implemented by respective departments with their existing resources.

The improvement items outlined above will enhance the green tourism appeal of Northeast New Territories. The Hong Kong Tourism Board (HKTB) introduced the "Hong Kong Nature Kaleidoscope" in September 2006, which included the "Northeast New Territories Island Hopping Tour". Over 70% of the participants were satisfied with the tour and 96% would recommend the tour to their families and friends.

In view of the global financial turmoil and at the Government's request, the HKTB will adjust its marketing strategy in 2009-10, and actively explore new source markets and promotion windows. The HKTB will roll out high-end green tour itineraries targetting the silver-haired generation of Japan as one of the promotion activities of the "Hong

Kong-Japan Tourism Exchange Year 2009". The HKTB will also stage a brand new "Hong Kong Hiking Festival" in October 2009 to complement the "Trailwalker" to showcase the city's hidden green treasures. At the same time, the HKTB will launch hiking and outlying island tours in autumn to attract visitors from Japan, South China and other long-haul markets. During the peak seasons for conventions and exhibitions in April and November when the weather is good for hiking, the HKTB will step up the promotion of green tourism among business visitors in town for conventions and exhibitions with a view to extending their stay in Hong Kong. The work outlined above will be implemented with existing resources. No additional manpower and expenses will be incurred.

- (2) Since 2007, the Tourism Commission, in collaboration with the HKTB, has been joining hands with performing arts groups and the tourism sector to leverage on our arts and cultural products to enrich visitors' nightlife and travel experience. The initiatives include enhancing product awareness of the travel sales force, facilitating communication between the tourism sector and performing arts groups, improving the existing online ticketing facility of URBTIX, etc. The HKTB revamped its website in 2008 for more effective promotion of upcoming event highlights to travel trade partners and overseas visitors. In 2008, the HKTB promoted a total of around 160 performances to overseas visitors covering ballet, modern dance, Chinese orchestra, symphony orchestra and drama, etc.

In 2009-10, the HKTB will approach more performing arts groups and invite them to provide information on performances which appeal to overseas visitors. This will further enrich HKTB's website for more effective promotion of cultural tourism to overseas visitors. We will continue to enhance the user-friendliness of the existing online ticketing system to facilitate booking of arts and cultural events by individual visitors from the Mainland. We will also continue to arrange visits to the rehearsals and performance venues of the performing arts groups for travel and hotel trade practitioners to enhance their knowledge of cultural tourism and help them promote the arts performances to visitors.

Signature	_____
Name in block letters	<u>MISS YVONNE CHOI</u>
Post Title	<u>Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)</u>
Date	<u>17.3.2009</u>

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CEDB(CIT)014

Question Serial No.

1556

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention: Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

What was the expenditure incurred by the Hong Kong Tourism Board in 2008-09 in developing two high-potential markets, namely the Philippines and South Korea? What economic benefits were brought to Hong Kong? What is the expenditure on promoting emerging and second tier markets in 2009-2010?

Asked by : Hon. EU Yuet-mee, Audrey

Reply :

The marketing budgets of the Hong Kong Tourism Board (HKTB) for the Philippines and South Korea in 2008-2009 is set out below:

	2008-2009 Revised Estimates (HK\$M)
The Philippines	3.3
South Korea	12.0

In 2008, visitor arrivals from the Philippines reached 568 540, an increase of 2.8% compared with 2007. The average per capita spending was \$4,278. As for South Korea, visitor arrivals reached 904 320, an increase of 3.2% compared with 2007. The average per capita spending was \$4,449.

In addition to the economic benefits to the tourism and related sectors, the HKTB's promotion in various source markets also enhances Hong Kong's reputation as a preferred travel destination in these markets. This will help attract more visitors to Hong Kong in the long run, create further business opportunities for the travel trade and related sectors, and benefit our economy.

The marketing budgets of the HKTB for emerging markets and secondary markets in 2009-2010 is as follows:

	2009-2010 Proposed Budget (HK\$M)
Emerging markets	7.4
The Middle East	3.9
Russia	3.5
Second-tier markets	16.6
France	3.1
Germany	3.5
Canada	4.0
Thailand	2.3
Malaysia	3.1
Indonesia	0.6

The HKTB will closely monitor the latest developments in different source markets, and where necessary, adjust its marketing strategies and re-deploy resources to ensure proper and the most effective use of resources.

Signature	_____
Name in block letters	_____ MISS YVONNE CHOI _____
Post Title	_____ Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) _____
Date	_____ 17.3.2009 _____

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CEDB(CIT)015

Question Serial No.

1174

Head: 152 – Government Secretariat: Commerce and
Economic Development Bureau (Commerce,
Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In the Matters Requiring Special Attention under Programme (2) Commerce and Industry, it is stated that the Administration will “examine feasibility and consult the public on the Phase 3 Expansion of the Hong Kong Convention and Exhibition Centre”. Please reply to the following questions:

- (a) What progress has the Administration made so far on examining the feasibility of the aforesaid expansion plan? Is there a specific timetable? Has provision for the year been earmarked for hiring a consultancy firm to carry out the related study? In view of the continued development of the Meetings, Incentive Travels, Conventions and Exhibitions sector and fierce competition from nearby places, will the Administration accelerate the progress of the plan having regard to the market demand?
- (b) How is AsiaWorld-Expo operating? Can cost-effectiveness be achieved? Does its income mainly come from business activities such as concerts or exhibition business? Would the Administration provide the relevant data for illustration?

Asked by: Hon. FANG Kang, Vincent

Reply:

- (a) The Government and the Hong Kong Trade Development Council are examining the feasibility of building a Phase 3 expansion of the Hong Kong Convention and Exhibition Centre at a nearby site. The scope of studies covers planning matters as well as impacts on the traffic, environment and other public facilities in the district. The studies are within the purview of the Bureau and other concerned related bureaux/departments. The Government will use existing resources to deal with them and no additional financial provision is required. The Government has not earmarked any funding for hiring consultancy firms. Public consultation will commence as soon as possible upon the completion of the relevant studies.

(b) The opening of the AsiaWorld-Expo (AWE) has resulted in more trade fairs coming to Hong Kong. Since then, AWE has attracted many major fairs and conferences from Europe, the USA, Asia and the Mainland to come to Hong Kong. In the past three years, AWE was the venue for over 80 trade fairs, including the 2007 Asian Aerospace International Expo and Congress and the 2006 ITU TELECOM WORLD, both of which were held in Hong Kong for the first time. Looking forward to 2009, in addition to a number of recurrent events, a series of new exhibitions covering the logistics, technology, aviation and consumer products sectors (for example, the 2009 LED + Light Tech Show and the Hong Kong and Courier and Parcel Logistics Expo 2009) will be held at AWE.

AWE has brought significant benefits to Hong Kong's overall economy, for example, the trade opportunities for local companies participating in or hosting trade exhibitions there and the business generated for other related service sectors in Hong Kong (e.g. airlines, hotel and catering etc.). For example, a sourcing fair relocated from Shanghai to AWE in 2006 alone has been attracting an average of over 13 000 exhibitors and over 150 000 international buyers to Hong Kong every year. In AWE's first three years of operation, it has sufficient revenue to cover its cash expenditures and to generate positive cash balances. Last year, AWE's exhibition business accounted for over 80% of its rental income.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

18.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CEDB(CIT)016

Question Serial No.

2548

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

With the commencement of the Kai Tak Cruise Terminal project, it is indicated under Matters Requiring Special Attention in Programme (6) that the Administration will “support and co-ordinate with the HKTB, the trade and relevant training institutions to facilitate supply of talents and enhance promotional efforts for the MICE, cruise and related tourism sectors”.

- (a) Please provide the details of the supportive services. What is the relevant expenditure for 2009-10?
- (b) Will the Administration subsidise the relevant institutions to introduce professional courses for nurturing of talents to promote the development of the MICE, cruise and related tourism sectors?
- (c) Will the Administration co-operate with the trade in using the financial provision for this year to create long-term posts other than those for building works to attract interested persons to join the travel trade to promote the development of tourism?

Asked by : Hon. FANG Kang, Vincent

Reply :

(a)&(b) To enhance the appeal of Hong Kong as an international MICE (meetings, incentive travels, conventions and exhibitions) capital and travel destination, the Tourism Commission (TC) actively supports and co-ordinates with the Hong Kong Tourism Board (HKTB), the trade and relevant education institutions to ensure supply of talents for the MICE and cruise tourism sectors. TC has commissioned a consultancy to study the manpower requirements of these two sectors in August 2008, and the study will be completed in the first half of 2009. The findings would facilitate tertiary and training institutions to design and provide different curricula in meeting the development needs of the trade. We have reported the preliminary findings to the Steering Committee on MICE and the Advisory Committee on Cruise Industry (ACCI) to ensure that the consultant's recommendations would meet the needs of the market.

The above work has been included in the estimates of Programme (6) for 2009-2010. The staff concerned are also responsible for other duties. There is no separate breakdown on the expenditure and staffing for the co-ordination work involved.

For the cruise sector, the ACCI conducted a questionnaire survey in the middle of last year to ascertain the manpower requirements and training needs of the cruise industry. Both the findings of the survey and the study indicated demand for people with knowledge and skills on cruise tourism, particularly for cruise consultants, tour guides and supporting staff in logistics arrangements. In this regard, the ACCI has drawn up the following action plan to assist the trade in manpower development -

- (i) to create a database of cruise-related courses provided by tertiary and training institutes to facilitate the trade and members of the public to select suitable courses. The information was uploaded onto the websites of TC and the Travel Industry Council of Hong Kong (TIC) in mid-March of 2009; and
 - (ii) to launch training courses related to cruise tourism through the Government's Skills Upgrading Scheme and TIC in the middle of this year, including "Introductory course on cruise travel", "Practical skills in servicing cruise travellers" and "Cruise selling training course", etc., and to develop cruise-related courses through the Employees Retraining Scheme. It is estimated that the above-mentioned courses will provide no less than 200 training places at the initial stage. Thereafter, depending on market demand, supply of the training places can be adjusted to meet the needs of the cruise market.
- (c) In 2009-10, apart from jobs to be created for the design and construction works of the cruise terminal project, there is no provision for TC to create additional jobs for the tourism sector. TC will, through the ACCI, continue to draw up proposals taking into account the needs and developments of the market, and work together with the trade to promote cruise-related training to encourage and attract talents to join the cruise tourism industry.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Permanent Secretary for Commerce
and Economic Development

Post Title _____

(Commerce, Industry and Tourism)

Date _____

18.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CEDB(CIT)017

Question Serial No.

2549

Head : 152 Government Secretariat : Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

In 2009-10, the provision for tourism reduces \$19.2 million, which is mainly due to the decreased provision for ad hoc tourism promotion initiatives. Please advise:

- (a) What are the affected initiatives? Which organizations will be affected?
- (b) What is the overall reduction of provision inclusive of the amount offset by the increased salary provision for the creation of four posts? Is the decreased provision a single event or a continuous practice?
- (c) What are the responsibilities of the four posts newly created?

Asked by : Hon. FANG Kang, Vincent

Reply :

- (a) The ad hoc tourism promotion initiatives in 2008-2009 mainly include improving the lighting and audio effects and attractiveness of the light and sound show "A Symphony of Lights", and enhancing Hong Kong Wetland Park's marketing and promotion programme during the winter festive holidays.
- (b) Setting aside the \$1.9 million increase in salary provision for the net creation of four posts, the overall reduction in the provision for 2009-2010 (in comparison with the provision for 2008-2009) is about \$21 million. The reduction in provision is due to the completion of the ad hoc tourism promotion initiatives.

(c) Details of the net creation of four posts in 2009-2010 are as follows :

Post	Number	Reason for creation / deletion and Duties
1) Posts to be created		
Chief Executive Officer (for 15 months)	1	To assist in drawing up the conditions for the tenancy arrangements for the new cruise terminal in liaison with the cruise industry to ensure that the arrangements meet the industry's needs, and to assist in facilitating alternative berthing arrangements for cruise vessels before the completion of the new cruise terminal.
Senior Estate Surveyor (for 72 months)	1	To assist in formulating the tenancy and tendering arrangements for the new cruise terminal, preparing the tender document, and monitoring the performance of the cruise terminal operator at the initial stage.
Administrative Officer	1	To assist in monitoring the operation of the Hong Kong Disneyland.
Executive Officer I	1	To assist in the implementation of tourism projects, co-ordinate with relevant parties to facilitate the staging of tourism events in Hong Kong, and enhance the service quality of the tourism industry.
Assistant Clerical Officer (for 76 months)	1	To provide clerical support to the dedicated team of the cruise terminal project.
2) Post to be deleted		
Administrative Officer Staff Grade C (Supernumerary post) (for 9 months from 16 February 2009)	- 1	The post, which provides support to the Government's discussion with The Walt Disney Company on the expansion of Hong Kong Disneyland and associated capital realignment of the joint-venture company, will lapse on 16 November 2009.
3) Net Creation of Posts	4	

Signature _____

Name in block letters MISS YVONNE CHOI

Permanent Secretary for Commerce
and Economic Development

Post Title (Commerce, Industry and Tourism)

Date 17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The Financial Secretary mentioned in the Budget Speech that the Government will “ earmark \$100 million to assist organisers to host more attractive events in the areas of arts, culture and sports for the years 2009/10 to 2011/12”.

- (i) Please advise if the Government has estimated on the number of items to be promoted by such provision. Is there any ceiling set on the provision made for each item?
- (ii) Will the Government consider allowing part of this provision to be used on the issue of shopping vouchers for traveling currently introduced in Shanghai and Hangzhou to assist the Tourism Board in promoting the events concerned?
- (iii) Is this provision only applicable to events newly hosted in the areas of arts, culture and sports? Can the existing items be benefited?

Asked by : Hon. FANG Kang, Vincent

Reply :

- (i) The \$100 million earmarked in the Budget will be used to assist different not-for-profit organisations to host more attractive events in the areas of culture, arts and sports over the next three years. Subject to funding approval by the Finance Committee of the Legislative Council, applications for funding will be opened to organisations which are interested in hosting mega events. The number of events to be organised will depend on the number of applications which can satisfy the funding criteria and successfully go through the assessment process. The amount of funds to be provided and the ceiling of funding for individual events will be determined by an Assessment Committee with non-officials accounting for a majority of its members.
- (ii) This Fund will be used to directly support mega events in order to enhance Hong Kong's vibrant city life, consolidate the city branding and attract more visitors. It will not be used for issuing shopping vouchers.

- (iii) The funding aims at primarily attracting more new international mega events to be staged in Hong Kong. Existing events which could be developed into events of an international scale may also be considered.

Signature	_____
Name in block letters	<u>MISS YVONNE CHOI</u>
Post Title	<u>Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)</u>
Date	<u>17.3.2009</u>

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The Administration planned to draw up policies to protect intellectual property. The Government's preliminary proposals for strengthening copyright protection in the digital environment had been released for public consultation. Stakeholders were invited to take part in the tripartite forum for network service providers, copyright owners and users to explore effective ways to combat online infringement, including drawing up of the voluntary code of practice for network service providers. In this connection, please indicate:

- (1) How will the entire review be conducted? Which specific policy areas will be involved? What is the timetable? How much resources will be allocated?
- (2) Which organisations will be consulted in the review? How to ensure that public views will be accepted?
- (3) In formulating intellectual property policies, has the Administration considered adding in the factor of creative commons to strike a balance between retaining of copyright and the right of reasonable utilisation?

Asked by : Hon HO Sau-lan, Cyd

Reply :

The Administration is reviewing how best to strengthen copyright protection in the digital environment. In this connection, we have rolled out two public consultation exercises in 2007 and 2008 respectively. We are examining the views received and making reference to the experience and latest developments in overseas jurisdictions, with a view to firming up the relevant legislative proposals in 2009. Separately, we have established a Tripartite Forum to explore ways to combat online piracy through voluntary cooperation. Members of the Forum include representatives of online service providers, copyright owners and users, as well as academics and stakeholders in the education sector. We are using existing resources to undertake the above work.

“Creative commons” is a form of flexible copyright licensing terms, which aims at facilitating copyright owners in authorising the use of their works through simple licensing arrangements. There is no conflict between “Creative Commons” and our copyright protection regime. The Administration is agreeable to copyright owners sharing the fruits of their creative efforts with others through any type of licensing arrangement, including “Creative Commons”.

Signature	_____
Name in block letters	<u>MISS YVONNE CHOI</u>
Post Title	<u>Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)</u>
Date	<u>17.3.2009</u>

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

Head : 152 Government Secretariat: Subhead (No. & title) : 000
Commerce and Economic Development Operational
Bureau (Commerce, Industry and expenses
Tourism Branch)

Programme : -

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Please advise, in 2007-2008 to 2009-2010,

- (a) the amount of resources used/reserved by the Administration for the expenditure on exchange, entertainment and meetings with Mainland officials and departments respectively; and
- (b) the amount of resources used/reserved by the Administration for the expenditure on exchange, entertainment and meetings with foreign officials and departments respectively.

Asked by : Hon. HO Sau-lan, Cyd

Reply :

- (a) In 2007-08, 2008-09 and 2009-10, the amount of resources used/reserved for the expenditure on exchange, entertainment and meetings with Mainland officials and departments are about \$2.8 million, \$4.7 million and \$3.3 million respectively.
- (b) In 2007-08, 2008-09 and 2009-10, the amount of resources used/reserved for the expenditure on exchange, entertainment and meetings with foreign officials and departments are about \$1.5 million every year.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) : -
Commerce and Economic Development
Bureau (Commerce, Industry and
Tourism Branch)

Programme : -

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

As regards the consultancy studies commissioned by the Bureau for the purpose of policy formulation and evaluation (if any), please provide the relevant information in the following format:

- (1) For the studies on public policy and strategic public policy conducted or to be conducted during the period from 2006-2007 to 2008-2009, please provide information in the following format:

Name of Consultant (if available)	Description and Objective	Consultancy Fee (\$)	Progress of Studies (under planning/in progress/completed)	The follow-ups taken by the Administration on the study reports and their progress (if any)	If completed, has the study report been released to the public? If yes, through which channels? If no, what are the reasons?

- (2) Have funds been reserved for commissioning consultancy studies in 2009-2010? If yes, please provide the following information:

Name of Consultant (if available)	Description and Objective	Consultancy Fee (\$)	Progress of Studies (under planning/in progress/completed)	If completed, has the study report been released to the public? If yes, through which channels? If no, what are the reasons?

Reply :

- (1) The studies on public policy and strategic public policy conducted or to be conducted during the period from 2006-2007 to 2008-2009 are listed as below:

2006-07:

Name of Consultant	Description and Objective	Consultancy Fee (\$)	Progress of Studies (under planning/in progress/completed)	The follow-ups taken by the Administration on the study reports and their progress (if any)	If completed, has the study report been released to the public? If yes, through which channels? If no, what are the reasons?
PricewaterhouseCoopers WMS Asia Pacific Limited	Study on practices in selected economies with services similar to the Government Electronic Trading Services (GETS)	1,300,000	Completed in March 2007	The Government has, having regard to this consultancy report and other related reports, adopted the relevant recommendations for preparation of the tender document for the provision of GETS post-2009. We also briefed the Panel on Commerce and Industry of the Legislative Council on the improvement measures in November 2007 and January 2009.	No, the consultancy report may contain some sensitive information relating to the selected economies, including possible strategies for future development which at the material time were yet to be announced.
iASPEC Services Limited	Review of the technical architecture and the mode of operation of the GETS	437,760	Completed in June 2007	The Government has adopted the relevant recommendations of this report for preparation of the tender document for the provision of GETS post-2009. We also briefed the Panel on	No, the consultancy report contains sensitive market information, such as the financial information of the service providers and their

Name of Consultant	Description and Objective	Consultancy Fee (\$)	Progress of Studies (under planning/in progress/completed)	The follow-ups taken by the Administration on the study reports and their progress (if any)	If completed, has the study report been released to the public? If yes, through which channels? If no, what are the reasons?
				Commerce and Industry of the Legislative Council on the improvement measures in November 2007 and January 2009.	commercial assessment of the future GETS market.
Office of the Telecommunication Authority	Review of the regulatory framework of the GETS	135,000	Completed in September 2007	Ditto	No, the consultancy report contains sensitive market information, such as the market share and marketing strategies of the service providers.
Urbis Limited	To identify the potential of developing spa and resort facilities in Hong Kong	345,000	Completed	-	Consultancy study report has been uploaded onto Tourism Commission's homepage.

2007-08:

Name of Consultant	Description and Objective	Consultancy Fee (\$)	Progress of Studies (under planning /in progress/ completed)	The follow-ups taken by the Administration on the study reports and their progress (if any)	If completed, has the study report been released to the public? If yes, through which channels? If no, what are the reasons?
Arculli, Fong & Ng, Gilbert + Tobin	To provide expert services in relation to the introduction of a competition law	10,152,000	In progress	In respect of the details of the proposed law, the Consultant is studying the overseas experience.	Not applicable.
PricewaterhouseCoopers Limited	As a follow up study on previous cost-effectiveness study on InvestHK to review the strategy for promotion of inward investment	320,000	In progress	The Government is following up with the Consultant on the preliminary findings of the study.	Not applicable.
iASPEC Services Limited	Review of the technical architecture and the mode of operation of the GETS (to continue the consultancy in 2006-07)	656,640	Completed in June 2007	The Government has adopted the relevant recommendations of this report for preparation of the tender document for the provision of GETS post-2009. We also briefed the Panel on Commerce and Industry of the Legislative Council on the improvement measures in November 2007 and January 2009.	No, the consultancy report contains sensitive market information, such as the financial information of the service providers and their commercial assessment of the future GETS market.

Name of Consultant	Description and Objective	Consultancy Fee (\$)	Progress of Studies (under planning /in progress/ completed)	The follow-ups taken by the Administration on the study reports and their progress (if any)	If completed, has the study report been released to the public? If yes, through which channels? If no, what are the reasons?
Office of the Telecommunication Authority	Review of the regulatory framework of the GETS (to continue the consultancy in 2006-07)	891,000	Completed in September 2007	Ditto	No, the consultancy report contains sensitive market information, such as the market share and marketing strategies of the service providers.
Evans & Peck (HK) Co Ltd	To assess the business potential and financial viability of the conceptual plan of the project	129,800	In progress	The Government is monitoring the study progress.	Not applicable.
UBS AG	To provide initial advice on the long-term financial arrangement for the Hong Kong Disneyland project	1,250,000	Completed	The Government will consider the advice from the Consultant.	The advice from the Consultant is for Government's internal consideration.

2008-09:

Name of Consultant	Description and Objective	Consultancy Fee (\$)	Progress of Studies (under planning/in progress/completed)	The follow-ups taken by the Administration on the study reports and their progress (if any)	If completed, has the study report been released to the public? If yes, through which channels? If no, what are the reasons?
Arthur D. Little Asia Pacific Ltd.	Demand and supply of exhibition facilities in Hong Kong	990,360	In Progress	The Government will make reference to the results of the consultancy study when assessing and planning for the supply of exhibition facilities in Hong Kong.	Not applicable.
Arculli, Fong & Ng, Gilbert + Tobin	To provide expert services in relation to the introduction of a competition law (to continue the consultancy in 2007-08)	5,200,000	In progress	The Government is preparing the Competition Bill with the advice and support of the consultant.	Not applicable.
PricewaterhouseCoopers Limited	As a follow up study on previous cost-effectiveness study on InvestHK, to review the strategy for promotion of inward investment (to continue the consultancy in 2007-08)	2,880,000	In progress	The Government is reviewing the findings of the study.	Not applicable.

Name of Consultant	Description and Objective	Consultancy Fee (\$)	Progress of Studies (under planning/in progress/completed)	The follow-ups taken by the Administration on the study reports and their progress (if any)	If completed, has the study report been released to the public? If yes, through which channels? If no, what are the reasons?
Business Strategies Group	To survey the demand and supply situation of manpower in and the training opportunities for the MICE and cruise tourism sectors in Hong Kong	1,105,000	To be completed in the first quarter of 2009	We have reported the preliminary findings to the Steering Committee on MICE and the Advisory Committee on Cruise Industry.	Not applicable.
Evans & Peck (HK) Co Ltd	To assess the business potential and financial viability of the conceptual plan of the project (to continue the consultancy in 2007-08)	1,254,200	To be completed in the first quarter of 2009	We will report to the Southern District Council and the Panel on Economic Development of the Legislative Council on the recent development of the project and the results of the consultancy study, upon completion of the study.	Not applicable.
UBS AG	To provide initial advice on the long-term financial arrangement for the Hong Kong Disneyland project (to continue the consultancy in 2007-08)	1,250,000	Completed	The Government will consider the advice from the Consultant.	The advice from the Consultant is for Government's internal consideration.

- (2) Funds have been reserved for commissioning the following consultancy studies in 2009-2010:

Name of Consultant	Description and Objective	Consultancy Fee (\$)	Progress of Studies (under planning/in progress /completed)	If completed, has the study report been released to the public? If yes, through which channels? If no, what are the reasons?
Arthur D. Little Asia Pacific Ltd.	Demand and supply of exhibition facilities in Hong Kong (to continue the consultancy in 2008-09)	267,300	In Progress	Not applicable.
Arculli, Fong & Ng, Gilbert + Tobin	To provide expert services in relation to the introduction of a competition law (to continue the consultancy in 2008-09)	3,948,000	In progress	Not applicable.

Signature _____

Name in block letters MISS YVONNE CHOI

Post Title Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)

Date 18.3.2009

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

Head: 152 — Government Secretariat: Commerce and Economic Development Bureau
(Commerce, Industry and Tourism Branch) Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is stated that in 2009-2010, the Administration will step up promotion of wine trading in Hong Kong and implement the Professional Services Development Assistance Scheme to help enhance the external competitiveness and standard of professional services.

Will the Administration provide details of the said measures and the estimated expenditure?

Asked by: Hon. IP LAU Suk-ye, Regina

Reply:

Since the exemption of wine duty last February, we have introduced a series of measures to support the further development of wine trading and distribution businesses in Hong Kong. These measures cover areas including customs facilitation, trade and investment promotion, manpower training and education, use of heritage buildings (such as Haw Par Mansion) for commercial purposes including wine-related businesses, combating counterfeits, and signing co-operation agreements with trading partners. We will continue our efforts in these areas in 2009-10.

In 2009-10, we will cope with the added workload arising from the implementation of the above measures through re-deployment of existing manpower resources. Other than that, the more significant expenses would mainly be related to two key promotional events. They are the second Hong Kong International Wine and Spirits Fair to be held by the Hong Kong Trade Development Council in early November 2009, and the first Hong Kong Wine and Dine Festival which the Hong Kong Tourism Board plans to roll out from late October to early November 2009. The costs will be recovered through charging of fees, commercial sponsorship and/or government subvention.

The Government established the "Professional Services Development Assistance Scheme" with \$100 million in 2002 to help fund projects aimed at enhancing the standards and the external competitiveness of our professional services. Non-profit-distributing professional bodies, trade and industrial organisations and research institutes are eligible to apply. As at March 2009, a total of 213 projects received assistance under the Scheme. They include international conferences, seminars, training courses, roadshows, exhibitions and research studies, etc., involving approved funding amounting to about \$74 million. The estimated expenditure for 2009-10 is \$10 million, which is comparable to that for 2008-09.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce and
Economic Development
(Commerce, Industry and Tourism)

Date _____

18.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (5) Subvention: Consumer Council

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The Government admits "a sharp increase in the number of complaints received (by the Consumer Council) in connection with the Lehman Brothers incident". However, the estimated provision to the Council for 2009-10 is only 1% higher than its revised estimate for 2008-09.

Will the Administration consider allocating additional resources to the Council for speedier processing of complaints relating to the Lehman Brothers incident and other consumer issues?

Asked by : Hon. IP LAU Suk-yee, Regina

Reply :

To expedite the processing of Lehman Brothers-related complaints, apart from redeploying staff, the Consumer Council has engaged temporary staff at a cost of around \$140,000.

Separately, the Consumer Legal Action Fund has contracted out some of the preparatory work on Lehman Brothers-related applications to legal practitioners in private practice at a cost of \$170,000. The expenses are expected to increase gradually. The Fund has a balance of some \$16 million at the moment. We have been monitoring closely the situation of the Fund, and will inject additional funding if such is needed.

In addition, starting from 2009-10, we will provide the Council an additional provision of about \$2 million per year for three years. The Council will engage a Legal Counsel and three Consumer Protection Officers to cope with the increasing workload.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The Government has indicated that in 2009-10, it will “support and co-ordinate with the HKTB, the trade and relevant training institutions to facilitate supply of talents and enhance promotional efforts for the MICE, cruise and related tourism sectors.”

With the Government’s co-ordination and support, how many new talents will be provided for the MICE and cruise sectors? How many of them will be employed by the trade?

Asked by : Hon. IP LAU Suk-ye, Regina

Reply :

The Tourism Commission (TC) commissioned a consultancy to study the manpower requirements of the MICE and cruise tourism sectors in August 2008. The study will be completed in the first half of 2009. The findings will facilitate the education institutions to design and provide different curricula to meet the needs of the trade.

For the MICE sector, we will actively support the Hong Kong Polytechnic University and the Hong Kong Institute of Vocational Education to develop programmes to enhance the skill-set of current employees in the sector and those interested in joining the trade. We will also work with the Labour Department, Employees Retraining Board, Travel Industry Council of Hong Kong (TIC) and Hong Kong Exhibition and Convention Industry Association to consider how to further enhance the existing training courses to better meet the needs of the market.

For the cruise sector, the Advisory Committee on Cruise Industry (ACCI) conducted a questionnaire survey in the middle of last year to ascertain the manpower requirements and training needs of the cruise industry. Both the findings of the survey and the study indicated demand for people with knowledge and skills on cruise tourism, particularly for cruise consultants, tour guides and supporting staff in logistics arrangements. In this regard, the ACCI has drawn up the following action plan to assist the trade in manpower development -

- (a) to create a database of cruise-related courses provided by tertiary and training institutes to facilitate the trade and members of the public to select suitable courses. The information was uploaded onto the websites of TC and TIC in mid-March of 2009; and

- (b) to launch training courses related to cruise tourism through the Government's Skills Upgrading Scheme and TIC in the middle of this year, including "Introductory course on cruise travel", "Practical skills in servicing cruise travellers" and "Cruise selling training course", etc., and to develop cruise-related courses through the Employees Retraining Scheme. It is estimated that the above-mentioned courses will provide no less than 200 training places at the initial stage. Thereafter, depending on market demand, supply of the training places can be adjusted to meet the needs of the cruise market.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Please provide a breakdown of the estimated provision for the enhancement of existing tourist attractions and facilities in 2009-10, including:

- (a) the Aberdeen Tourism Project;
- (b) the Ngong Ping Landscaped Piazza Project;
- (c) enhancement of the Lei Yue Mun waterfront; and
- (d) development of a piazza in Tsim Sha Tsui.

Asked by : Hon. IP LAU Suk-yee, Regina

Reply :

The estimated expenditure of the various projects in 2009-10 are set out below:

- (a) Aberdeen Tourism Project
The Tourism Commission appointed a financial consultant in 2008 to assess the business potential and financial viability of the conceptual plan of the project. The study will be completed in the first quarter of 2009. As the project is still at the planning stage, no expenditure will be incurred in 2009-10.
- (b) Enhancement of public facilities at Ngong Ping, Lantau
The estimated expenditure of the project in 2009-10 is \$36 million.
- (c) Lei Yue Mun Waterfront Enhancement Project
The relevant works departments are working on the detailed design, and will arrange for gazettal for the project in accordance with the relevant statutory procedures later this year. As the project is still at the planning stage, no expenditure will be incurred in 2009-10.
- (d) Development of a Piazza in Tsim Sha Tsui
We will launch an open design competition for the planned piazza in the second quarter of 2009, and will seek funding approval from the Legislative Council when the design is finalised. As the project is still at the planning stage, no expenditure will be incurred in 2009-10.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CEDB(CIT)026

Question Serial No.

1630

Head : 152 Government Secretariat: Subhead 700
Commerce and Economic Development Bureau (No. & title) : General
(Commerce, Industry and Tourism Branch) non-recurrent

Programme : -

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Please give details of the 2009-10 estimated expenditure regarding all items (012/ 015/ 016/ 428/483/685/922) under Sub-head 700 General non-recurrent.

Asked by : Hon. IP LAU Suk-ye, Regina

Reply :

The 2009-10 estimates for the general non-recurrent items under Subhead 700 are:

Item (Code)	Ambit	2009-10 Estimate (\$million)
012	Professional Services Development Assistance Scheme	10.000
015	Enhancing public awareness of the work of the Competition Policy Advisory Group	0.050
016	A "Hospitable Hong Kong" Campaign	1.879
428	Consultancy on cruise terminal facilities development for Hong Kong	0.157
483	Launching campaign of major tourism infrastructure projects	0.200
685	Development of Hong Kong's assessment capabilities for the operation of strategic trade controls	0.470
922	Consultancy for developing user requirements and related matters on operation and ancillary facilities in the New Cruise Terminal at Kai Tak for project implementation under the Government Design, Build and Lease Approach	5.607
	Total	18.363

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Permanent Secretary for Commerce
and Economic Development

Post Title _____

(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head: 152 Government Secretariat: Commerce and Economic Development Bureau
(Commerce, Industry and Tourism Branch) Subhead (No. & title):

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

What are the justifications for the Administration to claim that a series of measures will be introduced to “strengthen Hong Kong’s role as a regional creative and design hub” in 2009-2010? Is it because the role of Hong Kong as a hub in this respect has been generally recognised in the region or the Government has made reference to certain authoritative reports before making such a statement?

Asked by: Hon. IP LAU Suk-ye, Regina

Reply:

The term “creative industries” is a relatively new concept with different definitions in different countries around the world. The United Kingdom defines creative industries as “those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property”. Using this definition, we consider that Hong Kong has an edge in a number of creative industry domains, including motion pictures, television, design, architecture, animation and comics, advertising and digital entertainment, etc. These creative industries are important drivers of Hong Kong’s economy. They help to increase the innovation capacity of our economy as a whole and can be an engine for economic growth. There are now more than 170 000 practitioners working in our creative industries, with over 30 000 establishments and total value-added exceeding \$53 billion a year, representing around 4% of our Gross Domestic Product. If they can be supported and nurtured effectively, the potential of the creative economy is substantial.

The Hong Kong Trade Development Council (HKTDC) will promote the creative industries of Hong Kong and strengthen Hong Kong’s role as a regional creative and design hub through the strategies and initiatives set out below.

1. Enhance the leadership position of the relevant anchor events held by HKTDC (including the World Boutique, the Filmart and Entertainment Expo, the Licensing Show and Premier Asian Licensing Awards, the Business of Design Week cum Inno Design Tech Expo, the International Information and Communications Technology (ICT) Expo and the Hong Kong Book Fair) to highlight the strengths of Hong Kong as a trendsetter in films, ICT and other creative sectors and to attract more overseas enterprises and talents in the creative industries to come to Hong Kong.

2. Promote Hong Kong designs through organizing design service pavilions and branding seminars at relevant overseas product fairs.
3. Expand the coverage of HKTDC's Design Gallery (DG) to promote Hong Kong's product design as well as home-grown brands and designers. A DG shop will be set up in Beijing in mid-2009 to enhance the awareness of Hong Kong brands and designs among overseas and Mainland consumers.
4. Assist Hong Kong's creative industries to develop their businesses in both mature and emerging markets and to explore business potential in other markets. For example, the Style Hong Kong Exposition in Dubai has successfully reinforced the message of Hong Kong as a trendsetter and source of innovative and original designs. HKTDC will spread this message to other emerging markets such as Hungary and Poland. HKTDC will also continue to mount Style Hong Kong Galleries at major trade fairs in mature markets to promote Hong Kong's ability in Original Design Manufacturing.
5. Make the best use of HKTDC's trade portal, *hktdc.com*, for the promotion of Hong Kong's creative industries. Portals covering four related creative sectors, namely Infrastructure and Real Estate, Design and Licensing, ICT and Entertainment, have been rolled out with the objectives of providing the latest information about the industries' market developments and encouraging information exchanges among industry players through this online platform.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Permanent Secretary for Commerce
and Economic Development

Post Title _____

(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (5) Subvention: Consumer Council

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

On handling consumer complaints, the average time taken for notifying complainants of results and progress by the Consumer Council ("the Council") was increased to 19 days in 2007-08. In this regard, will the Government advise:

- (a) the total number of complaints handled in 2007-08? What was the increase in number as compared with 2006-07?
- (b) the total number of complaints relating to Lehman Brothers products handled in 2007-08? What was their percentage share in the total number of complaints?
- (c) the total number of staff of the Council involved in handling complaints in 2007-08? Was there any increase of manpower involved as compared with 2006-07? If yes, what was the increase?

Asked by : Hon. IP Wai-ming

Reply :

- (a) In 2007 and 2008, the Consumer Council handled 38 521 and 42 050 complaint cases respectively. Compared with 2007, the number of complaint cases handled by the Council in 2008 increased by 3 529, i.e. around 8%.
- (b) The Lehman Brothers incident happened in September 2008. The Council received some 8 300 complaints related to the incident from September to December 2008. These cases represent about one-fifth of the total number of complaints received by the Council in 2008. Arising from a sudden influx of such a huge number of complaints within a short time, the average time needed for issuing preliminary replies and notifying complainants of the progress has risen from 14 working days in 2007 to 19 working days in 2008.

- (c) In 2008, 54 staff members in the Council's establishment were responsible for handling consumer complaints and offering advice to consumers. Compared with 2007, the number of staff members has increased by two.

Signature	_____
Name in block letters	Miss YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 152 Government Secretariat : Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)'s revised estimated expenditure under the Programme of Travel and Tourism for 2008-09 is 35.2% higher than the original estimate. What are the reasons for that? Why is the estimated expenditure for 2009-2010 17.2% lower than the revised estimate for 2008-09?

Asked by : Hon. IP Wai-ming

Reply :

The revised estimate for 2008-2009 is 35.2% higher than the original estimate. This is mainly due to the increased provision for ad hoc tourism promotion initiatives, including improving the lighting and audio effects and attractiveness of the light and sound show "A Symphony of Lights", and enhancing Hong Kong Wetland Park's marketing and promotion programme during the winter festive holidays. The salary adjustment also contributed to the increased expenditure. The estimate for 2009-2010 is 17.2% lower than the revised estimate for 2008-2009 due to the completion of the ad hoc tourism promotion initiatives. The reduced provision is partly offset by the increased salary provision for the net creation of four posts in 2009-2010.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (5) Subvention: Consumer Council

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

On monitoring trade practices, the Consumer Council has recently launched the "online oil price calculator" service. In this connection, would the Government advise on the following:

- (a) Will additional expenditure be incurred by the service in 2009-10? If yes, what is the total expenditure? If no, what are the reasons?
- (b) How much manpower is required to provide the service?
- (c) Will the service be further expanded? If yes, what are the details?

Asked by : Hon. IP Wai-ming

Reply :

- (a) In 2008-09, the Environment Bureau provided an additional provision of about \$600,000 to the Consumer Council and entrusted the latter to undertake the project "Auto Fuel Prices Calculator" for an initial duration of one year starting from November 2008.
- (b) Two staff members in the Council are responsible for the project.
- (c) The Council will soon introduce a mobile version of the calculator. It is also arranging for information on auto fuel prices to be disseminated through additional channels, such as newspapers, radio and television.

Signature _____

Name in block letters _____

Miss YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Under the Programme of Travel and Tourism, in 2009-2010 the Administration will co-ordinate with the Hong Kong Tourism Board and relevant parties to establish Hong Kong's reputation for its fine food and wine. In this connection, please advise:

- a) The estimated expenditure for this project;
- b) The number of staff required for this project; whether the staff will be recruited or made available through internal redeployment;
- c) When the project is expected to be launched; and
- d) The projected economic benefits of this project for Hong Kong.

Asked by : Hon. IP Wai-ming

Reply :

To leverage on the favourable market development after the waiving of wine duties last year and publication of the Michelin Guide Hong Kong Macao, we will, through the Hong Kong Tourism Board (HKTB), adopt "2009 Hong Kong Food and Wine Year" as the marketing theme in 2009-2010 to highlight Hong Kong's diverse culinary experience.

Throughout the year, the HKTB will incorporate food and wine promotion in its local and overseas marketing activities to provide a business platform for the travel trade. To step up the promotion of Hong Kong as Asia's wine and gourmet centre, the HKTB also plans to collaborate with famous wine producers to organise the "Hong Kong Wine and Dine Festival" from end October to early November. During the Festival, the HKTB will stage a wine carnival at West Kowloon Waterfront Promenade. There will also be food and wine promotions in major dining districts. To cater for the needs of independent travellers from different markets, the HKTB will produce travel guides and launch a dedicated website on famous local delicacies, and bundle special dining offers by catering outlets for visitors.

The HKTB has earmarked \$6 million in 2009-10 under its proposed budget for marketing and promoting the “Hong Kong Wine and Dine Festival” and related activities overseas. As the HKTB is still working on the content of the programme, the relevant details and budget have yet to be finalised. The HKTB will also seek sponsorship to fund part of the expenses. The HKTB will also deploy \$1.6 million from its budget to set up a dedicated website on “2009 Hong Kong Food and Wine Year”, produce relevant publications/food guides, and other advertising expenses. The overall direction of the thematic promotion will be undertaken by the existing staff of the HKTB. Individual promotion activities will be outsourced to contractors, which will help create additional employment opportunities.

The above promotions will highlight Hong Kong’s competitive edge as a wine and gourmet centre. Besides creating a business platform for the travel trade, reinforcing Hong Kong’s reputation as a wine and dine centre will, in the long-term, attract more visitors, stimulate tourism and related industries, and benefit Hong Kong’s economy.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	18.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Regarding the Tsim Sha Tsui Piazza Project, will the Government advise this Committee:

- (a) When are the works expected to commence? What is the works progress for the time being?
- (b) How many staff are the works expected to employ? Whether they will be recruited from outside or not?
- (c) It is learnt that the existing bus terminus at the Tsim Sha Tsui Star Ferry Pier will be relocated under the Tsim Sha Tsui Piazza Project, which will cause passengers inconvenience. In this regard, does the Administration have any plans to assist passengers in ferry-bus or bus-ferry interchange?

Asked by : Hon. IP Wai-ming

Reply :

The requisite information on the "Development of a Piazza in Tsim Sha Tsui" project is as follows:

- (a) We will launch an open design competition for the proposed piazza in the second quarter of 2009. Upon finalisation of the design, we will work out the details and programme of works, and seek funding approval from the Legislative Council.
- (b) As the design of the piazza is still in progress, we have yet to ascertain the manpower requirement. The works will be contracted out in accordance with established procedures.
- (c) To complement the development of the piazza in Tsim Sha Tsui and continue to facilitate bus and taxi passengers to use the Star Ferry, the Transport Department will construct a new turnaround at Salisbury Road outside the Hong Kong Cultural Centre for buses and taxis to pick up and drop off passengers. It will only be a 1 to 2 minute-walk for bus and taxi passengers from the turnaround to the Star Ferry Pier.

Signature	_____
Name in block letters	<u>MISS YVONNE CHOI</u>
Post Title	<u>Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)</u>
Date	<u>17.3.2009</u>

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The Administration plans to take forward enhancement of existing tourist attractions and facilities, including the Aberdeen Tourism Project, the Ngong Ping Landscaped Piazza Project, enhancement of the Lei Yue Mun waterfront and development of a piazza in Tsim Sha Tsui. In this regard, will the Government advise this Committee:

- (a) What was the expenditure on the above enhancement projects in 2007-08 and 2008-09 respectively?
- (b) How many staff were employed for the above enhancement projects in 2007-08 and 2008-09 respectively?
- (c) When will the above enhancement projects be completed?

Asked by : Hon. IP Wai-ming

Reply :

The requisite information on the above projects is set out below:

(1) Aberdeen Tourism Project

The Tourism Commission appointed a financial consultant in 2008 to assess the business potential and financial viability of the conceptual plan of the project. The study will be completed in the first quarter of 2009. As the project is still at the planning stage, no staffing and works expenditure were involved in 2007-08 and 2008-09.

(2) Enhancement of public facilities at Ngong Ping, Lantau

Construction of the project commenced in 2008-09. During the year, the expenditure incurred was \$15.133 million and about 116 jobs were created. The project will be completed in early 2010.

(3) Lei Yue Mun Waterfront Enhancement Project

As the project is still at the planning stage, no staffing and works expenditure were involved in 2007-08 and 2008-09. Subject to funding approval from the Legislative Council, works are expected to commence in 2010 for completion in 2012.

(4) Development of a Piazza in Tsim Sha Tsui

We will launch an open design competition for the planned piazza in the second quarter of 2009, and will seek funding from the Legislative Council when the design is finalised. As the project is still at the planning stage, no staffing and works expenditure were involved in 2007-08 and 2008-09.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention : Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

During 2009-10, the Hong Kong Tourism Board will leverage the Hong Kong – Japan Tourism Exchange Year (Exchange Year) to revitalise the Japanese consumers' interest of visiting Hong Kong. In this connection, would the Government inform this Committee of the following:

- (a) What are the specific initiatives to leverage the Exchange Year?
- (b) What is the approximate estimated expenditure in leveraging the Exchange Year?
- (c) How much additional economic efficiency does the Administration expect from the Exchange Year?

Asked by : Hon. IP Wai-ming

Reply :

The "Hong Kong-Japan Tourism Exchange Year 2009" provides a platform to enhance the promotion of two-way tourism and cultural exchange between Hong Kong and Japan. The Hong Kong Tourism Board (HKTB) will expand its marketing reach to the secondary cities in Japan, such as Kagoshima, Nagasaki and Sendai, and vigorously develop the silver-haired segment so as to open up new visitor sources. Details of the initiatives are as follows:

- 1) Travel trade promotions
 - Organise a launch ceremony for the "Hong Kong-Japan Tourism Exchange Year 2009" in Tokyo to promote Hong Kong to the Japanese travel trade and media representatives.
 - Invite the Japanese travel trade to meet with their Hong Kong counterparts during trade missions to Nagoya, Tokyo and Osaka.
 - Join hands with the Japan National Tourism Organisation to take part in Hong Kong's International Travel Expo.
 - Participate in the JATA (Japan Association of Travel Agents) World Travel Fair in Tokyo.
 - Launch tourism products focused on Hong Kong's local living culture.

- Leverage on mega events in Hong Kong, such as Chinese New Year celebrations, Hong Kong Summer Temptations, gourmet promotions, Hong Kong WinterFest and New Year Countdown, to promote special offers.
- Collaborate with the travel trade and media in Japan to promote wine and dine tours, leveraging on the “2009 Hong Kong Food and Wine Year”.
- Collaborate with airlines to promote weekend getaway packages under the “Hong Kong Tohiko Campaign”, targetting young office ladies.
- Join forces with the travel trade to promote nostalgia-themed products and green tourism, targetting the silver-haired segment.

2) Consumer activities

- Introduce Hong Kong’s living culture during consumer promotions in Sapporo and Shizuoka.
- Organise “Hong Kong Week” in Roppongi Hills, Tokyo to promote Hong Kong’s diverse culinary delights and living culture.
- Produce “Hong Kong-Japan Tourism Exchange Year 2009” coupon booklets, which include offers such as complimentary tram rides, welcome drinks in hotels, discounts at restaurants and shops as well as for package tours.

3) Public Relations promotions

- Organise an English speech contest in Tokyo.
- Launch an exchange programme for Hong Kong university students to Japan.
- Leverage on celebrity endorsement – Mr Jackie Chan has been appointed as Hong Kong’s Tourism Ambassador and well-known Japanese artist Mr Naimiya Hiroki as the “Hong Kong-Japan Tourism Exchange Year Goodwill Ambassador”. For Japan, famous Japanese artist Miss Yoshino Kimura has been appointed as Japan’s Tourism Ambassador by the Japan Tourism Agency.
- Collaborate with the Japanese media to produce a “Hong Kong Tram Guide” to introduce dining and shopping locations along the tram route and a “Hong Kong Snack Guide” to introduce famous local delicacies. This is to tie in with the broadcast of RTHK’s television programme “Taste of Happiness” in Japan.
- Join hands with different print and digital media to produce features and programmes on Hong Kong’s diverse destination appeal from a fresh angle targetting at the young and silver-haired segments.

The HKTB has earmarked \$14.3 million in 2009-10 under its proposed budget for the marketing programmes in Japan.

The “Hong Kong-Japan Tourism Exchange Year 2009” will bring long-term benefits to Hong Kong. Besides raising Hong Kong’s exposure and branding in the Japanese market, the promotion will also help develop high-potential visitor segments (such as the silver-haired segment), create a business platform for the travel trade of the two places, and provide visitors with new tourism products.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Permanent Secretary for Commerce
and Economic Development

Post Title _____

(Commerce, Industry and Tourism)

Date _____

18.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention: Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Regarding the new dedicated office named Meeting and Exhibition Hong Kong, what are the estimated expenditure and staff arrangement for 2009-10? Please also state in detail:

- (a) the publicity activities conducted since its establishment in November 2008; and
- (b) the one-stop support service.

Asked by : Hon. IP Wai-ming

Reply :

In the 2008-09 Budget, the Government has earmarked HK\$150 million over five years to promote MICE tourism and attract more international conventions and exhibitions to be hosted in Hong Kong. We will continue the arrangement of providing HK\$30 million in the coming year to HKTB to provide one-stop professional support for event organisers, enhance overseas promotion initiatives, and enrich the travel experience of our MICE visitors. HKTB established the "Meetings and Exhibitions Hong Kong" (MEHK) office in November 2008 to carry out the above tasks. The staff establishment of MEHK office in 2009-10 is 30, 18 are based in Hong Kong and the other 12 are based in the Mainland and various overseas source markets.

Since its establishment in November 2008, MEHK office has organised launch ceremonies and publicity programmes in Hong Kong and 11 cities round the world, including London, Shanghai, Mumbai, New Delhi, Taipei, Barcelona, Sydney, Melbourne, Osaka, Tokyo and Seoul. The launch ceremony in New York will be conducted in March 2009. The MEHK office has rolled out sector-specific promotions in various key markets through advertisements, direct mailing, participation in trade shows and other public relations activities to reinforce Hong Kong's image as a preferred MICE destination. The MEHK office also works closely with the Government, the Hong Kong Trade Development Council and the Hong Kong Exhibition and Convention Industry Association to support local trade fairs and drive attendance for these events.

The one-stop support services provided by the MEHK office include:

- assisting local event organisers to identify prospective MICE events, conduct site inspection and arrange hospitality programmes;
- enriching the bidding proposals for prospective MICE events, mobilising its worldwide network and partnering with relevant parties to carry out lobbying work in the bidding process, and publicise the events after they have been secured;
- co-ordinating with relevant Government departments to provide greater travel convenience to overseas visitors attending major conventions and exhibitions in Hong Kong; and
- providing consultancy and referral services for event organisers, and assisting them in sourcing requisite services, such as providers of venue, itinerary planning, back-up support and tourism products etc.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Post Title _____

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The Financial Secretary said in his Budget Speech that he “chairs a cross-sector steering committee to co-ordinate measures (the software and the hardware of conventions and exhibitions) by various departments”.

- (a) when the steering committee will hold its first meeting;
- (b) the sectors from which committee members will be drawn;
- (c) the specific items for discussion by the committee; and
- (d) when the committee will publish the results of the review.

Asked by : Hon. IP Wai-ming

Reply :

- (a) A cross-sector Steering Committee on MICE (Meetings, Incentive Travels, Conventions and Exhibitions), chaired by the Financial Secretary and the Secretary for Commerce and Economic Development, was established in October 2007 to formulate strategies on MICE development and to conduct reviews from time to time. Up to February 2009, the Steering Committee has held five meetings.
- (b) Membership of the Steering Committee comprises representatives from the tourism, hotel, exhibition and convention, and academic sectors, as well as representatives from related statutory bodies, major exhibition venues and Government departments.
- (c) & (d) The Steering Committee advises on the policies relating to MICE development, coordinates measures of different organisations, and ascertains priority areas for strengthening the software and hardware of the sector.

Matters discussed by the Steering Committee include ways to strengthen Hong Kong's competitiveness in MICE, strategies to promote the development of MICE, the work plan of the Hong Kong Tourism Board (HKTB) on MICE promotion, etc. The Steering Committee also provided advice on the work progress of the “Meetings and Exhibitions Hong Kong” (MEHK) office which was established by

HKTB in November last year to provide one-stop professional support for event organisers and enhance promotion of MICE events overseas.

Press releases will be issued after meetings of the Steering Committee where appropriate.

Signature	_____
Name in block letters	<u>MISS YVONNE CHOI</u>
Post Title	<u>Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)</u>
Date	<u>17.3.2009</u>

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Please give the details of the Administration's effort to enhance the Hong Kong Disneyland's operational performance. What was the annual expenditure of this enhancement exercise over the past three years, i.e. 2006-2007 to 2008-2009?

Asked by : Hon. IP Wai-ming

Reply :

The Government monitors Hong Kong Disneyland (HKD)'s operational performance through the Board of Directors of the joint venture company (i.e. Hongkong International Theme Parks Limited). The Board meets regularly (at least four times a year) to discuss matters relating to the park.

In addition, the Tourism Commission (TC) regularly reviews the business reports submitted by the management company, has frequent discussion with the park management on operational issues, and urges the park management to enhance operational efficiency and adjust its marketing strategies. TC also encourages the park management to strengthen co-operation and communication with the Hong Kong Tourism Board and the travel trade with a view to achieving continuous improvement in the park's performance.

During the early stage of operation of HKD, the duties of monitoring the park's operational performance and other responsibilities relating to HKD were absorbed by officers within TC. In view of the increasing workload, TC arranged for dedicated officers to handle matters related to HKD through internal re-deployment and creation of supernumerary posts in the past two years. The salary cost (calculated at mid-point) of officers who solely worked on HKD-related issues in the past three years is as follows:

	Salary cost (\$)
2006-07*	-
2007-08	1,988,000
2008-09	3,183,000

* The dedicated team was not yet set up in 2006-07

Signature

Name in block letters

MISS YVONNE CHOI

Post Title

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date

18.3.2009

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

Head : 152 Government Secretariat : Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : -

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Why does the Bureau plan to create 5 non-directorate posts in 2009-10? Please provide details regarding the ranks and salaries of these posts.

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

Details of the 5 new posts to be created in 2009-2010 are as follows:

Post	Reason for creation and duties	Salary Provision (\$M)
1 Chief Executive Officer (for 15 months)	To assist in drawing up the conditions for the tenancy arrangements for the new cruise terminal in liaison with the cruise industry to ensure that the arrangements meet its needs, and to assist in facilitating alternative berthing arrangements for cruise vessels before the completion of the new cruise terminal.	1.0
1 Senior Estate Surveyor (for 72 months)	To assist in formulating the tenancy and tendering arrangements for the new cruise terminal, preparing the tender document, and monitoring the performance of the cruise terminal operator at the initial stage.	1.0
1 Administrative Officer	To assist in monitoring the operation of the Hong Kong Disneyland.	0.7
1 Executive Officer I	To assist in the implementation of tourism projects, co-ordinate with relevant parties to facilitate the staging of tourism events in Hong Kong, and enhance the service quality of the tourism industry.	0.5
1 Assistant Clerical Officer (for 76 months)	To provide clerical support for the dedicated team of the cruise terminal project.	0.2
	Total	3.4

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : Head 152 - Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

With regard to the cooperation between the Bureau and the Small and Medium Enterprises Committee in monitoring and reviewing the operation of the SME Funding Schemes, will the Bureau deploy manpower to be specially responsible for handling the funding and credit matters of SMEs?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

The Trade and Industry Department (TID) is responsible for processing applications under the SME Funding Schemes (including SME Loan Guarantee Scheme (SGS), SME Export Marketing Fund (EMF) and SME Development Fund) and the Special Loan Guarantee Scheme (SpGS). Following the implementation of a series of enhancement measures to the SGS and the EMF as well as the launch of the SpGS at the end of last year, TID has redeployed around 20 staff internally and borrowed six staff from other departments to deal with the increasing workload. In addition, the TID is in the process of hiring 27 additional non-civil service contract staff. Depending on the situation, TID may consider further increasing the number of staff.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : Head 152 - Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (3) Subvention : Hong Kong Trade Development Council

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The estimated number of trade and services promotion events to be held in 2009 and the estimated number of companies participating in the events are both lower than the actual figures for 2008. What are the reasons?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

The Hong Kong Trade Development Council estimated that in 2009-10, the numbers of trade and services promotion events and participating companies will decrease when compared with the respective figures for 2008-09. This is mainly caused by the anticipated decline in the number of inbound trade missions from mature markets due to the economic downturn.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce and
Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (3) Subvention : Hong Kong Trade Development Council

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question:

The estimated number of business connections to be made in 2009 is significantly lower than the actual figure for 2008. What are the reasons?

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

The customised sourcing service offered by the Hong Kong Trade Development Council (HKTDC), which facilitates connections between buyers and suppliers, received an overwhelming response from buyers attending its trade fairs held in 2008. This was mainly because of the favourable economic conditions in the first half of 2008. In the light of the current global economic downturn, the relevant estimate for 2009 has been adjusted downwards by 7.7%.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce and
Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (5) Subvention: Consumer Council

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

What is the reason for the increase of 6% in the revised provision over the original estimate for 2008-09? Is this related to the testing of melamine in dairy products?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

The revised estimate of expenditure for 2008-09 is \$76.4 million, \$4.3 million (around 6%) higher than the original estimate of \$72.1 million. Of the increase in expenditure, \$3.2 million is for salary adjustments, the magnitude of which is in line with that applicable to the civil service in the year. In addition, in 2006-07, the Administration provided \$4.2 million to the Council for the procurement and installation of an interactive computer system. As the project has been implemented ahead of schedule, the actual expenditure on the project in 2008-09 has increased from the original estimate of \$1.8 million to \$2.9 million. The increase in the revised estimate is not related to the testing of dairy products.

Signature _____

Name in block letters _____

Miss YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (5) Subvention: Consumer Council

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Has the Consumer Council specifically deployed any manpower or resources to handle complaints or litigation relating to the Lehman minibonds? If yes, what is the amount of manpower and resources involved?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

To expedite the processing of Lehman Brothers-related complaints, apart from redeploying staff, the Consumer Council has engaged temporary staff at a cost of around \$140,000.

Separately, the Consumer Legal Action Fund has contracted out some of the preparatory work on Lehman Brothers-related applications to legal practitioners in private practice at a cost of \$170,000. The expenses are expected to increase gradually. The Fund has a balance of some \$16 million at the moment. We have been monitoring closely the situation of the Fund, and will inject additional funding if such is needed.

In addition, starting from 2009-10, we will provide the Council an additional provision of about \$2 million per year for three years. The Council will engage a Legal Counsel and three Consumer Protection Officers to cope with the increasing workload.

Signature _____

Name in block letters _____

Miss YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (5) Subvention: Consumer Council

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

What is the reason for the lower number of in-depth studies in the estimate for 2009 as compared with the actual number for 2008?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

The Consumer Council plans to carry out 48 in-depth studies in 2009, marginally fewer than the 52 studies conducted in 2008. The number is broadly the same as that in 2007 (47 studies). The number of studies completed varies from year to year because the complexity and time needed for individual studies differ.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat : Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The estimated provision of \$92 million for 2009-10 represents an increase of 11.9% over the original estimate for 2008-09. What are the reasons for the increase?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

Provision for 2009-10 is 11.9% higher than the original estimate for 2008-09. This is mainly due to the increased provision for salary adjustment, operating expenses, net creation of four posts and cash flow requirement for non-recurrent items.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention : Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

While the revised estimate is 4.7% lower than the original estimate for 2008-2009, the estimated provision for 2009-2010 is 9.2% higher than the revised estimate for 2008-2009. What are the reasons?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

The reduction in the Hong Kong Tourism Board (HKTB)'s expenditure as a result of unfilled vacancies and adjustment to its marketing strategies caused its reserve level in 2008-2009 to exceed the ceiling agreed with the Government. Hence, the provision to the HKTB in 2008-2009 was correspondingly reduced, resulting in a 4.7% decrease in the revised estimate as compared to the original estimate.

The 9.2% increase in the estimated provision for the HKTB in 2009-2010 is mainly due to a smaller base of comparison (with the revised estimate in 2008-2009) as explained above, as well as an increase in the provision for promotion work in high growth markets and emerging markets in 2009-2010.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention : Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The estimated visitor arrivals and tourism expenditure associated with inbound tourism for 2009 are similar to the revised estimates for 2008. Has the impact of the financial tsunami been taken into account in arriving at these figures? Are the estimated figures for 2009 too optimistic?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

The projection on the performance of Hong Kong's tourism industry in 2009 was derived from a systematic forecasting process by the Hong Kong Tourism Board (HKTB) conducted in late 2008, taking into account the then macro environment including the financial tsunami, the analyses and projections of international financial, economic and tourism organisations, as well as detailed assessments of the socio-economic conditions, tourism-related policies, and travel trends and patterns of major source markets.

The HKTB will closely monitor the market changes, review the latest development in major source markets, and adjust its projections and marketing strategies where necessary.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention : Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The Hong Kong Tourism Board indicates that it will increase investment in high growth markets like the Mainland and India. Please advise on the relevant figures.

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

The marketing budget of the Hong Kong Tourism Board for the Mainland and India in 2008-09 and 2009-10, together with the percentage of increase, are set out below:

	2009-10 Proposed Budget (HK\$M)	2008-09 Revised Estimates (HK\$M)	Increase
The Mainland	56.5	46.5	22%
India	11.3	6.3	79%

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat:
Commerce and Economic Development
Bureau (Commerce, Industry and Tourism
Branch)

Subhead (No. & title) : 000
Operational
expenses

Programme : -

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The estimate of the amount required for the salaries and expenses of the Commerce, Industry and Tourism Branch in 2009-10 is \$1.22 billion, representing an increase of \$54 million over the revised estimate for 2008-09. What are the reasons behind?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

The amount required for the salaries and expenses of the Commerce, Industry and Tourism Branch in 2009-10 is \$54 million higher than the revised estimate for 2008-09 mainly due to the following:

- (i) the full-year provision for the position of Under Secretary filled in 2008-09, and the provision reserved for the position of Political Assistant;
- (ii) increased provision for operating expenses, increased salary provision arising from staff changes and increased estimate for the subscription to the WTO under Programme (2);
- (iii) increased subvention to the Hong Kong Trade Development Council in 2009-10;
- (iv) increased subvention to the Consumer Council in 2009-10 for engaging additional staff;
- (v) increased salary provision for the net creation of four posts and other staff changes under Tourism Commission; and
- (vi) the lower requirement in 2008-09 with HKTb's one-off deployment of its reserve and the increased provision for promotion work in high growth markets and emerging markets in 2009-10.

2. The increased provision is partly offset by the decreased cash flow requirements for:

- (i) the consultancy study on competition;
- (ii) the procurement and installation of interactive computer system for the Consumer Council;
- (iii) the non-recurrent items for tourism promotion ; and
- (iv) the ad hoc tourism promotion initiatives.

Signature _____

Name in block letters MISS YVONNE CHOI

Post Title Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date 17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (5) Subvention: Consumer Council

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

In 2009-2010, the Consumer Council will continue to conduct works including the Weekly Price Survey, the Wet Market Survey and the Internet Price Watch. Please advise:

- (a) whether the Consumer Council will expand its work in relation to price survey;
- (b) in view of the Consumer Council's increased workload, whether additional resources will be allocated to provide more and a wider range of services to consumers.

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

- (a) In 2008-09, the Consumer Council launched three price surveillance projects, namely "Weekly Price Survey", "Daily Wet Market Report" and "Internet Price Watch", for an initial duration of one year. The projects will end in the second half of 2009. We are examining with the Council if the projects should be extended and how their implementation details can be improved.
- (b) We have provided an additional provision of about \$2 million per year from 2009-10 for three years for the Council to engage additional staff to cope with the increasing workload.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Permanent Secretary for Commerce
and Economic Development

Post Title _____

(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

It is mentioned that during 2009-2010, the Administration will monitor and support the HKTB in implementing measures to improve corporate governance and enhance value-for-money in response to the recommendations of the Director of Audit and the Public Accounts Committee. Please advise:

- (a) what are the measures to improve corporate governance?
- (b) what are the measures to enhance value-for-money?
- (c) when will such work be completed?
- (d) what is the expenditure involved?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

We have asked the Hong Kong Tourism Board (HKTB) to review, improve, record and strictly comply with its internal procedures, and follow up in earnest the recommendations and observations by the Director of Audit (DoA) and the Public Accounts Committee (PAC).

- (a) & (b) In the light of the recommendations of the DoA, the HKTB has drawn up 75 improvement measures, covering the following areas:
 - (i) enhancing corporate governance (13 items), such as formalising the long-term strategic planning process and improving the modus operandi and procedures for the meetings of the HKTB Board and Committees;
 - (ii) enhancing the performance measures and expediting preparation of the annual report after the end of each financial year (3 items);
 - (iii) improving the remuneration and recruitment mechanism to ensure that the terms and conditions of employment are reasonable, and the recruitment mechanism is effective (13 items);

- (iv) ensuring that the procurement arrangements strictly comply with the Financial Policies and Procedures, and adopting open tendering for any procurement with value exceeding a specified amount (4 items);
 - (v) improving internal administration (9 items), such as strengthening control of entertainment and business travel expenses;
 - (vi) improving the planning of marketing activities (3 items);
 - (vii) reviewing all Worldwide Offices and Representative Offices to ensure proper use of resources (8 items);
 - (viii) reviewing the execution and evaluation measures for mega events and other marketing activities to enhance the cost-effectiveness of the activities (19 items); and
 - (ix) improving the Quality Tourism Services Scheme (3 items).
- (c) The HKTB has already implemented 73 of the 75 improvement measures. The remaining two items (i.e. laying down guidelines and objective criteria for determining the establishment of Worldwide Offices and Representative Offices in overseas markets, and to regularly review the set-up of individual Worldwide Offices having regard to the same set of criteria) will be completed in March 2009.
- (d) Monitoring and supporting the HKTB is one of the Tourism Commission's on-going activities and does not involve additional expenditure.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention: Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The Administration has mentioned that in 2009-2010, it would drum up publicity and maintain top-of-mind awareness of Hong Kong as a “must-visit” port among major cruise liners to pave way for the opening of the first berth of the new cruise terminal in 2013. Please advise:

- (a) What is the expenditure on publicity each year from 2009 to 2013 as the new cruise terminal will only be commissioned in 2013?
- (b) Which countries and areas are the main focus of the publicity campaign?
- (c) Hong Kong is presently lack of large berths. How are we going to explain to foreign cruise liner companies that they should not deploy their mega cruise vessels to Hong Kong before the new cruise terminal is available?
- (d) In the past, mega cruise vessels used to berth at the Kwai Chung Container Terminals when they arrived at Hong Kong. Will there be additional or improved facilities to facilitate embarkation and disembarkation of cruise passengers?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

- (a) The Hong Kong Tourism Board's (HKTB) estimated expenditure on cruise promotion in 2009-2010 is about \$9 million. The expenditure covers the promotions and hospitality services for cruise passengers planned for 2009-2010, as well as promotions on new cruise itineraries and “fly cruise” products. HKTB will formulate the budget and promotion strategies for 2010-2011 and beyond taking into account market changes and developments to better cater for the needs of the cruise market.
- (b) HKTB's promotional efforts are multi-pronged. For the cruise industry, HKTB will participate in international cruise conventions to maintain top-of-mind awareness of Hong Kong as a cruise destination. At the same time, HKTB will actively co-operate with international and regional cruise companies and ports in the Mainland to develop cruise itineraries that include Hong Kong. For consumers, HKTB will focus on long-haul markets, such as the United Kingdom, the United States, Australia and New Zealand, as well as selected short-haul markets, such as Taiwan, India and the Philippines. It will target the affluent, achiever and family segments, and collaborate with the travel trade to promote “fly cruise” products.

- (c) For cruise vessels which cannot berth at the Ocean Terminal due to their size or conflicts in schedules, the Tourism Commission (TC) will facilitate discussion between the cruise companies and relevant Government departments and provide assistance. In this connection, in November 2006 the Government introduced a set of “Streamlined Procedures for Applying for a Temporary Multiple-Visits Waiver for Berthing Cruise Vessels at the Terminal” to facilitate container terminal operators to berth cruise vessels at the terminals. In September 2008, the Government promulgated a set of guidelines on “Streamlined Procedures for Arranging Temporary Anchorage and Tendering for Cruise Vessels” to facilitate cruise companies in arranging mid-stream operations.

Building mega cruise vessels has become an international trend. At present, it is not uncommon for this new generation of cruise vessels to require alternative berthing arrangements worldwide. We will press ahead with the development of the new cruise terminal at Kai Tak to meet the needs of the cruise market. Prior to the completion of the new cruise terminal, we must continue to attract and assist mega and signature cruise vessels calling at Hong Kong to strengthen Hong Kong’s position as a leading cruise hub in Asia. Cruise companies show understanding for the existing arrangements, and appreciate the assistance offered by the Government.

- (d) TC has worked closely with container terminal operators, cruise companies, shipping agents and travel agents, etc. on the berthing arrangements to facilitate embarkation and disembarkation of cruise passengers. HKTB also arranges cultural performances, and sets up temporary visitor enquiry and service counters, etc. on arrival in Hong Kong to enhance visitors’ experience.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head: 152 – Government Secretariat: Subhead (No. & title):
Commerce and Economic Development
Bureau (Commerce, Industry and
Tourism Branch)

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Hong Kong Trade Development Council plans to enhance its value as an active resource centre and partner for small and medium enterprises in 2009-10. Please advise on the details of the plan and the various expenditure involved.

Asked by: Hon. LAM Tai-fai

Reply:

The Hong Kong Trade Development Council (HKTDC)'s mission is to help Hong Kong companies, especially small and medium-sized enterprises (SMEs), to expand their international markets and to help promote internationally Hong Kong's business-friendly environment. Among its various services for SMEs, HKTDC is committed to enhancing its value as resource centre and partner for SMEs. The relevant measures include:

HKTDC Business InfoCentre

The HKTDC Business InfoCentre, located at the Hong Kong Convention and Exhibition Centre, is one of HKTDC's major initiatives for supporting SMEs. Being the most comprehensive business information centre in Hong Kong, the Centre houses the largest collection of market and trade information, including over 30 000 titles of commerce and trade publications and more than 20 electronic databases. The Centre also provides an on-line catalogue system, internet access and a full range of self-service business facilities to facilitate SMEs to retrieve the required information efficiently and effectively. There is also dedicated HKTDC staff at the Centre to assist users in their search for information. Currently, there are, on average, over 10 000 visitors to the Centre each month. In 2009-10, the expenditure involved for this service amounts to \$2.6 million.

China Business Advisory Service

HKTDC, with the support of a group of consultants from the Mainland Ministry of Commerce, the Shanghai Foreign Economic Relations and Trade Commission, the Guangdong Trade and Economic Cooperation Department and the Fujian Provincial Department of Foreign Trade and Economic Cooperation, offers a China Business Advisory Service to help Hong Kong SMEs explore the Mainland market. Through this service, face-to-face consultation sessions

are provided at the HKTDC Business InfoCentre by appointments and free of charge, offering advice on the problem relating to conducting business in the Mainland market. In 2009-10, the expenditure involved for this service is \$1.45 million.

Business Insights and Market Intelligence

HKTDC's Research Department produces 150 trade reports, market reviews, newsletters and other business publications each year. Among them, the HKTDC Trade Quarterly offers up-to-date information and professional analysis about the Hong Kong, Mainland and other emerging markets. HKTDC has also launched a weekly e-newsletter, namely the Hong Kong Trader, which provides market intelligence from around the world, particularly the Mainland market, to SMEs through emails. In 2009-10, the expenditure involved for this service is \$5.23 million.

Seminars and Training for SMEs

HKTDC also organises a series of seminars, workshops and training courses for SMEs to enhance their understanding of market information as well as various techniques in brand building and entrepreneurship. In 2009-10, this service will involve an expenditure of \$1.2 million.

Apart from the above measures, HKTDC will continue to help SMEs develop their businesses through the promotion of Hong Kong's various services and manufacturing industries.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head: 152 – Government Secretariat: Commerce
and Economic Development Bureau
(Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry
(3) Subvention: Hong Kong Trade Development Council
Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)
Director of Bureau: Secretary for Commerce and Economic Development

Question:

What specific measures or plans do the Commerce and Economic Development Bureau and the Hong Kong Trade Development Council have for assisting Hong Kong's small and medium enterprises to participate in local and overseas exhibitions respectively in 2009-10? What is the breakdown of the expenditure concerned?

Asked by: Hon. LAM Tai-fai

Reply:

The Hong Kong Trade Development Council (HKTDC) has taken the following measures to help Hong Kong's small and medium enterprises (SMEs) participate in exhibitions:

For overseas markets, HKTDC will organise SMEs' participation in overseas trade missions and trade fairs to help them expand their businesses in different markets. As regards emerging markets with good potential, HKTDC will organise its own trade shows if there are no suitable existing trade shows in these markets to showcase Hong Kong products. In mature markets, HKTDC will continue to mount Style Hong Kong Galleries in various trade fairs to promote Hong Kong brand names. For Mainland, HKTDC's main strategy is to encourage SMEs to develop the domestic market. Apart from participating in trade fairs held in various regions of the Mainland, HKTDC will organise large-scale Hong Kong consumer product fairs in Mainland cities such as Guangzhou, Wuhan and Chongqing to facilitate Hong Kong enterprises to market their products to Mainland consumers directly. HKTDC will also promote selected lifestyle brand-name products, for example, watches and jewellery etc., in prestigious department stores in various places. The estimated annual expenditure in relation to the above promotion work amounts to \$267 million.

Moreover, HKTDC has launched a \$120 million assistance package in 2009 to help SMEs cope with the financial turmoil. The package includes subsidies, in the form of cash coupons for HKTDC services, provided to local exhibitors participating in HKTDC's international trade fairs in Hong Kong to assist them to strengthen their marketing efforts, and an incentive programme aiming to bring more overseas buyers to these trade fairs.

In 2009-10, HKTDC has also earmarked \$36.2 million for launching a number of new fairs, for example, the Hong Kong International Tea Fair, which will provide more business platforms for local SMEs to showcase their niche and new products.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : Head 152 - Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

One of the main responsibilities of the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) is to provide support to local businesses operating in the Mainland. The Financial Secretary has also mentioned in his budget speech (paragraph 34) that the Government "will seek to identify economic opportunities in keeping with the Greater Pearl River Delta region's effort to upgrade its industries." Would the Administration list out the specific measures to be taken and the estimated expenditure involved?

Asked by : Hon. LAM Tai-fai

Reply :

In respect of the support to Hong Kong enterprises operating in the Mainland, the Commerce and Economic Development Bureau will continue to maintain close liaison with the trade and Mainland authorities at various levels to assist the trade to restructure and upgrade, relocate their operations to the Greater Pearl River Delta region and develop new markets so as to capitalize on the economic opportunities in keeping with the Great Pearl River Delta region's effort to upgrade its industries. Relevant measures include:

- reflecting the trade's views and making recommendations to the Mainland authorities especially before the promulgation of new policies and legislation wherever such is possible;
- through the Task Force to Support the Processing Trade, exploring with the trade measures to cope with the relevant adjustments;
- cooperating with the Guangdong Province, through the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade, to assist Hong Kong enterprises to restructure and/or upgrade;
- organizing symposiums and seminars to enhance the understanding of the trade on new policies and legislation;
- organizing trade delegations to visit the Greater Pearl River Delta with a view to encouraging Hong Kong enterprises to relocate their operations and to explore new markets;

- through the “SME Funding Schemes”, assisting SMEs to acquire equipment to upgrade their operational and technical skills, and to restructure or relocate. Hong Kong enterprises may also apply for the “Innovation and Technology Fund” to improve their technological level, and to introduce more innovative concepts to their businesses; and
- through co-organizing the “Transformation, Upgrade and Relocation to Unveil a New Horizon for Processing Trade Industry” Programme with the Hong Kong Productivity Council and joining forces with other industry support bodies such as the Hong Kong Trade Development Council, assisting Hong Kong enterprises to upgrade their technical level, restructure into foreign-invested enterprises, and develop new markets, etc.

The above measures are part of the existing work of this Bureau and relevant departments and organizations, and will be covered under existing resources. Funding for the “SME Funding Schemes” has already been approved and resources have been allocated for this purpose.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head: 152 Government Secretariat: Commerce and Subhead (No. & title):
Economic Development Bureau (Commerce,
Industry and Tourism Branch)

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Administration will examine feasibility and consult the public on the Phase 3 Expansion of the Hong Kong Convention and Exhibition Centre. Regarding this, please specify the scope, timetable and resources to be involved in respect of the study.

Asked by: Hon. LAU Kin-ye, Miriam

Reply:

The Government and the Hong Kong Trade Development Council are examining the feasibility of building a Phase 3 expansion of the Hong Kong Convention and Exhibition Centre at a nearby site. The scope of the studies covers planning matters as well as impacts on the traffic, environment and other public facilities in the district. Public consultation will commence as soon as possible.

The above studies are all within the purview of the Bureau and other concerned bureaux/departments. The Government will use existing resources to deal with them and no additional financial provision is required.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Commerce and Economic Development Bureau
(Commerce, Industry and Tourism Branch) Subhead (No. & title) :

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

With regard to continuing to advocate measures to further facilitate visitors' entry into Hong Kong, what are the objectives of work the Administration set for 2009-10?

Asked by : Hon. LAU Kin-ye, Miriam

Reply :

In 2009-10, we will continue to liaise closely with the Security Bureau, Immigration Department and other relevant departments to advocate and improve measures to facilitate visitors' entry into Hong Kong. Such measures include increasing manpower at control points and allocating resources flexibly to cope with passenger throughput during peak periods, promoting the Frequent Visitor Automated Passenger Clearance System (e-Channels), and co-ordinating with the tourism and MICE sectors to facilitate immigration arrangements for frequent business travellers.

The Government of the Hong Kong Special Administrative Region expects to conclude a mutual visa-free access agreement with Russia shortly. This will be the first such agreement signed by Russia with a developed economy, and will help promote trade and tourism between the two economies.

Last December, the Central People's Government announced additional measures to further facilitate Mainland residents to visit Hong Kong under the Individual Visit Scheme (IVS). The two liberalisation measures (namely, allowing non-Guangdong residents living in Shenzhen to apply for IVS endorsements in Shenzhen, and allowing eligible Shenzhen residents to apply for annual multiple entries IVS endorsement) will be implemented in the near future. As a next step, we will, in collaboration with the Guangdong and Macao governments, propose to extend the coverage of the pilot liberalisation measures from Shenzhen to other cities in the Guangdong Province.

The Government will closely monitor developments in other source markets and, where necessary, suggest measures to provide visitors with greater convenience.

Signature _____

Name in block letters _____ MISS YVONNE CHOI

Post Title _____ Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____ 17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Will any timetable be drawn up through discussing with The Walt Disney Company further development and financial arrangement of the Hong Kong Disneyland? What will be the resources entailed?

Asked by : Hon. LAU Kin-ye, Miriam

Reply :

The Government is actively discussing with The Walt Disney Company (TWDC) the expansion of Hong Kong Disneyland (HKD) and possible capital realignment of the joint venture company. We hope that agreement will soon be reached on a proposal that will make HKD more attractive as well as serve the overall interests of Hong Kong. The discussion is yet to be concluded and we have not set a timetable for it.

To support the Government's discussion with TWDC, following approval by the Finance Committee, a supernumerary Administrative Officer Staff Grade C post was created in the Tourism Commission for nine months from 16 February 2009. The notional annual salary cost at mid-point for the post is \$1,518,000.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention: Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

In regard of leveraging Government's plan to sign a visa abolition agreement with Russia, cultivate trade network with Russia and launch new tour products with the travel trade, please state:

- (a) the details and estimated expenditure;
- (b) the estimated number of additional inbound visitors per year upon implementation of the agreement.

Asked by : Hon. LAU Kin-ye, Miriam

Reply :

- (a) The Hong Kong Tourism Board (HKTB)'s main marketing initiatives in Russia in 2009-2010 are as follows:
 - having regard to Russian visitors' preference for multi-destination travel covering Hong Kong, the Mainland and nearby destinations and their love for the sun and beaches, collaborate with the China National Tourism Administration and tourism administrations of relevant provinces in the Mainland, as well as tourism organisations in Thailand and the Philippines, to promote combo itineraries featuring Hong Kong;
 - increase the knowledge of Russian travel trade with Hong Kong and facilitate their promotion of Hong Kong tourism products by inviting member agents of a major Russian travel trade organisation (the Russian China Club) to participate in a familiarisation visit to Hong Kong and organise training programmes for their staff. Participate in major travel trade shows in Russia with the Hong Kong travel trade; and
 - produce travel programmes on Hong Kong with the most popular Russian television channel, and invite Russian media on familiarisation visits Hong Kong to cover Hong Kong's shopping, dining and other special tourism offerings.

The HKTB's proposed marketing budget for Russia in 2009-2010 is \$3.5 million. The HKTB will closely monitor the latest developments in different source markets, and where necessary, adjust its marketing strategies and re-deploy resources to ensure proper and the most effective use of resources.

- (b) The HKTB projects that visitor arrivals from Russia will increase by 30% to about 48 000 in 2009. The projection has taken into account the impact of the visa-free access agreement between Hong Kong and Russia.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention : Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Please set out the staff sizes and payroll costs of the Hong Kong Tourism Board in 2006, 2007 and 2008. Of these figures, what percentage did the senior management account for? What are the basic salary gratuity and variable pay of the Executive Director? What criteria are adopted in determining the variable pay of the Executive Director? What are the expected payroll costs for all staff and the percentage among the total expenditure in 2009-2010?

Asked by : Hon. LEE Wai-king, Starry

Reply :

The Hong Kong Tourism Board (HKTB)'s staff establishment, payroll costs, establishment of senior management and percentage of senior management payroll costs against that of all staff in 2006-2007, 2007-2008 and 2008-2009 are set out below –

	2006-2007	2007-2008	2008-2009
Staff Establishment	327	325	325
Payroll Costs (\$ million) ^{Note 1}	139.29	138.88	148.89 (Revised Estimate)
Establishment of Senior Management ^{Note 2}	13	13	13
Percentage of the establishment of senior management against that of all staff	4%	4%	4%
Percentage of payroll costs for the senior management against that for all staff	18%	15%	13% ^{Note 3}

Note 1: Payroll costs include basic salary, gratuity, variable pay and the 13th month salary etc.

Note 2: Senior management includes Executive Director, Deputy Executive Director, General Managers and Regional Directors.

Note 3: As the 2008-2009 financial year has not yet concluded, the figure does not include variable pay of the senior management.

The basic salary, gratuity and variable pay of the Executive Director are as follows:

	2006-2007 (HK\$)	2007-2008 (HK\$)	2008-2009 (HK\$)
Basic Salary	3,336,000	2,071,000 ^{Note 1}	2,894,080
Variable Pay	383,000	336,000	to be determined ^{Note 2}
Gratuity ^{Note 3}	1,465,200	40,700	0

Note 1: The basic salary for the Executive Director in 2007-2008 included the salary for the former Executive Director for the period 1-18 April 2007, and the salary for the incumbent Executive Director, who assumed the position in August 2007. Hence, the figure does not reflect the full-year salary.

Note 2: As the 2008-2009 financial year has not yet concluded, the variable pay is to be determined.

Note 3: The gratuity of the Executive Director is 15% of the basic salary for the period specified in the employment contract. The gratuity is paid out upon completion of the contract, and is not an annual payment. The amount of gratuity set out in this row is the actual amount paid in the relevant financial year.

The HKTB has since 2008-2009 adopted a new mechanism to assess staff performance. The mechanism to determine the variable pay of the Executive Director comprises three sets of indicators listed below:

- (a) 30% - six key performance indicators relevant to the local tourism industry (namely (i) visitor arrivals; (ii) visitor spending; (iii) visitors' length of stay; (iv) visitors' satisfaction; (v) visitors' revisit intention; and (vi) visitors' intention to recommend Hong Kong to friends and relatives);
- (b) 30% - key strategic focuses, which are functional goals relevant to his or her area of work (such as visitors' awareness of mega events, number of participants in trade shows); and
- (c) 40% - core competencies (e.g. leadership, organisational skills and ability to manage change)

The variable pay has to be approved by the Remuneration Review Committee which comprises members of the HKTB.

The estimated expenditure on payroll in 2009-2010 is \$155.87 million, accounting for 27% of the total estimated expenditure.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (4) Posts, Competition Policy and Consumer Protection

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

How will the Commerce and Economic Development Bureau continue to follow up on the legislative amendments in relation to consumer protection? What are the specific plans? Would the Administration advise on the financial arrangement involved?

Asked by : Hon. LEE Wai-king, Starry

Reply :

We agree in principle to strengthen regulation over inappropriate sales practices. However, the Consumer Council's recommendations are very complex. We have to consider them very carefully. For example, we need to consider how to define inappropriate sales practices clearly, and what practices amount to misleading representations and material omissions. In addition, we have to consider the issue of effective enforcement, how the proposed new legislation would interface with a number of existing laws and regulatory regimes, and whether we can achieve the same purpose by effecting amendments to existing legislation. The study and the issues to be examined are wide and complex. At present, we have not yet come to a view or devised a working timetable.

Signature _____

Name in block letters _____

Miss YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Please provide the details of the expenditure of the cruise terminal project in 2009-2010.

Asked by : Hon. LEE Wai-king, Starry

Reply :

The total expenditure of the cruise terminal project in 2009-2010 is about \$13.7 million, which includes-

Consultancy studies: about \$5.7 million

To prepare for the construction of the cruise terminal, we have commissioned a consultancy to study and develop technical requirements and related matters in respect of the operation of and ancillary facilities for the new cruise terminal. We also have to settle payment for a study on matters relating to the development of Hong Kong into a regional cruise hub, covering issues such as market demand, etc.

Dedicated multi-disciplinary team for the cruise terminal project: about \$8 million

A dedicated multi-disciplinary team, led by a supernumerary Administrative Officer Staff Grade C (AOSGC), has been set up to monitor and oversee the cruise terminal project, and to develop strategies to buttress Hong Kong's position as a regional cruise hub. The team is supported by 4 non-directorate officers, 1 non-civil service contract officer and 2 secretarial staff, with a total cost of about \$5.8 million. We also plan to create 3 additional time-limited posts including 1 Chief Executive Officer, 1 Senior Estate Surveyor and 1 Assistant Clerical Officer in 2009-2010, at a total cost of about \$2.2 million, to handle the urgent tasks of formulating the tenancy and tendering arrangements for the new cruise terminal, and facilitating alternative berthing arrangements for cruise vessels.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat : Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The provision for 2009-2010 is 17.2% lower than the revised estimates for 2008-2009 due to the decreased provision for ad hoc tourism promotion initiatives. What are the promotion initiatives for which provision has been reduced? Will that undermine the efforts made to promote tourism in the midst of the financial tsunami?

Asked by : Hon. LEE Wai-king, Starry

Reply :

The ad hoc tourism promotion initiatives in 2008-2009 mainly include improving the lighting and audio effects and attractiveness of the light and sound show "A Symphony of Lights", and enhancing Hong Kong Wetland Park's marketing and promotion programme during the winter festive holidays. Since the reduction in provision is due to the completion of the ad hoc tourism promotion initiatives, it will not undermine efforts to promote tourism in 2009-2010.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : Head 152 - Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

How will the Bureau facilitate economic and trade cooperation between Hong Kong and Taiwan in 2009-10? What are the specific plans and resources involved?

Asked by : Hon. LEE Wai-king, Starry

Reply :

The Commerce and Economic Development Bureau will actively promote trade and economic cooperation as well as exchanges between Hong Kong and Taiwan so that Hong Kong will be positioned to take advantage of the business opportunities arising from the growing trade and economic relations across the straits. This is part of the work of our Bureau and will be covered by existing resources.

In addition, we will foster trade and economic cooperation with Taiwan through the following departments and organisations –

The Taipei Office of the Hong Kong Trade Development Council (TDC) commenced operation in late October 2008 to step up efforts in promoting Hong Kong as a business platform and establishing contacts with business leaders in Taiwan. It will launch a wide range of promotional activities, including organising mutual visits by business delegations, seminars, news briefings, etc. Besides, through marketing efforts, business matching and market information services, it will help Taiwan buyers identify Hong Kong suppliers, facilitate the expansion of international operations by Taiwan enterprises through the Hong Kong business platform, and assist Hong Kong businesses to promote their products and services in the Taiwan market.

To facilitate direct communication between enterprises in Hong Kong and Taiwan, we are encouraging the establishment of a Hong Kong-Taiwan Business Co-operation Committee (the Committee), for which TDC will be the secretariat.

The estimated expenditures for TDC's Taipei Office and the secretariat of the Committee and on promotion of trade and economic activities between Hong Kong and Taiwan for 2009-10 is \$4.37 million.

On tourism promotion, the Hong Kong Tourism Board (HKTB) will step up promotion in Taiwan in 2009-2010, targeting the young segment. Efforts will be also made to tap such visitor segments as the Taiwanese families and business travellers in order to attract more visitors from Taiwan to Hong Kong. For example, HKTB will promote new tourist attractions and special travel themes, participate in travel exhibitions held in Taiwan, tap new visitor sources, including those in Kaohsiung and Taichung and develop low-season travel. Hong Kong-Macao and Hong Kong-Guangdong travel itineraries will also be developed to attract more young families and MICE (Meetings, Incentives, Conventions and Exhibitions) visitors to Hong Kong. HKTB's proposed marketing budget for Taiwan is about \$18.7 million, which comes under Head 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) Programme (7) Subvention: Hong Kong Tourism Board.

Furthermore, Invest Hong Kong will strengthen its partnership with chambers of commerce, trade organisations and professional bodies in Taiwan. These organisations have a huge membership base and network and are valuable partners to Invest Hong Kong when it organises investment promotion activities. At the same time, Invest Hong Kong will engage more actively in Taiwan-oriented large-scale promotion activities such as seminars, investment environment promotion conferences and international trade exhibitions held in Taiwan, etc. Through its investment promotion consultant, Invest Hong Kong will also continue to identify potential investors from Taiwan, provide advisory services to them and promote Hong Kong's business environment. Invest Hong Kong has earmarked \$0.7 million for the relevant work under Head 79 Invest Hong Kong. A provision of \$18.5 million has also been made for overseas promotion including Taiwan. It is not possible to provide a further breakdown to reflect the resources required for Taiwan.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce and
Economic Development
(Commerce, Industry and Tourism)

Date _____

18.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Will the Bureau please advise on how green tourism would be promoted in 2009-2010 and the amount of resources that would be involved?

Asked by : Hon. LEE Wai-king, Starry

Reply :

In view of the global financial turmoil, the HKTB has, as requested by the Government, adjusted its marketing strategy in 2009-10, and actively explore new source markets and promotion windows. On green tourism, the HKTB will roll out high-end green tour itineraries targetting the silver-haired generation of Japan as one of the promotion activities of the "Hong Kong-Japan Tourism Exchange Year 2009". The HKTB will also stage a brand new "Hong Kong Hiking Festival" in October 2009 to complement the "Trailwalker" to showcase the city's hidden green treasures. At the same time, the HKTB will launch hiking and outlying island tours in autumn to attract visitors from Japan, South China and other long-haul markets. During the peak seasons for conventions and exhibitions in April and November when the weather is good for hiking, the HKTB will step up the promotion of green tourism among business visitors who come for conventions and exhibitions with a view to extending their stay in Hong Kong.

On overseas publicity, the HKTB will continue to promote green attractions at the Mai Po Nature Reserve, Sai Kung, Lantau Island, Cheung Chau, Lamma Island, Peng Chau, etc. through various channels, including its website and publications like Hong Kong Visitor's Kit, Discover Hong Kong Nature, Hong Kong Family Fun Guide, etc. The HKTB will also continue its promotion activities under the "Hong Kong Nature Kaleidoscope", such as the Northeast New Territories Island Hopping Tour, Tai O Ecotour, Long Valley Ecotour, Mai Po Wetland Experience, Hong Kong Wetlands Tour, Dolphin Watching Tour and other hiking tours for overseas visitors.

The work outlined above will be implemented with existing resources. No additional manpower and expenses will be incurred.

Signature	_____
Name in block letters	<u>MISS YVONNE CHOI</u>
Post Title	<u>Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)</u>
Date	<u>17.3.2009</u>

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention: Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Please inform this Committee of the expenditures for the Hong Kong Tourism Board to promote Hong Kong's tourism overseas in 2008-2009 (revised estimate) and 2009-2010 (estimate), broken down by major markets.

Asked by : Hon. LEE Wai-king, Starry

Reply :

The marketing budgets of the Hong Kong Tourism Board (HKTB) for different source markets in 2008-2009 and 2009-2010 are set out below:

	2009-10 Proposed Budget (HK\$M)	2008-09 Revised Estimates (HK\$M)
Growth Markets	103.4	87.1
The Mainland	56.5	46.5
South Korea	12.0	12.0
Philippines	4.5	3.3
India	11.3	6.3
United Kingdom	9.7	9.7
Australia	9.4	9.3
Emerging Markets	7.4	5.2
Middle East	3.9	2.7
Russia	3.5	2.5
Established Markets	51.6	58.6
Taiwan	18.7	17.4
United States	14.6	20.4
Japan	14.3	16.6
Singapore	4.0	4.2

	2009-10 Proposed Budget (HK\$M)	2008-09 Revised Estimates (HK\$M)
Secondary Markets	<i>16.6</i>	<i>18.8</i>
France	3.1	3.5
Germany	3.5	4.0
Canada	4.0	4.8
Thailand	2.3	2.6
Malaysia	3.1	3.2
Indonesia	0.6	0.7
Non-key markets	<i>2.5</i>	<i>8.0</i>
Grand Total	<i>181.5</i>	<i>177.7</i>

The HKTB will closely monitor the latest developments in different source markets, and where necessary, adjust its marketing strategies and re-deploy resources to ensure proper and the most effective use of resources.

Signature _____

Name in block letters MISS YVONNE CHOI

Post Title Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date 17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention: Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Visitors often obtain information, make air ticket and hotel bookings, plan their trips, etc. through the Internet. What plans does the Tourism Board have for promoting Hong Kong by making use of the Internet in 2009-2010 and how much resources will be involved?

Asked by : Hon. LEE Wai-king, Starry

Reply :

In view of the growing popularity of using the Internet for travel information or related bookings among visitors, the Hong Kong Tourism Board (HKTb) has been actively promoting Hong Kong through the Internet and mobile communication platforms. In 2009-2010, the HKTb will continue its work on this front with the following major initiatives-

- co-operate with the travel trade, major travel portals and travel websites in key source markets to launch creative promotions in various formats all year round to raise consumers' awareness of Hong Kong's unique appeal and the city's mega events, and to boost the sale of Hong Kong's tourism products;
- attract consumers to visit HKTb's website and browse travel information about Hong Kong by co-operating with major global search engines or popular search engines in different source markets;
- enhance the interactivity of HKTb's website by adding applications that facilitate the sharing of user-generated contents to encourage visitors to exchange their Hong Kong travel experience online;
- leverage on the mobile phone platform to launch applications that enable visitors to access travel information, pictures, videos or games about Hong Kong through their mobile communication devices;
- strengthen both the hardware and software of HKTb's consumer website to facilitate tourists to browse and download information and pictures even more quickly and smoothly; and

- set up an Arabic website to disseminate travel information about Hong Kong to visitors in the Middle East, a target emerging market.

The HKTB website was launched in 1997. To cater for the needs of different markets, the website is now available in 13 languages with 19 versions. In 2008, the website recorded 300 million page views.

In 2009-2010, the estimated budget for the above initiatives is about \$19.52 million.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 152 – Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (4) Posts, Competition Policy and Consumer Protection

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Please provide the progress and timetable of the drafting of the fair competition law. What are the manpower and expenditure involved?

Asked by : Hon. LEE Wai-king, Starry

Reply :

We are adjusting the institutional arrangements and reviewing the exemption provisions of the Bill to take into account feedback received during the public consultation and some recent legal developments. We are now working closely with relevant parties within the Government to resolve the technical, legal and policy issues with a view to introducing the Competition Bill as soon as practicable in the 2009-10 legislative session.

As regards staffing and expenditure, officers from the Department of Justice and this Bureau engaging in the preparation of the Competition Bill and their salaries have already been subsumed in the respective staffing and financial provision in the two Heads, and cannot be quantified separately. Apart from this, we appointed in June 2007 a consultant to provide expert advice on issues relating to the development of competition law. In 2008-09 the cash flow requirement for this consultancy is estimated to be \$5.2 million.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau: (Commerce,
Industry and Tourism Branch)

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Regarding the promotion of co-operation with the Mainland, the Administration will continue to oversee the efforts to ensure the smooth and effective implementation of “the Mainland and Hong Kong Closer Economic Partnership Arrangement”, as well as measures for early and pilot implementation in Guangdong Province. As such, please give details of the work, the specific plans and the resources involved.

Asked by : Hon. LEE Wai-king, Starry

Reply :

The Government attaches great importance to the effective implementation of “the Mainland and Hong Kong Closer Economic Partnership Arrangement” (generally referred to as CEPA), as well as liberalisation measures for early and pilot implementation in Guangdong Province. To enable the trade to realise the benefits, various measures, including the following, have been adopted:

- (1) **Expediting promulgation of laws and regulations:** the Trade and Industry Department (TID) has established notification mechanism with the Mainland authorities on promulgation of relevant regulations and implementation details, and disseminates relevant information on its CEPA website. The CEPA website also provides other CEPA related information, including the Information Database on CEPA Service Sectors, Easy Guide to Investment in CEPA Service Sectors, and hyperlinks with the relevant websites of the Mainland authorities;
- (2) **Consulting the trade:** we gather the views of the trade through various channels and convey them to the Mainland authorities. For instance, the Secretary for Commerce and Economic Development chairs the CEPA Consultative Forum regularly to gauge the trade’s views on the implementation of CEPA and Guangdong pilot measures;

- (3) **Maintaining close liaison with the Mainland:** we maintain close liaison with the Mainland authorities at central, provincial and municipal levels to enhance implementation of CEPA. For example, we have established a liaison and coordination mechanism with the Guangdong Province to review the progress of implementation of Guangdong pilot measures, and to follow up on problems and specific cases. The two governments will also continue to enhance implementation work through the Expert Group on Implementing CEPA Services under the Hong Kong/Guangdong Co-operation Joint Conference;
- (4) **Providing assistance on individual cases:** the Government renders appropriate assistance to Hong Kong enterprises which encounter difficulties in setting up business in the Mainland, having regard to the nature of the problems involved; and
- (5) **Publicising and promoting CEPA:** the Government organises seminars from time to time, inviting Mainland officials to introduce to Hong Kong businessmen the detailed content of liberalisation measures and the implementation arrangements.

Overall speaking, the Commerce and Economic Development Bureau is responsible for the overall policy of CEPA, whilst TID is responsible for the overall planning, implementation and coordination, including assisting relevant policy bureaux or departments in taking forward the implementation of CEPA measures in individual service sectors. In view of the numerous parties involved, it is difficult to fully assess the actual resources involved in all the implementation work.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau: (Commerce,
Industry and Tourism Branch)

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Please provide details regarding the work on helping local professional services access the Mainland under the Mainland and Hong Kong Closer Economic Partnership Arrangement in 2009-10, a breakdown of its expenditure, and a comparison of the provision with that of 2008-09.

Asked by : Hon. LEE Wai-king, Starry

Reply :

The Government is committed to enhancing the access of Hong Kong professional services to the Mainland market in various ways under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) framework. We also encourage professional bodies of both sides to pursue mutual recognition of professional qualifications and to foster exchanges among professional and technical talents. The related work include the following :

- (1) **Striving for further liberalisation:** we discuss with the Mainland authorities the broadening of the scope of liberalisation under CEPA, and the lowering of entry threshold so that the relevant professional services can enjoy preferential treatment in entering the Mainland market (e.g. medical and dental, construction services);
- (2) **Encouraging mutual recognition of professional qualifications:** with the encouragement of the two governments, professional bodies and regulatory authorities of both sides have reached agreements or arrangements on mutual recognition of various professional qualifications in the construction, securities and futures, and accounting sectors;
- (3) **Allowing Hong Kong residents to take Mainland professional qualification examinations:** at present, the Mainland allows eligible Hong Kong residents or relevant professionals to take Mainland professional qualification examinations to obtain relevant professional qualifications in over 40 professional or technical disciplines under various service sectors (including legal, medical and dental, insurance, tourism services etc). Both sides also actively pursue a number of facilitation measures, such as the setting up of examination centres in Hong Kong or dedicated examination centres in

the Guangdong Province to facilitate the relevant professionals (including insurance, accounting and legal services) to sit for the relevant Mainland professional qualification examinations;

- (4) **Seeking facilitation measures to enable Hong Kong professionals to register or practise in the Mainland:** at present, the Mainland allows Hong Kong professionals who have acquired the professional qualification in the Mainland to register/practise in the Guangdong province on a pilot basis (e.g. construction services), and allows Hong Kong residents who have acquired the professional qualification in the Mainland to undergo internship in Hong Kong (e.g. legal services); and
- (5) **Maintaining liaison with professional bodies:** individual Government bureaux and departments maintain close liaison and dialogue with relevant professional bodies. We listen to the views of the trade and professional bodies and convey their views to the Mainland authorities with a view to enhancing the implementation of CEPA.

Overall speaking, the Commerce and Economic Development Bureau is responsible for the overall policy of CEPA, whilst the Trade and Industry Department is responsible for the overall planning, implementation and coordination of CEPA. Insofar as the work relating to the further liberalisation of individual professional services and the implementation of such liberalisation work is concerned, the respective bureaux and departments play the leading role. It is difficult to fully assess the actual expenditure on promoting professional services under CEPA.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

It is mentioned that the Administration “continued with the planning and implementation of projects under the Tourism District Enhancement Programme. These include the Aberdeen Tourism Project, the Ngong Ping Landscaped Piazza Project, enhancement of the Lei Yue Mun waterfront, enhancement of the footbridges in Tsim Sha Tsui East and development of a piazza in Tsim Sha Tsui.” Please elaborate on the project scopes, the funding requirements as well as the planned commencement and completion dates of these programmes.

Asked by : Hon. LEE Wai-king, Starry

Reply :

The requisite information on the above projects is set out below:

(1) Aberdeen Tourism Project

The Tourism Commission appointed a financial consultant in 2008 to assess the business potential and financial viability of the conceptual plan of the project. The study will be completed in the first quarter of 2009. Upon its completion, we will brief the Southern District Council and the Panel on Economic Development of the Legislative Council on the latest development of the project and the findings of the consultancy study.

(2) Enhancement of public facilities at Ngong Ping, Lantau

The scope of works includes the construction of a landscaped piazza of about 1.52 hectare, a roundabout and an emergency vehicular access/footpath, a new public toilet and associated storm water drainage works, and the environmental mitigation measures and monitoring work during the construction period. The cost for the whole project is about \$77.5 million. The construction works commenced in November 2008 for completion in early 2010.

(3) Lei Yue Mun Waterfront Enhancement Project

The scope of works includes the construction of a public landing facility, a breakwater and a waterfront promenade, building of five lookout points along the Lei Yue Mun waterfront and improvement of the existing viewing platform, landscaping of footpaths linking the various lookout points and construction of a new viewing platform. The cost of works is about \$210 million. We will seek funding approval from the Legislative Council and commence works in 2010 for completion in 2012.

(4) Enhancement of Footbridges in Tsim Sha Tsui East

The project aims to enhance the two existing footbridges across Mody Road and Salisbury Road in Tsim Sha Tsui East including refurbishment of the footbridges, replacement of the existing ramps with lifts, and associated works such as re-paving of footpaths. The Legislative Council has approved funding of \$59.6 million. Works will commence in the third quarter of 2009 for completion in mid-2011.

(5) Development of a Piazza in Tsim Sha Tsui

The development of an open piazza at the harbour-front site next to the Tsim Sha Tsui Star Ferry Pier aims to provide a new public open space for both locals and visitors, and a venue for leisure purposes and events. We will launch an open design competition for the planned piazza in the second quarter of 2009. As the design of the piazza is not yet finalised, it is not feasible at this stage to estimate the funding requirement or implementation timetable for the construction works.

Signature	_____
Name in block letters	<u>MISS YVONNE CHOI</u>
Post Title	<u>Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)</u>
Date	<u>17.3.2009</u>

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

Head : 152 – Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (4) Posts, Competition Policy and Consumer Protection

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Does the estimated financial provision for 2009-10 include that for preparing the introduction of the Competition Bill? If yes, what are the related work and estimated expenditure? As the Government has deferred the introduction of the Competition Bill, will the above work and estimated expenditure be revised accordingly? What are the details?

Asked by : Hon. LEE Wai-king, Starry

Reply :

The estimated financial provision for 2009-10 covers the preparatory work for the introduction of the Competition Bill. We are adjusting the institutional arrangements and reviewing the exemption provisions of the Bill to take into account feedback received during the public consultation and some recent legal developments, with a view to introducing the Competition Bill as soon as practicable in the 2009-10 legislative session.

As regards staffing and expenditure, officers from the Department of Justice and this Bureau engaged in the preparation of the Competition Bill and their salaries have already been subsumed in the respective staffing and financial provision in the two Heads and cannot be quantified separately. Apart from this, we appointed in June 2007 a consultant to provide expert advice on issues relating to the development of competition law. The estimate for the relevant consultancy in 2009-10 is around \$4 million.

The above estimate would not be affected by the revised legislative timetable for the Competition Bill.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : Head 152 - Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The Administration is invited to state among the financial provision of \$155.7 million under this programme in the 2009-10 financial year,

- (1) how much will be spent on “continuing to assist the trade to adjust to changes in Mainland’s policy on processing trade through industrial restructuring and upgrading, relocating their operations and developing new markets” and what the relevant details are; and
- (2) how much resources were employed in 2008-09 to assist the trade to adjust to Mainland’s policy on processing trade and to develop new markets.

Asked by : Hon. LEUNG Kwan-yuen, Andrew

Reply :

(1) & (2) In 2008-2009 and 2009-2010, the Commerce and Economic Development Bureau continues to maintain close liaison with the trade and Mainland authorities at various levels to assist the trade to restructure and upgrade, relocate their operations and develop new markets so as to meet the changes in Mainland’s processing trade policy. Relevant measures include:

- reflecting the trade’s views and making recommendations to the Mainland authorities especially before the promulgation of new policies and legislation wherever such is possible;
- through the Task Force to Support the Processing Trade, exploring with the trade measures to cope with the relevant adjustments;
- cooperating with the Guangdong Province, through the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade, to assist Hong Kong enterprises to restructure and/or upgrade;
- organizing symposiums and seminars to enhance the understanding of the trade on new policies and legislation;

- organizing trade delegations to visit the Mainland with a view to encouraging Hong Kong enterprises to relocate their operations and to explore new markets;
- through the “SME Funding Schemes”, assisting SMEs to acquire equipment to upgrade their operational and technical skills, and to restructure or relocate. Hong Kong enterprises may also apply for the “Innovation and Technology Fund” to improve their technological level, and to introduce more innovative concepts to their businesses; and
- through co-organizing the “Transformation, Upgrade and Relocation to Unveil a New Horizon for Processing Trade Industry” Programme with the Hong Kong Productivity Council and joining forces with other industry support bodies such as the Hong Kong Trade Development Council, assisting Hong Kong enterprises to upgrade their technical level, restructure into foreign-invested enterprises, and develop new markets, etc.

The above measures are part of the existing work of this Bureau and relevant departments and organizations, and will be covered under existing resources. Funding for the “SME Funding Schemes” has already been approved and allocated resources.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Permanent Secretary for Commerce and
Economic Development

Post Title _____

(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : Head 152 - Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (3) Subvention : Hong Kong Trade Development Council

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The Administration is invited to state among the financial provision of \$370.8 million under this programme in the 2009-10 financial year,

- (a) how much will be spent on “championing Hong Kong’s service and manufacturing companies’ quality, creativity and sophistication” and on “promoting Hong Kong branded products with focus on the Mainland consumer market” respectively and what the relevant details are; and
- (b) among the 643 trade and services promotion events in 2009-10, how many involve the two initiatives mentioned above respectively and what the respective numbers of companies participating in them are expected to be.

Asked by : Hon. LEUNG Kwan-yuen, Andrew

Reply :

While the Government’s provision of \$370.8 million will constitute part of the Hong Kong Trade Development Council (HKTDC)’s operating capital, HKTDC does not keep a separate account for this provision. Our replies to parts (a) and (b) are as follows:

- (a) In HKTDC's 2009-10 annual business plan, \$361.5 million will be allocated for promoting Hong Kong's services and manufacturing industries, particularly the quality, creativity and sophistication of Hong Kong companies.

Of this allocation, \$41 million will target the Mainland consumer market in particular, in the promotion of Hong Kong branded products. In 2009-10, HKTDC plans to stage three branded product shows, namely, the Hong Kong Consumer Products Expo in Guangzhou, the Style Hong Kong Show in Wuhan and the Style Hong Kong Show in Chongqing. In addition, HKTDC is planning to open a Design Gallery shop in Beijing this summer to promote products designed by Hong Kong companies.

- (b) Among the 643 trade and services promotion events in 2009-10, 242 events (mainly business delegations to and trade shows held in Mainland and overseas markets) will be centered around the aforementioned themes, and some 7 100 companies are expected to participate in these activities.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Permanent Secretary for Commerce and
Economic Development

Post Title _____

(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) : -
Commerce and Economic Development
Bureau (Commerce, Industry and
Tourism Branch)

Programme : (1) Director of Bureau's Office

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question

Under this programme, would the Administration inform this Committee:

- (a) What are the respective expenditures for the Secretary, Under Secretary and Political Assistant in the revised estimate for 2008-09 and the estimate for 2009-10?
- (b) What were the job content of and work accomplished by the Under Secretary in 2008-09? How would the Administration evaluate whether the creation of the post adheres to the value for money principle?

Asked by: Hon. LEUNG Yiu-chung

Reply :

- (a) The provisions earmarked for the salary provision for the Secretary, the Under Secretary and the Political Assistant in the 2008-09 Revised Estimates and the 2009-10 Estimates under Head 152 are as follows:

	2008-09 FY <u>Revised Estimates</u> (\$ million)	2009-10 FY <u>Estimates</u> (\$ million)
Secretary for Commerce and Economic Development	3.58	3.58
Under Secretary for Commerce and Economic Development	2.24	2.68
Political Assistant to Secretary for Commerce and Economic Development	0	1.97

- (b) Under Secretary for Commerce and Economic Development is principally to assist the Secretary in undertaking the full range of political work, including the handling of LegCo business, and deputising for the Secretary during the latter's temporary absence. For instance, with effect from the 2008-09 legislation session, the Secretary for Commerce and Economic Development or Under Secretary for Commerce and Economic Development would normally attend regular meetings of the LegCo panels on Commerce and Industry, Economic Development and Information Technology and Broadcasting to explain Government's policies and to secure support for its initiatives. As part of his role in reaching out to the community, the Under Secretary for Commerce and Economic Development chaired

a number of district forums for specific discussion issues of the 2008-09 Policy Address.

The appointment of Under Secretary for Commerce and Economic Development has strengthened the support to the Secretary in undertaking political work, communicating with the LegCo and other stakeholders, such as District Councils, political parties/ groups, non-government organisations, district personalities as well as business, professional and other bodies, and explaining Government policies to the media and the public at large.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention: Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

- (a) In 2009-2010, the provision to the Hong Kong Tourism Board will increase by 9.2%. Please specify the reasons for the increase, including increase in staff salaries, staff number and other expenses.
- (b) The Hong Kong Tourism Board forecasts a downward movement for all the indicators in 2009. What specific indicators does the Administration use to evaluate the cost-effectiveness of the increased provision of 9.2% to the Hong Kong Tourism Board?

Asked by : Hon. LI Wah-ming, Fred

Reply :

The provision for the HKTB for 2009-2010 is 9.2% higher than the revised estimate for 2008-2009. This is partly due to the fact that the base of comparison, i.e. the revised estimate for 2008-2009, is smaller than the original estimate for 2008-2009. Also, there is an increase in the provision for HKTB's promotion work in high growth markets and emerging markets. Notwithstanding the uncertain market situation, the HKTB must continue its promotion work and actively develop the emerging markets so as to minimise the impact of the economic slowdown and lay the foundation for long-term development. By maintaining Hong Kong's profile in the source markets, it will attract travellers to choose Hong Kong as their preferred destination when the economy recovers.

The HKTB has no plans to increase its staff establishment in 2009-2010 and does not have proposal on salary adjustment at this stage.

The HKTB will implement a new framework to measure its performance from 2009-2010. Under the new framework, the HKTB will maintain the existing four groups of key performance indicators of the tourism industry, namely visitor arrivals, spending, length of stay and visitor satisfaction. The HKTB projects that the performance of the first three indicators will drop as a result of the global economic slowdown, while the performance of the fourth indicator will remain unchanged. In addition to the above key performance indicators, the HKTB will introduce some 50 new corporate performance indicators. These indicators are set in relation to the strategic focus of HKTB's marketing programmes to better measure the effectiveness of the HKTB's work.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

**Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)**

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (4) Posts, Competition Policy and Consumer Protection

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Matters Requiring Special Attention of the Bureau in 2009-10 include continuing to follow up on the legislative amendments in relation to consumer protection. Please provide details of the legislations to be followed up and their contents.

Asked by : Hon. LI Wah-ming, Fred

Reply :

We agree in principle to strengthen regulation over inappropriate sales practices. However, the Consumer Council's recommendations are very complex. We have to consider them very carefully. For example, we need to consider how to define inappropriate sales practices clearly, and what practices amount to misleading representations and material omissions. In addition, we have to consider the issue of effective enforcement, how the proposed new legislation would interface with a number of existing laws and regulatory regimes, and whether we can achieve the same purpose by effecting amendments to existing legislation. The study and the issues to be examined are wide and complex. At present, we have not yet come to a view or devised a working timetable.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

As mentioned in paragraph 54 of the Budget Speech 2009-2010, the Government will extend the coverage of the extension of the pilot liberalization measures to the rest of the Guangdong Province. In this connection, will the Government inform us the implementation timetable and details of the plan? What is the estimated increase in visitor figures, and the estimated economic benefit brought to Hong Kong as a result of the extension of the scheme?

Asked by : Hon. SHEK Lai-him, Abraham

Reply :

The pilot measures to facilitate Shenzhen residents to visit Hong Kong are Mainland policies. The implementation of these measures as well as whether and when they will be extended to the rest of Guangdong Province are determined by the relevant Mainland authorities. The Government will, in collaboration with the Guangdong and Macao governments, seek to extend the coverage of these measures from Shenzhen to the rest of Guangdong Province.

The pilot measures and its further extension will facilitate more Mainland visitors to visit Hong Kong, inducing more consumption visits and helping to drive tourism and related sectors such as catering, retail, leisure and entertainment. This will help stimulate our economy and support employment. We do not have an estimate on the exact increase in visitor figures and the related estimated economic benefit.

Signature

Name in block letters

MISS YVONNE CHOI

Post Title

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (5) Subvention: Consumer Council

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The Chief Executive has said that funding would be allocated to the Consumer Council to assist Lehman Brothers minibond investors to take legal action. In this regard, of the \$77.2 million allocated to the Consumer Council in 2009-2010, how much will be set aside for providing assistance to Lehman Brothers minibond investors to seek redress through the Consumer Legal Action Fund?

Asked by : Hon. TO Kun-sun, James

Reply :

In 1994, with the approval of funds by the then Finance Committee of the Legislative Council, the Government established the Consumer Legal Action Fund (the Fund). The Fund and the subvention to the Consumer Council operate independently of each other.

Apart from redeploying staff, the Council has engaged temporary staff at a cost of around \$140,000 to handle the complaints related to the Lehman Brothers incident.

Separately, the Fund has contracted out some of the preparatory work on Lehman Brothers-related applications to legal practitioners in private practice at a cost of \$170,000. The expenses are expected to increase gradually. The Fund has a balance of some \$16 million at the moment. We have been monitoring closely the situation of the Fund, and will inject additional funding if such is needed.

In addition, starting from 2009-10, we will provide the Council an additional provision of about \$2 million per year for three years. The Council will engage a Legal Counsel and three Consumer Protection Officers to cope with the increasing workload.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Permanent Secretary for Commerce
and Economic Development

Post Title _____

(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention: Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Regarding Programme (7), how is the Hong Kong Tourism Board going to “repackage Hong Kong’s core product strengths”? Can concrete examples be given as illustration? What amount of expenditure will be involved in the “repackaging” promotions?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

As a world-class travel destination, Hong Kong has its unique edge in its shopping, dining, culture and heritage, event and festival offerings, as well as countryside scenery. To fully capitalise on these strengths, maintain the city’s appeal and cater to the different needs and interests of visitors, the Hong Kong Tourism Board (HKTB) will re-package these strengths using different themes and formats, and design tourism products for specific markets and segments.

For example, the tram is a long-time transportation mode and a special feature of Hong Kong. In view of the recent global trend for experiential travel, the HKTB launched the “Ding Ding Hong Kong Tram Guide” promotion, which features cultural attractions, architecture and restaurants along the tramway, through the Internet, media and travel guides to arouse visitors’ interest in exploring Hong Kong’s living culture. Riding on Hong Kong’s reputation in culinary excellence, the launch of Michelin Guide: Hong Kong and Macau 2009 and the waiving of wine duty by the Government, the HKTB adopted the “Hong Kong Food and Wine Year” as the marketing theme of 2009-2010. The HKTB will develop new initiatives to promote Hong Kong’s diverse culinary experiences, including for example local snacks, trendy restaurants and fine dining.

The HKTB will promote the re-packaged tourism products through various event platforms throughout the year. The related expenditure has been included in the total marketing budget for 2009-2010. There is no separate breakdown for the “repackaging” aspect.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention: Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

How was the “Hong Kong – Live it, Love it!” marketing platform devised? When devising it, how was the extent of acceptance of this slogan by Chinese and foreign tourists assessed? What is the amount of resources expected to be required in promoting this “marketing platform” and what promotion activities are covered?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

The “Hong Kong – Live it, Love it!” is Hong Kong Tourism Board (HKTB)’s long-term global marketing platform to promote Hong Kong as a premier travel destination. Before the official launch of the platform in September 2003, the HKTB conducted a Global Destination Image Study to analyse and assess international travellers’ perceptions of Hong Kong as a travel destination. Results of the study confirmed the diverse tourism strengths of Hong Kong, including shopping, dining, unique culture and heritage, festivals, countryside and the vibrancy of the city. Based on these findings, the HKTB created the “Hong Kong – Live it, Love it!” platform, an emotive marketing approach. The term “Live it” is an invitation to visitors to experience Hong Kong to the fullest, and “Love it” means that visitors will fall in love with the destination as a result of their memorable experience.

Before the formal launch of the marketing campaign, the HKTB conducted focus group studies in various source markets, namely the United Kingdom, the United States, the Mainland, Taiwan, Korea and Thailand to gauge consumers’ reaction to the marketing theme and related promotional messages. The response from the markets was very positive. Some respondents described the theme slogan as “lively” matching the overall tone of the campaign.

In 2009-2010, the HKTB will continue to promote Hong Kong through the “Hong Kong – Live it, Love it!” platform. All of the HKTB’s marketing activities during the year in Hong Kong and various source markets will adopt this platform. These activities include trade marketing (such as trade familiarisation trips to Hong Kong, participation in overseas trade shows), consumer promotions (such as advertising in visitor source markets, online marketing, roadshows), public relations activities (such as media familiarisation trips to Hong Kong, collaboration with the media at source markets to produce travel programmes featuring Hong Kong), and mega events (such as the International Chinese New Year Night Parade and New

Year Countdown). The expenditure of these activities has been included in the total marketing budget for 2009-2010. There is no separate breakdown for the marketing platform.

Signature	_____
Name in block letters	<u>MISS YVONNE CHOI</u>
Post Title	<u>Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)</u>
Date	<u>17.3.2009</u>

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention: Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Regarding the promotion topic of “further reinforcing Hong Kong’s unique living culture”, can a concrete definition of “Hong Kong’s unique living culture” be made? Besides, through what promotion activities will the “specified unique living culture of Hong Kong be highlighted”?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

The fusion of the East and the West and the contrast between the new and the old give Hong Kong a unique and vibrant living culture. Our traditional festivals and celebrations, such as the Chinese New Year and Mid-Autumn Festival, offer a new experience to international visitors; while the city’s celebrations during Christmas, Valentine’s Day and Halloween etc. appeal to Mainland visitors. The city’s local and trendy culture, tramway and Peak Tram leave our Mainland and overseas visitors with a memorable experience.

In 2009-2010, the Hong Kong Tourism Board (HKTB) will continue to package and promote Hong Kong’s vibrant and unique living culture to different visitor segments through promotional activities in Hong Kong and major source markets. For example, to target young office ladies in Japan, the HKTB will co-operate with trendy magazines popular among this group to produce feature reports on Hong Kong. For long-haul travellers who are accustomed to research on the Internet, the HKTB will embark on a series of web promotions to reach this target group. The HKTB will also invite trade and media partners from major source markets to visit Hong Kong and experience the city’s distinctive living culture, such as walled villages in the New Territories, local cuisine and festive celebrations etc.

In addition, the HKTB encourages visitors to take part in events in Hong Kong and meet with local residents to better appreciate Hong Kong’s culture and lifestyle. For instance, the “Cultural Kaleidoscope” programme organised by the HKTB features a series of guided tours and cultural activities for visitors, including feng shui class, tai chi class, kung fu corner, Chinese tea appreciation class, Chinese cake-making class, Cantonese opera appreciation class, and Architecture Walk etc.

Signature

Name in block letters

MISS YVONNE CHOI

Post Title

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date

18.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention: Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

It is stated in Matters Requiring Special Attention in 2009-2010 that the Hong Kong Tourism Board (HKTB) will “increase investment in the Mainland and India”, “develop emerging markets like Russia and the Middle East” and “maintain market presence in established markets like Japan and the USA and second tier markets like Indonesia and Canada”. Can the Government state:

- a. what promotion events the HKTB will carry out in relation to “each” of the said markets and what the amount of expenditure expected to be required for promotion in each market is (please give details);
- b. whether a mechanism to measure/assess the effectiveness of each promotion event will be set so as to serve as an indicator to regulate the amount of resources deployed for various markets and promotion events in future; and
- c. whether, when assessing the expenditure of each of the said events, investigations have been made to ascertain whether savings can result from outsourcing the promotion or engaging the private sector to undertake the same promotion and if yes, what the investigation results are and if no, whether investigations can take place urgently?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

- a. The marketing budget of the Hong Kong Tourism Board (HKTB) for different source markets in 2009-2010 is set out below:

	2009-2010 Proposed Budget (HK\$ million)
The Mainland	56.5
India	11.3
Russia	3.5
Middle East	3.9
Japan	14.3
United States	14.6
Indonesia	0.6
Canada	4.0

The Mainland

The HKTB's major marketing initiatives in the Mainland in 2009-2010 include:

- enhance Shenzhen residents' awareness of the new measures which will soon be implemented to facilitate their visit to Hong Kong, through publicity and roadshows to encourage them to make more frequent visits to Hong Kong for leisure. Collaborate with the travel trade to promote Hong Kong tourism products to non-Guangdong residents in Shenzhen, and promote consumption visits in Southern China and in other major Mainland cities such as Beijing and Shanghai;
- leverage on the mega events organised by the HKTB to arouse visitors' (especially young and family segments) interest in visiting Hong Kong and co-operate with trade partners to promote and develop related travel packages to induce arrivals;
- step up promotions during the long holidays, such as the National Day and mini golden week holidays in the Mainland; and ride on the 60th anniversary of the establishment of the People's Republic of China to organise photo exhibitions in major cities to showcase Hong Kong's appeal;
- ride on the unique blending of eastern and western culture to develop new promotion windows (such as Women's Day and Valentine's Day) and introduce related packages; extend the Halloween promotion to other major Mainland cities outside Guangdong Province; and
- strengthen promotion in second-tier cities, and expand the coverage of the Quality and Honest Tours.

India

In 2009-2010, the HKTB will focus its promotions in New Delhi and Mumbai, tailoring its promotions to specific visitor segments. The major marketing initiatives include:

- co-operate with major Indian media to produce travel programmes featuring Hong Kong, to raise the profile and awareness of Hong Kong as a travel destination;
- conduct consumer roadshows and promotions targetting family visitors and young couples in New Delhi and Mumbai, leverage on the mega events organised by the HKTB in autumn and winter; and
- collaborate with the local travel trade and attractions to promote family travel and introduce package combos, including "fly cruise" products that combine cruise travel and family attractions; and work with the travel trade to introduce itineraries featuring Hong Kong plus Shenzhen, Guangzhou or Macao for free independent travellers.

Middle East

The HKTB's major marketing initiatives in the Middle East in 2009-2010 include:

- raise the profile of Hong Kong in the Middle East and enhance consumers' and the travel trade's awareness of Hong Kong as a travel destination through HKTB's representative office in Dubai appointed at the end of 2008;

- organise travel trade missions to the Middle East for business matching and participate in the region's leading travel exhibition "Arabian Travel Market" to create a platform for the travel trade in Hong Kong and the Middle East to discuss and design itineraries and tourism products for travel to Hong Kong;
- co-operate with the Middle East media in leveraging on Hong Kong's events and celebrations in their promotion work. In addition to the focus on tourism products for the family segment, collaborate with the travel trade to promote itineraries and special packages featuring theme parks, luxury travel and shopping in Hong Kong; and
- set up an Arabic version of HKTB's www.DiscoverHongKong.com website to facilitate Middle East visitors to obtain tailor-made travel information on Hong Kong.

Russia

The HKTB's major marketing initiatives in Russia in 2009-2010 include:

- having regard to Russian visitors' preference for multi-destination travel covering Hong Kong, the Mainland and nearby destinations and their love for the sun and beaches, collaborate with the China National Tourism Administration and tourism administrations of relevant provinces in the Mainland, as well as tourism organisations in Thailand and the Philippines, to promote combo itineraries featuring Hong Kong;
- increase the knowledge of Russian travel trade with Hong Kong and facilitate their promotion of Hong Kong tourism products by inviting member agents of a major Russian travel trade organisation (the Russian China Club) to participate in a familiarisation visit to Hong Kong and organise training programmes for their staff. Participate in major travel trade shows in Russia with the Hong Kong travel trade; and
- produce travel programmes on Hong Kong with the most popular Russian television channel, and invite Russian media on familiarisation visits Hong Kong to cover Hong Kong's shopping, dining and other special tourism offerings.

Japan

In 2009-2010, the HKTB will leverage on the "Hong Kong - Japan Tourism Exchange Year 2009" platform for its promotion activities in Japan. The HKTB will expand its marketing effort to second-tier cities, such as Kagoshima, Nagasaki and Sendai, and vigorously develop the silver-haired and young office lady segments so as to open up new visitor sources. The major marketing initiatives include:

- introduce Hong Kong to the Japanese travel trade and media representatives through the launch ceremony of the "Hong Kong - Japan Tourism Exchange Year 2009" in Tokyo;
- invite the Japanese travel trade to meet with its Hong Kong counterparts during travel missions to Nagoya, Tokyo and Osaka (April 2009); join hands with the Japan National Tourism Organization to take part in Hong Kong's International Travel Expo (June 2009); and participate in the JATA (Japan Association of Travel Agents) World Travel Fair in Tokyo (September 2009);
- co-operate with travel agents, airlines and media in Japan to launch promotion with different themes to highlight Hong Kong's diverse appeal, cuisine, mega events and local culture, as well as promoting themed tours and discounted packages;

- collaborate with airlines to promote weekend getaway packages under the “Hong Kong Tohiko Campaign”, which target young office ladies; and
- join forces with the travel trade to promote nostalgia-themed products, as well as green tourism, tailored for the silver-haired segment.

United States

The HKTB’s major marketing initiatives in the United States in 2009-2010 include:

- having regard to American travellers’ habit of planning itineraries on the Internet, co-operate with search engines and travel portals to promote Hong Kong and step up marketing efforts through digital channels;
- launch creative promotion and devise new tourism products targetting the high-spending segments, for example, to encourage repeat visits, collaborate with the travel trade to design itineraries featuring fine dining and Hong Kong’s unique living culture. Co-operate with the travel trade to promote tailor-made packages for ethnic the Asian and Chinese segments; and
- strengthen promotion of multi-destination itineraries featuring Hong Kong to cater for long-haul travellers’ preference for multi-destination travel.

Indonesia and Canada

The HKTB will adopt a flexible and targetted marketing approach for these two second-tier markets in 2009-2010 in line with the potential of individual markets. It will also focus its marketing efforts on selected visitor segments. For Indonesia, the HKTB will launch tactical promotion through collaboration with the travel trade, and invite the media to produce travel programmes on Hong Kong. For Canada, the HKTB will mainly make use of travel portals and search engines to launch its promotions.

- b. The HKTB will implement a new framework to measure its performance from 2009-2010. In devising this framework, the HKTB has made reference to the practices of other tourism organisations, including those of Australia, Canada, Singapore, Thailand and the United Kingdom.

Under the new framework, the HKTB will maintain the existing four groups of key performance indicators of the tourism industry, namely visitor arrivals, spending, length of stay and visitor satisfaction. The HKTB will also bring in some 50 new corporate performance indicators which are set according to the strategic focus of the HKTB’s marketing programmes and activities so as to better measure the effectiveness of the HKTB’s work.

The HKTB will closely monitor the latest developments in different source markets, and where necessary, adjust its marketing strategies and re-deploy resources to ensure proper and the most effective use of resources.

- c. The above initiatives are part of the overall marketing strategy of the HKTB. The offices set up by the HKTB in different sources markets will be in a position to implement these initiatives effectively. These offices will focus on the planning of the various promotional activities, and ensure that the most cost-effective methods are adopted when organising individual activities. Where necessary and considered cost-effective, the HKTB will outsource some of the promotion work. The HKTB will closely monitor the work of the outsourced contractors to ensure that they meet the HKTB’s requirements.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention: Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The work in 2009-10 includes “leverage major third party events with tourism appeals” to promote tourism development in Hong Kong. For the above promotion approach, would the Government indicate

- a. whether some actual examples of the so-called “major third party events with tourism appeals” could be cited?
- b. how much promotion expenses will be involved in this kind of promotion projects? Whether the expenses of this item will overlap with the additional expenses of \$100 million for organising major tourism events?
- c. which division of the Hong Kong Tourism Board is responsible for organising this kind of promotion activities? What is the approximate strength of staff establishment in the division concerned?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

- a. Other than the mega events organised by the Hong Kong Tourism Board (HKTB) to enhance visitors' experience, many major local and international sports and cultural events also have significant tourism appeal. Examples of these events include the “Hong Kong Arts Festival”, “Hong Kong Sevens”, “Standard Chartered Hong Kong Marathon”, “Hong Kong International Film Festival”, performances by renowned international theatre groups and orchestras, as well as the Cheung Chau Bun Festival and the parade float (or *piu sik*), bathing the Buddha ceremony at Po Lin Monastery, dragon boat races and the Fire Dragon Dance in Tai Hang.
- b. The HKTB promotes events organised by other parties which have tourism appeal all year round through different channels and platforms (such as travel trade promotions, public relations activities and web promotions etc.). The estimated expenditure on such promotions has been included in the total marketing budget for 2009-2010. There is no separate breakdown.

In the 2009-2010 Budget, \$100 million has been earmarked to assist organisers to host more attractive events in the areas of arts, culture and sports in Hong Kong over the next three years. The additional funding will be used to provide direct support for individual events and will not overlap with the expenditure of the HKTB for the promotions outlined above.

- c. The Event Development & Management division of the HKTB, which comprises four staff members, is tasked with planning and coordinating with its other divisions, Worldwide Offices and Representative Offices on the promotion of the above events. Furthermore, the HKTB will render advice and assistance to the organisers on venue and programmes where necessary.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

What amount of resources will the Government allocate for implementing the Tourism District Enhancement Programme in 2009-10?

Are there any projects to improve and enhance the supporting tourism facilities at Repulse Bay and Golden Bauhinia Square, such as by providing additional premises at the two places for leasing to eateries and shops? If so, what is the expenditure involved in the projects? If not, can actions be taken soon?

In addition, are surveys regularly conducted at various tourist attractions to gauge the tourists' satisfaction regarding the supporting tourism facilities there so as to provide reference for the tourist attraction enhancement programme as a whole?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

The Tourism Commission will invest about \$50 million in 2009-10 in implementing the Tourism District Enhancement Programme, including the enhancement of public facilities at Ngong Ping on Lantau Island, enhancement of footbridges in Tsim Sha Tsui East, and further improvement of visitor signage in districts.

Moreover, the Tourism Commission is planning, in conjunction with relevant departments, to re-pave the area and improve greening at the Golden Bauhinia Square with existing resources. We have already installed a network of visitor signage in the Repulse Bay area, and will continue to liaise closely with the Transport Department to ensure that there are adequate and convenient loading / unloading and parking facilities for tour groups and visitors. The Leisure and Cultural Services Department will also embark on a beautification programme for the beach and its vicinity, and will renovate the children's playground facilities in 2009-10 with a view to providing a better environment and improved facilities for both the locals and visitors. As regards food premises and retail shops, these are usually provided by the private sector in response to market demand.

The Hong Kong Tourism Board conducts regular surveys at various control points on departing visitors' satisfaction level on different aspects of their travel experience. The feedback will facilitate the Tourism Commission's consideration of possible areas of improvements.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

What promotional programmes will be launched by the Hong Kong Tourism Board in the coming financial year for existing events such as the Hong Kong Sevens, Dragon Boat Race, Bun Scrambling Competition, Floating Colours Parade and Fire Dragon Dance which, to a certain extent, have been successful in attracting tourists? Will the expenditure for the promotional programmes be increased as compared with that of the past three years (i.e. 2006-07 to 2008-09)?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

For events with tourism appeal but are organised by parties other than the Hong Kong Tourism Board (HKTB), the Event Development & Management division of the HKTB is tasked with planning and co-ordinating with its other divisions, Worldwide Offices and Representative Offices the promotion of such events. Furthermore, the HKTB will render advice and assistance to the organisers on venue and programmes where necessary.

For example, in 2009-2010, the HKTB will, through its Worldwide Offices, promote the Rugby Sevens in markets with a keen interest in the sport. Through collaboration with the media in the respective markets, the HKTB will enhance the profile of the event. Another example is the International Dragon Boat Races. Through its worldwide network of offices, the HKTB will seek to increase visitors' awareness, and collaborate with the travel trade to incorporate the Races into the travel itineraries. As for those activities with distinct local flavor, such as the Cheung Chau Bun Festival and the Fire Dragon Dance, the HKTB will invite the media in both long- and short-haul markets to visit Hong Kong and cover the activities, thereby raising the profile of the events.

The HKTB promotes the above events all year round through various channels and platforms (such as travel trade promotions, public relations activities and web promotions etc.). The estimated expenditure on such promotions has been included in the total marketing budget for 2009-2010. There is no separate breakdown for each activity.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

**Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)**

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Has any study been undertaken to find out whether promoting activities with local characteristics is more appealing to tourists and cost-effective than spending substantial amount of funds on co-organising float parades? If yes, what are the results? If no, will such a study be conducted to examine the issue?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

In 2008, the Hong Kong Tourism Board (HKTb) completed the review on mega events strategy, which reaffirmed the importance of mega events to Hong Kong's tourism industry. Besides enhancing Hong Kong's international image, mega events also enrich visitors' experience and stimulate spending. The World Tourism Organization also recognises the role of mega events in tourism promotion. Destinations around the world are holding different kinds of mega events to strengthen their competitiveness.

The HKTb has set clear performance indicators for each mega event, including visitors' satisfaction level, whether the event can help enrich visitors' experience, visitors' awareness of the event, etc. so as to better assess the effectiveness of different mega events and the performance of the HKTb. The HKTb also consults the travel, catering, retail and other related sectors on the contents and arrangements of the mega events.

The International Chinese New Year Parade in Hong Kong is a well-established mega event. In the Lonely Planet BlueList 2007, Hong Kong's Chinese New Year celebrations including the Parade was ranked as one of the "Best Value Entertainment Around the World". According to HKTb's surveys in the past few years, about 80% of the respondents considered that the event enhanced their travel experience in Hong Kong.

Apart from mega events, the HKTb has also been actively promoting special local events through different local and overseas publicity channels to showcase Hong Kong's unique living culture. Examples include collaborating with the Cheung Chau Rural Committee to promote the bun festival and related activities (such as piu sik parade) on the website and through promotional leaflets and public relations activities, and inviting the Mainland and overseas media to cover the Mid-Autumn Festival celebrations in different districts (such as

the Tai Hang Fire Dragon Dance). We will continue to promote our diverse tourism attractions with a view to enhancing Hong Kong's appeal as a preferred travel destination.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

- (a) How will the Commerce, Industry and Tourism Branch co-ordinate with the HKTB, the trade and relevant training institutions to facilitate supply of talents for the MICE, cruise and related tourism sectors in 2009-10?
- (b) What are the resources required for this project? How will the Branch ensure that the trainees who have completed the training programmes can put to use the knowledge acquired, and that there will be sufficient vacancies for them to fill?
- (c) Will the Branch examine the feasibility of nurturing the talents for the sectors under the on-the-job training approach which is more cost-effective and nearer to the actual operation mode of the market?

Asked by : Hon. TSE Wai-Chun, Paul

Reply :

- (a) To enhance the appeal of Hong Kong as an international MICE (meetings, incentive travels, conventions and exhibitions) capital and travel destination, we support and co-ordinate with the Hong Kong Tourism Board (HKTB), the trade and relevant education institutions to ensure the supply of talents for the MICE and cruise tourism sectors. The Tourism Commission (TC) commissioned a consultancy to study the manpower requirements for these two sectors in Hong Kong in August 2008. The study will be completed in the first half of 2009. The findings will facilitate the education institutions to design and provide different curricula to meet the development needs of the trade. We have reported the preliminary findings to the Steering Committee on MICE and the Advisory Committee on Cruise Industry (ACCI) to ensure that the study's recommendations would meet the needs of the market.

For the MICE sector, we will actively support the Hong Kong Polytechnic University and the Hong Kong Institute of Vocational Education (IVE) to develop programmes to enhance the skill-set of current employees in the sector and those interested in joining the trade. We will also work with the Labour Department, Employees Retraining Board (ERB), Travel Industry Council of Hong Kong (TIC) and Hong Kong Exhibition and Convention Industry Association (HKECIA) to consider how to further enhance the existing training courses to better meet the needs of the market.

For the cruise sector, the ACCI has drawn up an action plan to support in manpower development for the trade. The plan includes creating a database of cruise-related courses provided by tertiary and training institutes, which was uploaded onto TC and TIC's websites in mid-March of 2009 to facilitate the trade and members of the public to select the courses. A number of training courses related to cruise tourism will be launched in the middle of this year under the Government's Skills Upgrading Scheme and by TIC. Cruise-related courses will also be developed under the Employee Retraining Scheme.

- (b) The above work has been included in the estimates of Programme (6) for 2009-10. The staff concerned are also responsible for other duties. There is no separate breakdown on the expenditure and staffing for the co-ordination work. TC will continue to develop proposals, taking into account the needs of the market, and work together with the trade to promote related training to encourage and attract talents to join the MICE and cruise tourism sectors.
- (c) Last year, we supported the HKECIA to organise on-the-job training for the MICE practitioners. The Hong Kong Polytechnic University will also include more on-the-job training elements in its degree programme for MICE. We will also work with the relevant institutions to explore more on-the-job training opportunities for current employees. For the cruise sector, training courses offered by TIC and under the Skills Upgrading Scheme are designed for current employees or members of the trade. We will continue to work with the trade and the training institutions to develop courses which meet the operational needs of the cruise market.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

- (a) Will the Branch liaise with relevant Mainland authorities and complete all the procedures required for the full implementation of the arrangement under the Supplement III to the CEPA of allowing Hong Kong travel agents established in Guangdong Province to operate on pilot basis group tours to Hong Kong and Macao for Guangdong residents in 2009-10? If not, will more manpower and resources be invested so that all the procedures required for the initiatives can be completed in 2009-10?
- (b) Has the Branch assessed how much the initiatives, if fully implemented, will benefit the travel trade?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

- (a) The HKSAR Government has been closely liaising with the Mainland authorities on the implementation of various tourism measures under CEPA, and have conveyed on many occasions our wish that the approval procedure be simplified and expedited so as to facilitate Hong Kong travel agents to commence their operations under the pilot scheme to organise group tours to Hong Kong and Macao for Guangdong residents as soon as possible.

We understand that of the two Hong Kong travel agents which have applied to operate under the pilot scheme, one has already completed the approval procedure and started operation late last year. The approval process of the other one has entered the final stage and is expected to complete shortly. In accordance with Supplement V to the CEPA signed in 2008, the authority to approve applications submitted by Hong Kong service suppliers for setting up joint-venture or wholly-owned travel agencies in Guangdong has been delegated to the provincial authorities. We have suggested to Guangdong to prepare a checklist setting out the approval procedure as well as the documents required from applicants to facilitate Hong Kong travel agents who wish to operate in Guangdong to go through the approval procedures promptly.

The Tourism Commission will continue to follow up on the above. The existing level of resources is sufficient to handle the necessary work.

- (b) Hong Kong travel agents have rich experience in operating outbound tours and are familiar with the tourism resources in Hong Kong and Macao as well as the operation of tour business. We believe their being able to operate such tours will attract more Mainland visitors to visit Hong Kong, thereby benefiting Hong Kong's travel and related sectors. We have not quantified the benefits of these initiatives to the travel trade.

Signature	_____
Name in block letters	<u>MISS YVONNE CHOI</u>
Post Title	<u>Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)</u>
Date	<u>17.3.2009</u>

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

In 2009-10, what is the estimated expenditure for “facilitating interim berthing of cruise vessels which are unable to berth at the existing cruise terminal”? What services will be involved? Which departments will provide the services?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

In view of the increasing number of cruise vessels requiring alternative berthing arrangements in recent years, the Tourism Commission (TC) has been co-ordinating with relevant Government departments, such as the Lands Department, the Marine Department, the Transport Department and the Hong Kong Police Force, in providing assistance to cruise vessels which cannot berth at the existing cruise terminal. Such efforts include streamlining the application procedures for berthing cruise vessels at container terminals and other port facilities as well as mid-stream operations, and providing advice and assistance on individual berthing arrangements in respect of issues such as marine safety, and traffic and transport arrangements in nearby areas.

To ensure smooth operation, TC also works closely with the cruise companies and their shipping and travel agents on the berthing arrangements. Furthermore, the Hong Kong Tourism Board arranges cultural performances and sets up temporary visitor enquiry and service counters etc. on arrival in Hong Kong to enhance visitors' experience.

TC will create one time-limited Chief Executive Officer post in 2009-2010, whose duties include, among others, co-ordinating the work of relevant departments with the cruise industry to provide assistance in alternative berthing arrangements for cruise vessels before completion of the new cruise terminal. The post will also be responsible for other tasks of the cruise terminal project and there is no separate breakdown for the expenditure associated with the facilitation on alternative berthing arrangements.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Does the estimated expenditure on the initiative* to “facilitate interim berthing of cruise vessels which are unable to berth at the existing cruise terminal” for 2009-10 change when compared with the estimates for 2006-07 to 2008-09? Are the number of incoming cruise vessels and the expenditure on the initiative expected to increase prior to the opening of the new cruise terminal?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

For 2006-07 to 2008-09, the Tourism Commission (TC) uses existing manpower resources to provide assistance on alternative berthing arrangements for cruise vessels. We expect the number of cruise vessels requiring alternative berthing arrangements to continue to increase prior to the commissioning of the first berth of the new cruise terminal. TC will create one time-limited Chief Executive Officer post in 2009-10, whose duties include, among others, to co-ordinate with relevant departments and the cruise industry to provide assistance on alternative berthing arrangements for cruise vessels before the completion of the new cruise terminal. The post will also be responsible for other tasks related to the cruise terminal project and there is no separate breakdown for the expenditure associated with the facilitation on alternative berthing arrangements.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

* The estimated expenditure on the initiative is referred to “In 2009-10, what is the estimated expenditure for “facilitating interim berthing of cruise vessels which are unable to berth at the existing cruise terminal” of Question Serial No. 1083.

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Paragraph 27 of the Budget mentioned earmarking \$100 million to assist organisers to host more attractive events in the areas of arts, culture and sports from 2009 to 2011. Would the Government advise:

- (a) which organisers the Government will use the funding to assist by listing them out in detail; the criteria of eligible organisers and the basis on which the Government set these criteria;
- (b) based on what data the Government expects that such activities will create some 2 800 jobs;
- (c) whether the \$100 million funding aims at assisting non-government-subvented organisations only; and whether government funded agency such as the Hong Kong Tourism Board (HKTB) will have the expenditure of their activities like "Year of Food and Wine" and "WOMAD Festival" be covered by the \$100 million funding; and
- (d) whether government departments' expenditure for promoting tourism includes the expenditure of the projects undertaken by the HKTB? If so, please provide a breakdown.

Asked by : Hon. TSE Wai-chun, Paul

Reply :

- (a) "Organisers" include non-profit making organisations that organise mega events in the areas of culture, arts and sports, such as sports organisations, non-governmental organisations, arts associations/arts festivals etc. To ensure that public funds will not be misused, it is inappropriate to directly sponsor the activities of commercial organisations.
- (b) Past experience in the organising of large-scale events shows that different types of mega events will create different types of jobs. We expect that mega events funded by this source in the coming three years will create about 2 800 jobs in the areas of event planning, venue security and marketing and publicity.
- (c) The \$100 million fund will be open to application by the organisations mentioned in part (a) of the reply. The Hong Kong Tourism Board (HKTB) can also apply for this fund to host mega events. Like other applicants, applications from HKTB must satisfy the eligibility criteria and the assessment requirements.

- (d) For 2009-10, apart from the provision of \$502.2 million for the subvention to HKTB under Head 152 Programme (7), we have also earmarked \$30.0 million to the HKTB for MICE (Meetings, Incentive Travels, Conventions and Exhibitions) promotions under “Programme (6): Travel and Tourism”. In addition, Government will, through internal redeployment of resources, allocate \$1 million to HKTB for leveraging the Shanghai ExPo to promote tourism branding and multi-destination itineraries for new market segments in Shanghai together with the travel trades and the Government.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The levies of the Travel Industry Council of Hong Kong (TIC) involve a substantial amount of money. Similarly, the TIC courses involve a substantial amount of training fees. Please advise:

- a. What are the policies and measures currently adopted by the government to monitor the income and expenditure of TIC and to ensure that the operation of TIC meets the expected level of cost-effectiveness? If yes, please provide details. Which department is responsible for the monitoring work?
- b. Can the Audit Department and the Public Accounts Committee audit the TIC accounts if necessary?
- c. If members of the public and the travel sector want to examine the TIC accounts, can they obtain the accounts through the Commerce, Industry and Tourism Branch?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

1. The Travel Industry Council of Hong Kong (TIC) is a trade body which carries out industry regulatory work. According to the Travel Agents Ordinance (Cap. 218), the TIC shall in each year forward to the Secretary for Commerce and Economic Development estimates of its income and expenditure in respect of the next financial year. The Tourism Commission will monitor the TIC's regulatory work and the cost effectiveness of its use of resources.
2. The TIC is incorporated under the Companies Ordinance (Cap.32). Its sources of income include membership fee paid by member travel agents, Council levy as well as income from organising training courses, etc. Since the TIC does not receive subvention from the Government, it is not normally subject to the Audit Commission or the Public Accounts Committee's examination.
3. Members of the public and the travel sector should contact the TIC direct for any request for information relating to the TIC.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

19.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Regarding the item “monitor and support the Hong Kong Tourism Board (HKTB) in implementing measures to improve corporate governance and enhance value-for-money in response to the recommendations of the Director of Audit and the Public Accounts Committee”, how will the Commerce, Industry and Tourism Branch monitor the HKTB and what kind of measures will it adopt to support the HKTB?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

We have asked the Hong Kong Tourism Board (HKTB) to review, improve, record and strictly comply with its internal procedures, and follow up in earnest the recommendations and observations by the Director of Audit (DoA) and the Public Accounts Committee (PAC). In the light of the recommendations of the DoA's Report, the HKTB has drawn up 75 improvement measures to enhance corporate governance and the cost-effectiveness of its marketing activities. 73 measures have already been implemented. The remaining two measures will be completed in March 2009.

The Commerce, Industry and Tourism Branch monitors the effectiveness of these improvement measures and the use of resources by the HKTB through the following measures -

- (i) vet the HKTB's annual programme of proposed activities and estimates of income and expenditure submitted to the Secretary for Commerce and Economic Development for approval;
- (ii) starting from September 2008, the HKTB submits quarterly reports on its work and use of resources to the Controlling Officer, i.e. Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism), to enable the Controlling Officer to provide timely advice and support to the HKTB on important issues or challenges that it faces;

- (iii) in response to the recommendation of the Tourism Commission (TC), the HKTB has reviewed the operation of the four committees established under the Board with a view to strengthening corporate governance and the mechanism for the committees to advise the Board;
- (iv) TC has conducted a briefing to explain to the HKTB senior management (at the rank of General Manager and above) with the procedures governing the use of public funding, and provided them with relevant government documents and guidelines;
- (v) in response to the recommendation of TC, the HKTB will make competency in corporate governance and management a pre-requisite for future recruitment of any senior management post; and
- (vi) provide advice and support to the HKTB on its work through regular liaison with the HKTB's senior management.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Will all the recommendations of the Director of Audit and the Public Accounts Committee be fully implemented in 2009-2010? If no, has the Commerce, Industry and Tourism Branch set any timeframe for the implementation of all the recommendations?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

We have asked the Hong Kong Tourism Board (HKTB) to review, improve, record and strictly comply with its internal procedures, and follow up in earnest the recommendations and observations by the Director of Audit (DoA) and the Public Accounts Committee (PAC).

In the light of the recommendations of the DoA, the HKTB has drawn up 75 improvement measures to enhance corporate governance and the cost-effectiveness of its marketing activities. 73 measures have already been implemented. The remaining two measures (i.e. laying down objective criteria for the establishment of Worldwide Offices and Representative Offices in overseas markets, and regularly reviewing the set up of Worldwide Offices having regard to the same set of criteria) will be completed in March 2009.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Have the possible savings for the Hong Kong Tourism Board (HKTB) in 2009-2010 been assessed in view of the item on the monitoring of and support to the HKTB*?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

In the light of the recommendations of the Director of Audit (DoA), the HKTB has drawn up 75 improvement measures to improve its use of public resources. We monitor and support the HKTB on the progress of implementing these measures and their effectiveness. These improvement measures have helped enhance the HKTB's corporate governance, improve internal control procedures, ensure justifiable remuneration, strengthen control of entertainment and business travel expenses, and improve the planning of marketing activities to raise cost-effectiveness. In preparing its work plan and budget, the HKTB has fully considered the re-deployment of resources to meet its operational needs. The HKTB will also enhance the effective use of resources through business process re-engineering and work integration.

The improvement measures have increased HKTB's efficiency in using resources. The exact result however is difficult to quantify.

* The item mentioned is relevant to question 2262 and 2263 and reproduced below-

Question 2262: Regarding the item "monitor and support the Hong Kong Tourism Board (HKTB) in implementing measures to improve corporate governance and enhance value-for-money in response to the recommendations of the Director of Audit and the Public Accounts Committee", how will the Commerce, Industry and Tourism Branch monitor the HKTB and what kind of measures will it adopt to support the HKTB?

Question 2263: Will all the recommendations of the Director of Audit and the Public Accounts Committee be fully implemented in 2009-2010? If no, has the Commerce, Industry and Tourism Branch set any timeframe for the implementation of all the recommendations?

Signature _____

Name in block letters

MISS YVONNE CHOI

Post Title

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

In regard to the enhancement of green tourism facilities in the Plover Cove and Tolo Channel area and Tung Ping Chau, what are these facilities? What is the amount of expenditure for the enhancement of these facilities in 2009-10?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

In 2006, the Tourism Commission, in collaboration with relevant departments, implemented a phased programme for the enhancement of a number of green tourist attractions in the Northeast New Territories to facilitate visitors to better appreciate our natural scenery. These attractions are located at Lai Chi Wo, Ap Chau, Kat O, Tap Mun, Wu Kai Sha, Tai Mei Tuk, Ma Liu Shui and Tung Ping Chau. The improvement items include erection of signage and mapboards, provision of seating facilities, enhancement of lighting, planting of trees, upgrading of existing pier facilities, and reconstruction of piazzas at Lai Chi Wo and Kat O. All the works were completed in early 2009. As no large-scale works were involved, the project was implemented by respective departments with their existing resources.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

What are the details of the pilot scheme implemented in collaboration with major performing arts groups and the tourism sector? Would the Administration list out the key items of this scheme in 2009-10?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

Since 2007, the Tourism Commission, in collaboration with the Hong Kong Tourism Board (HKTB), has joined hands with performing arts groups and the tourism sector to leverage on our arts and cultural products to enrich visitors' nightlife and travel experience. The initiatives include enhancing product awareness among the travel sales force, facilitating communication between the tourism sector and performing arts groups, improving the existing online ticketing facility of URBOTIX, etc. The HKTB also revamped its website in 2008 to strengthen promotion of upcoming event highlights to the travel trade partners and overseas visitors.

In 2009-10, the HKTB will liaise with more performing arts groups and invite them to provide information on performances that will appeal to overseas visitors. This will further enrich HKTB's website and allow more effective promotion of cultural tourism to overseas visitors. We will also continue to enhance the user-friendliness of the existing online ticketing system to facilitate Mainland individual visitors to attend arts and cultural activities in Hong Kong. We will continue to arrange visits to the rehearsals and performance venues of the performing arts groups for travel and hotel trade practitioners to enhance their knowledge of cultural tourism. This will be conducive to their promotion of arts performances to visitors.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

18.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

What is the amount of expenditure for the pilot scheme* in 2009-10? Would the Administration set indicators for the key activities of this scheme so as to assess its use of funds, the appropriateness of such use and the cost-effectiveness?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

The Tourism Commission completed the enhancement of green tourism facilities in the Plover Cove and Tolo Channel area and Tung Ping Chau in early 2009. As no large-scale works were involved, the project was implemented by respective departments with their existing resources. The enhancement will help increase the green tourism appeal of Northeast New Territories. The Hong Kong Tourism Board (HKTB) introduced the "Hong Kong Nature Kaleidoscope" in September 2006, which included the "Northeast New Territories Island Hopping Tour". Over 70% of the participants were satisfied with the tour and 96% would recommend the tour to their families and friends.

On cultural tourism, the Government, in collaboration with the HKTB, will continue to join hands with performing arts groups and the tourism sector in 2009-10 to leverage on our arts and cultural products to enrich visitors' nightlife and travel experience. The work will be implemented with existing resources without incurring additional expenses. According to an online survey conducted by the HKTB at the end of 2008, nearly 90% of the respondents indicated that the revamped website not only facilitated their search for information on cultural and art activities in Hong Kong, but also raised their interest in these activities. The HKTB will liaise with more performing arts groups and invite them to provide information on performances which will appeal to overseas visitors. This will further enrich HKTB's website and allow more effective promotion of cultural tourism to overseas visitors. In 2008, the Tourism Commission also arranged visits to the rehearsals and performance venues of the performing arts groups for over 600 travel and hotel trade practitioners to enhance their knowledge of cultural tourism. Questionnaires by the participants indicated that 90% of them found the visits helpful to their promotion of the performances. We will continue to organise such activities to facilitate the travel and hotel trade practitioners to promote arts and cultural performances to our visitors.

Signature _____
Name in block letters MISS YVONNE CHOI
Post Title Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)
Date 18.3.2009

* “The scheme” refers to “the enhancement of green tourism facilities in the Plover Cove and Tolo Channel area and Tung Ping Chau” in Question Serial No. 2265 and “the pilot scheme implemented in collaboration with major performing arts groups and the tourism sector” in Question Serial No. 2266.

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention: Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The Hong Kong Tourism Board (HKTB) estimates that the visitor arrivals will decrease by 1.6%, tourism expenditure associated with inbound tourism by 0.4% and expenditure per capita overnight visitor by 1.5% in 2009. Would the Government advise:

- a. what indicators and estimation method are used to derive the above figures?
- b. in view of the decline in all the above figures, why it is necessary to increase the provision for the HKTB by 9.2%?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

- a. The projection on the performance of Hong Kong's tourism industry in 2009, including visitor arrivals and tourism expenditure associated with inbound tourism, was derived from a systematic forecasting process by the Hong Kong Tourism Board (HKTB). In the process, the HKTB took into account the then macro environment including the financial tsunami, the analyses and projections of international financial, economic and tourism organisations, as well as detailed assessments of the socio-economic conditions, tourism-related policies, and travel trends and patterns of major source markets.
- b. The HKTB has already adjusted its marketing strategies for 2009-2010 in light of the global economic situation and the latest development in the source markets. The provision for the HKTB for 2009-2010 is 9.2% higher than the revised estimate for 2008-2009. This is partly due to the fact that the base of comparison, i.e. the revised estimate for 2008-2009, is smaller than the original estimate for 2008-2009. Also, there is an increase in the provision for HKTB's promotion work in high growth markets and emerging markets. Notwithstanding the uncertain market situation, the HKTB must continue its promotion work and actively develop the emerging markets so as to minimise the impact of the economic slowdown and lay the foundation for long-term development. By maintaining Hong Kong's profile in the source markets, it will attract travellers to choose Hong Kong as their preferred destination when the economy recovers.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention : Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

What services will be included in the “one-stop support service” mentioned in the bullet point to “reinforce Hong Kong as a premier MICE destination through a new dedicated office named Meeting and Exhibition Hong Kong (MEHK), step up global publicity and provide one-stop support service for event organisers”? How will the Hong Kong Tourism Board avoid competing with the private sector in provide the service?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

The one-stop support services provided by the Meetings and Exhibitions Hong Kong (MEHK) office include:

- assist local event organisers to identify prospective MICE events, conduct site inspection and arrange hospitality programmes;
- assist the trade to enrich the bidding proposals for prospective MICE events, mobilise the worldwide network and partner with relevant parties to carry out lobbying work in the bidding process, and publicise the events after they have been secured;
- co-ordinate with relevant Government departments to provide greater travel convenience for overseas visitors attending major conventions and exhibitions in Hong Kong; and
- provide consultancy and referral services for event organisers, and assist them in sourcing requisite services, such as providers of venue, itinerary planning, back-up support and tourism products etc.

Many MICE tourism marketing bodies around the world provide similar one-stop support services for MICE event organisers. The provision of such facilitation services brings convenience to event organisers, reinforces Hong Kong's competitive advantages, and encourages more MICE events to be held in Hong Kong in the long run.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention : Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

What plans does the Hong Kong Tourism Board (HKTB) have in 2009-10 to leverage the Hong Kong-Japan Tourism Exchange Year 2009 and how will the HKTB “revitalise” the Japanese consumers’ interest of visiting Hong Kong? How much manpower and resources will the related activities require?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

The “Hong Kong-Japan Tourism Exchange Year 2009” provides a platform to enhance the promotion of two-way tourism and cultural exchange between Hong Kong and Japan. In 2009-10, the Hong Kong Tourism Board (HKTB), in collaboration with the travel trade, will adopt a new approach to stimulate interest of Japanese consumers to visit Hong Kong. For example, the HKTB will build on a theme of nostalgia to entice the silver-haired segment in Japan to revisit Hong Kong. The HKTB will also expand its marketing reach to the secondary cities in Japan, such as Kagoshima, Nagasaki and Sendai to open up new visitor sources. Details of the initiatives are as follows:

- 1) Travel trade promotions
 - Organise a launch ceremony for the “Hong Kong-Japan Tourism Exchange Year 2009” in Tokyo to promote Hong Kong to the Japanese travel trade and media representatives.
 - Invite the Japanese travel trade to meet with their Hong Kong counterparts during trade missions to Nagoya, Tokyo and Osaka.
 - Join hands with the Japan National Tourism Organisation to take part in Hong Kong’s International Travel Expo.
 - Participate in the JATA (Japan Association of Travel Agents) World Travel Fair in Tokyo.
 - Launch tourism products focused on Hong Kong’s local living culture.
 - Leverage on mega events in Hong Kong, such as Chinese New Year celebrations, Hong Kong Summer Temptations, gourmet promotions, Hong Kong WinterFest and New Year Countdown, to promote special offers.
 - Collaborate with the travel trade and media in Japan to promote wine and dine tours,

leveraging on the “2009 Hong Kong Food and Wine Year”.

- Collaborate with airlines to promote weekend getaway packages under the “Hong Kong Tohiko Campaign”, targeting young office ladies.
- Join forces with the travel trade to promote nostalgia-themed products and green tourism, targeting the silver-haired segment.

2) Consumer activities

- Introduce Hong Kong’s living culture during consumer promotions in Sapporo and Shizuoka.
- Organise “Hong Kong Week” in Roppongi Hills, Tokyo to promote Hong Kong’s diverse culinary delights and living culture.
- Produce “Hong Kong-Japan Tourism Exchange Year 2009” coupon booklets, which include offers such as complimentary tram rides, welcome drinks in hotels, discounts at restaurants and shops as well as for package tours.

3) Public Relations promotions

- Organise an English speech contest in Tokyo.
- Launch an exchange programme for Hong Kong university students to Japan.
- Leverage on celebrity endorsement – Mr Jackie Chan has been appointed as Hong Kong’s Tourism Ambassador and well-known Japanese artist Mr Naimiya Hiroki as the “Hong Kong-Japan Tourism Exchange Year Goodwill Ambassador”. For Japan, famous Japanese artist Miss Yoshino Kimura has been appointed as Japan’s Tourism Ambassador by the Japan Tourism Agency.
- Collaborate with the Japanese media to produce a “Hong Kong Tram Guide” to introduce dining and shopping locations along the tram route and a “Hong Kong Snack Guide” to introduce famous local delicacies. This is to tie in with the broadcast of RTHK’s television programme “Taste of Happiness” in Japan.
- Join hands with different print and digital media to produce features and programmes on Hong Kong’s diverse destination appeal from a fresh angle targeting at the young and silver-haired segments.

The HKTB has earmarked \$14.3 million in 2009-10 under its proposed budget for the marketing programmes in Japan. The overall co-ordination and implementation of the activities outlined above will be undertaken by the existing staff of the HKTB. The production of individual major events will be outsourced to contractors, which will create additional employment opportunities.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	18.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention: Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Regarding the policy to “ride on the increase in air capacity... with intensive consumer and trade promotion activities in key Indian cities”, would the Hong Kong Tourism Board advise this Committee of the rate of increase in air capacity? On what information has the related estimate been projected? What kind of activities will be included in the “intensive promotion activities”? How much resources and manpower will be required for these intensive promotion activities? Has a projection been made on the tourism receipts to be generated to Hong Kong by the promotional activities in India?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

According to an international flight data company, the passenger capacity for flights between Hong Kong and India will reach 679 161 in 2009, an increase of 19% compared with 2008.

In 2009-2010, the Hong Kong Tourism Board (HKTb) will launch promotions targeting different visitor segments in major Indian cities such as New Delhi and Mumbai during different periods of the year. These include:

- co-operate with major Indian media to produce travel programmes featuring Hong Kong to raise the profile and awareness of Hong Kong as a travel destination;
- conduct consumer roadshows and promotions targeting family visitors and young couples in New Delhi and Mumbai, leverage on the mega events organised by the HKTb in autumn and winter;
- collaborate with the local travel trade and attractions to promote family travel and introduce package combos, including “fly cruise” products that combine cruise travel and family attractions; and work with the travel trade to introduce itineraries featuring Hong Kong plus Shenzhen, Guangzhou or Macao for free independent travellers;
- organise trade missions to New Delhi and Mumbai for the Hong Kong travel trade to meet with their Indian counterparts and explore business opportunities;

- co-operate with airlines or credit card companies to introduce special discount packages for business travellers to encourage them to spend more in Hong Kong and bring along their family members on their visits to Hong Kong; and
- make use of direct mailing, web promotions, and direct sales effort to encourage Indian corporations and event planners to hold corporate meetings and incentive travel in Hong Kong.

The proposed marketing budget for India in 2009-2010 is \$11.30 million. The planning of promotional activities in India will mainly be undertaken by the existing staff of HKTB's South & Southeast Asia office (based in Singapore) and the HKTB Head Office, while HKTB's Representative Office in India will be responsible for their implementation.

In 2008, visitor arrivals from India reached 350 674 and the average per capita spending of overnight Indian visitors amounted to \$4,673. The HKTB projects that arrivals from India will increase by 12% to about 390 000 in 2009, while the average per capita spending for overnight visitors will generally remain at the 2008 level.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention: Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Under Programme (7), it is mentioned that the Hong Kong Tourism Board (HKTB)'s "one-off deployment of its reserve" has led to "lower requirement in 2008-2009". What does the "requirement" refer to? How much is involved in HKTB's one-off reserve deployment?

In addition, in what way does the one-off reserve deployment lead to a corresponding decline in 2008-2009's revised estimate?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

The reduction in the Hong Kong Tourism Board (HKTB)'s expenditure as a result of unfilled vacancies and adjustment to its marketing strategies caused its reserve level in 2008-2009 to exceed the ceiling agreed with the Government by \$22.6 million. Hence, the financial provision to the HKTB for 2008-2009 (i.e. the revised estimate) was correspondingly reduced. To offset such reduction, the HKTB made a one-off deployment of \$22.6 million from its reserve to cover part of its operational expenses.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (7) Subvention: Hong Kong Tourism Board

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

- (a) How will the Hong Kong Tourism Board (HKTB) “drum up publicity” and maintain top-of-mind awareness of Hong Kong as a “must-visit” port among major cruise liners in 2009-2010, and what is the estimated expenditure of the publicity exercise?
- (b) The first berth of the new cruise terminal will not open until 2013, but the so-called “publicity exercise” will start in 2009-2010. Has the HKTB assessed whether early publicity is appropriate?
- (c) Will the publicity exercise of the cruise terminal be escalated annually from now until 2013? What is the estimated increase in annual expenditure?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

- (a) The Hong Kong Tourism Board's (HKTB) estimated expenditure on cruise promotion in 2009-2010 is about \$9 million. The expenditure covers promotions and hospitality services for cruise passengers planned for 2009-2010, as well as promotions on new cruise itineraries and “fly cruise” products. HKTB's promotional efforts are multi-pronged. For the cruise industry, HKTB will participate in international cruise conventions to maintain top-of-mind awareness of Hong Kong as a cruise destination. At the same time, HKTB will actively co-operate with international and regional cruise companies and ports in the Mainland to develop cruise itineraries that include Hong Kong. For consumers, HKTB will focus on the long-haul markets, such as the United Kingdom, the United States, Australia and New Zealand, as well as selected short-haul markets, such as Taiwan, India and the Philippines. It will target the affluent, achiever and family segments, and collaborate with the travel trade to promote “fly cruise” products.
- (b) The first berth of the new cruise terminal at Kai Tak will commence operation in 2013, but cruise companies normally decide on the deployment of cruise vessels and cruise itineraries 18 to 24 months in advance. In view of the intense competition from neighbouring destinations, HKTB must start early and sustain its promotional efforts,

continue to maintain close partnership with cruise companies, and provide hospitality services to cruise passengers. This will build up a positive reputation for Hong Kong and enhance Hong Kong's image as Asia Pacific's premier port, which will in turn encourage more cruise companies to select Hong Kong as a port-of-call or home port.

- (c) HKTB will formulate the budget and promotional strategies for 2010-11 and beyond taking into account market changes and developments. To better cater for the needs and developments of the cruise market, HKTB will closely monitor the market situation and maintain close liaison with the Government and relevant industries.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 152 Government Secretariat : Subhead Operating Account
Commerce and Economic (No. & 700 General non-recurrent
Development Bureau (Commerce, title) : 016 A "Hospitable Hong Kong"
Industry and Tourism Branch) Campaign

Programme : -

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The accumulated expenditure of the "Hospitable Hong Kong" Campaign as at 31.3.2008 was \$18,093,000. Will the Government provide a breakdown of each item under the accumulated expenditure and the expenditure involved in each item?

Asked by : Hon. TSE Wai-chun, Paul

Reply :

In 2001, the Tourism Commission launched "A Hospitable Hong Kong" Campaign to promote a hospitality culture in the community through the phased implementation of various public education programmes. The total expenditure up to end-March 2008 is \$18.093 million. The breakdown is as follows -

Activities	Actual Expenditure (\$M)
Operate the Hong Kong Young Ambassador Scheme to train young people aged 16 or above as Young Ambassadors to greet visitors and foster a hospitality culture. Over 200 tertiary and high school students are appointed each year as Young Ambassadors. As at end-March 2008, more than 1 300 Young Ambassadors have completed the training programme.	6.473
Conduct a service quality study, in conjunction with the tourism and related industries as well as relevant government departments, to examine the service standards of the tourism sector, promote best practices and service excellence, with a view to improving and enhancing the overall quality of our tourism services. The study was completed in 2005.	1.300

Activities	Actual Expenditure (\$M)
Co-organise seminars and activities with the tourism industry and related organisations to facilitate communication and the exchange of views among the stakeholders of the tourism and related industries, and to promote quality service among tour guides, travel trade executives, retail industry, taxi drivers, catering practitioners, etc.	8.502
Produce Government Announcements in the Public Interest to promote a hospitality culture.	1.818

Signature _____
Name in block letters MISS YVONNE CHOI
Post Title Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)
Date 17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (5) Subvention: Consumer Council

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Regarding price surveillance initiatives, will the Government advise:

- (a) the number of price survey on commodities available in supermarkets and retail outlets conducted in 2008-09? How many items were compared in each survey? What was the expenditure involved in each survey?
- (b) the number of price survey on product available in wet markets conducted in 2008-09? How many items were compared in each survey? What was the expenditure involved in each survey?
- (c) whether the scope of the above price surveillance initiatives will be expanded in 2009-10? If yes, what will be the expenditure involved? If not, what are the reasons?

Asked by : Hon. WONG Kwok-hing

Reply :

- (a) Since May 2008, the Consumer Council has implemented a Price Survey, and starting from August 2008, has increased the frequency of the survey from once every two weeks to once every week. The project is now called "Weekly Price Survey". The Council surveys the prices of some 40 popular food items and necessities in a selected district every week. Each survey covers some 20 retail points of different nature, including supermarkets, pharmacies, frozen food shops, beauty product chains and groceries. Up to 4 March 2009, the Council has conducted the survey 35 times. The weekly expenditure for this "Weekly Price Survey" project, including sample costs, staff costs, office rental and other operating expenses, amounts to some \$50,000.

- (b) In November 2008, the Council launched the project “Daily Wet Market Report” for an initial duration of one year. The Council has contracted out the project to a university-affiliated research institute. Under this project, the research institute selects two districts every day from Monday to Friday (except holidays) and surveys the prices of some 16 popular food items available in two major markets in each district. In 2008-09 (up to 4 March 2009), the Council has conducted the survey 78 times.

The cost of engaging the research institute for implementing the project is about \$800,000, including the cost of survey design, as well as the sample and staff costs for one year.

- (c) We are examining with the Council if the projects should be extended and how their implementation details can be improved.

Signature	_____
Name in block letters	Miss YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (3) Subvention : Hong Kong Trade Development Council

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

- (a) How many career expositions were organised for young people in 2008-09? What were the dates and venues of the expositions and the number of visitors? What was the expenditure involved?
- (b) How many career expositions are planned to be held in 2009-10? What is the estimated expenditure?

Asked by : Hon. WONG Sing-chi

Reply :

- (a) In 2008-2009, the Hong Kong Trade Development Council (HKTDC) organised the 19th HKTDC Education and Careers Expo, which was held during the period from 19-22 February 2009 at the Hong Kong Convention and Exhibition Centre. Targeting young people, the four-day event attracted over 100 000 visitors and involved an expenditure of about \$5.2 million.
- (b) In 2009-2010, HKTDC plans to stage another education and careers exposition with a budget of around \$5.6 million.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The 2009–10 Budget states that the Administration will “ earmark \$100 million to assist organisers to host more attractive events in the areas of arts, culture and sports over the next three years It is expected that such activities will create some 2 800 jobs”. In this regard, please provide the following information:

- (a) Set out in table form the theme and estimated expenditure of and the number of jobs to be created by each of the events to be held over the next three years, i.e. from 2009 to 2011.
- (b) Specify the 2 800 jobs to be created, how many will have a duration of more than one year?

Asked by : Hon. WONG Sing-chi

Reply :

- (a) The \$100 million earmarked in the Budget will be used to assist different not-for-profit organisations to host more attractive events in the areas of culture, arts and sports over the next three years. Subject to funding approval by the Finance Committee of the Legislative Council, the \$100 million will be open to applications by organisations which are interested in hosting mega events. The theme and estimated expenditure of the events will depend on the proposals put forward by the applicants. Past experience in the organising of large-scale events shows that different types of mega events will create different types of jobs. We expect that mega events funded by this source in the coming three years will create about 2 800 jobs in the areas of event planning, venue security and marketing and publicity.
- (b) The duration of employment of these 2 800 jobs will depend on the nature and needs of individual events.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Permanent Secretary for Commerce
and Economic Development

Post Title _____

(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat : Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : -

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

What are the reasons for creating 5 non-directorate posts in 2009-10? Please provide details regarding the ranks, duties and salaries of these posts.

Asked by : Hon. WONG Ting-kwong

Reply :

Details of the 5 new posts to be created in 2009-2010 are as follows:

Post	Reason for creation and duties	Salary Provision (\$M)
1 Chief Executive Officer (for 15 months)	To assist in drawing up the conditions for the tenancy arrangements for the new cruise terminal in liaison with the cruise industry to ensure that the arrangements meet its needs, and to assist in facilitating alternative berthing arrangements for cruise vessels before the completion of the new cruise terminal.	1.0
1 Senior Estate Surveyor (for 72 months)	To assist in formulating the tenancy and tendering arrangements for the new cruise terminal, preparing the tender document, and monitoring the performance of the cruise terminal operator at the initial stage.	1.0
1 Administrative Officer	To assist in monitoring the operation of the Hong Kong Disneyland.	0.7
1 Executive Officer I	To assist in the implementation of tourism projects, coordinate with relevant parties to facilitate staging of tourism events in Hong Kong, and enhance the service quality of the tourism industry.	0.5
1 Assistant Clerical Officer (for 76 months)	To provide clerical support for the dedicated team of the cruise terminal project.	0.2
	Total	3.4

Signature	_____
Name in block letters	<u>MISS YVONNE CHOI</u>
Post Title	<u>Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)</u>
Date	<u>17.3.2009</u>

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

Head : Head 152 - Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The business environment of small and medium-sized enterprises (SMEs) has turned sour as a result of the financial tsunami. Has the Administration attained a timely understanding of their difficulties, assessed the effectiveness of existing measures and implemented new measures? How much manpower and resources will be allocated to support SMEs?

Asked by : Hon. WONG Ting-kwong

Reply :

In the face of the global financial tsunami, the Government has been closely monitoring the problems faced by the small and medium enterprises (SME), and has taken decisive and quick measures to tackle them. The Commerce and Economic Development Bureau has, in formulating and implementing measures to support the SMEs, maintained close liaison with the Legislative Council, major trade associations, SME organisations and trade representatives so as to ensure the measures taken can meet the needs of enterprises.

Our strategy is to introduce new measures as soon as they are ready. We first introduced enhancement measures for the SME Loan Guarantee Scheme on 6 November 2008, and announced on 10 November 2008 that a Special Loan Guarantee Scheme for SMEs would be introduced to help SMEs alleviate their liquidity problems. Noting the rapidly deteriorating external environment, we subsequently introduced on 15 December 2008 a Special Loan Guarantee Scheme, with a total Government commitment of \$100 billion, to provide up to 70% guarantee for loans granted by participating lending institutions.

As at 16 March 2009, the Trade and Industry Department (TID) has approved 4,601 loan applications under the two schemes, involving a total loan of around \$9.55 billion. The figures have shown steady growth. We will continue to closely monitor the operation of the schemes, and will review their effectiveness and consider the way forward as appropriate.

TID has internally redeployed about 20 staff and borrowed six staff from other departments to deal with the increasing workload. It is also in the process of hiring 27 additional non-civil service contract staff. Depending on the situation, the TID may consider further increasing the number of staff.

In addition, to assist exporters to continue to develop overseas markets in the midst of the current difficult environment, the Hong Kong Export Credit Insurance Corporation (ECIC) has launched a series of new measures since October 2008. For example, ECIC will be as accommodating and flexible as possible when handling SMEs' credit limit applications and provide exporters with higher insurance covers. Other measures include upgrading the credit ratings of individual emerging markets as appropriate and lowering the relevant premium rates; expediting the processing of credit limit applications; offering exporters free overseas buyer credit assessment services; and waiving the annual policy fee for existing and new policyholders for one year, etc. Since their introduction, the new measures have been welcome by the trade. The number of credit limit applications approved by ECIC and the value involved have both recorded growth in recent months. ECIC will use existing resources to implement the new measures, and no financial provision from the Government is required at this stage. ECIC will continue to review and enhance its measures as appropriate. In support of these new measures and to strengthen ECIC's underwriting capacity, the Government also increased ECIC's statutory maximum liability from \$15 billion to \$30 billion on 13 February 2009.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	18.3.2009

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

Head: 152 Government Secretariat:
Commerce and Economic Development
Bureau (Commerce, Industry and Tourism
Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

As regards supporting the further development of wine-related businesses in Hong Kong, what supportive measures will the Administration adopt in the area of trade and investment promotion to develop Hong Kong into a hub for wine-related business?

Asked by: Hon. WONG Ting-kwong

Reply:

We have regular meetings with the Hong Kong Trade Development Council (HKTDC), Invest Hong Kong (InvestHK) and the Hong Kong Tourism Board (HKTB), for the purpose of facilitating information sharing and synchronising their promotion strategy. We work in concert to promote the further development of wine-related trading activities, including encouraging wine companies aspiring to enter the Asian market to set up or expand their businesses in Hong Kong.

Building on the success of the first international wine fair last year, the HKTDC will organise its second wine fair in early November 2009, on hopefully a more robust scale than that in 2008. Riding on the publication of the Michelin Guide for Hong Kong and Macau, the HKTB also plans to roll out, in collaboration with renowned wine-producing regions, the first Hong Kong Wine and Dine Festival from late October to early November this year. These two major events will provide a good marketing platform for wine traders.

At the same time, we have signed memoranda of understanding with France (and its wine-producing region of Bordeaux) and Spain respectively to enhance co-operation in wine trading and investment activities. We are in discussion with other trading partners on having similar agreements. Through such co-operation, we proactively encourage wine companies from around the world to take part in large-scale wine-related promotion activities in Hong Kong, including the above two major events. We are also working through InvestHK which contacts and offers assistance to wine companies interested in setting up or expanding their business in Hong Kong.

Signature	_____
Name in block letters	<u>MISS YVONNE CHOI</u>
	Permanent Secretary for Commerce and Economic Development
Post Title	<u>(Commerce, Industry and Tourism)</u>
Date	<u>18.3.2009</u>

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

Head : Head 152 - Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (3) Subvention : Hong Kong Trade Development Council

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Will the Hong Kong Trade Development Council step up its efforts to help Hong Kong enterprises promote their goods and services on the Mainland in support of China's policy of boosting domestic demand in 2009-10? If so, what policies will the Council implement and how much resources will be required?

Asked by : Hon. WONG Ting-kwong

Reply :

One of the major missions of the Hong Kong Trade Development Council (HKTDC) is to help Hong Kong companies develop the domestic market in the Mainland. In 2009-10, HKTDC will adopt the following measures to strengthen the image of Hong Kong brands and promote Hong Kong's quality products and trendy lifestyle so as to reinforce the trendsetter image of Hong Kong products among Mainland consumers:

- to promote Hong Kong's branded products through business-to-business and business-to-consumer promotion activities (e.g. the Style Hong Kong Shows in Wuhan and Chongqing);
- to assist Hong Kong companies in developing more distribution channels in the Mainland market through organisation of sector-specific (e.g. jewellery and watches) brand promotion activities, participation in relevant trade fairs in the Mainland and the organisation of business matching activities which will help Hong Kong companies build connections with Mainland merchandisers, distributors and representatives of importers and department stores;
- to set up a HKTDC Design Gallery in Beijing to promote original designs by Hong Kong companies and nurture the image of Hong Kong brands; and

- to create business opportunities for Hong Kong services providers through organisation of sector-specific business matching events aiming to help them establish connections and forge partnerships with potential Mainland clients.

The above activities will involve a total expenditure of \$61.6 million in 2009-10.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head: 152 - Government Secretariat: Subhead (No. & title):
Commerce and Economic Development
Bureau (Commerce, Industry and
Tourism Branch)

Programme: (3): Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The financial provision for 2009-10 represents an increase of 3.0%, amounting to \$370.8 million, but the estimated numbers of trade and services promotion events and companies participating in 2009 are lower than those in 2008. Would the Administration explain the reasons and advise whether this would affect Hong Kong's industrial and commercial sectors as well as our economy?

Asked by: Hon. WONG Ting-kwong

Reply:

In anticipation of fewer trade delegations from mature markets during the current economic downturn, the Hong Kong Trade Development Council (HKTDC) estimated that the numbers of trade and services promotion events and participating companies in 2009-10 will be lower than the respective figures in 2008-09.

In this connection, HKTDC has launched a series of strategies and initiatives to help create more business opportunities for Hong Kong companies, including measures to attract more buyers from emerging markets to source from Hong Kong through the provision of special offers, and to encourage companies to make use of HKTDC's online platform and product magazines to showcase their products and services to international buyers.

Signature	_____
Name in block letters	MISS YVONNE CHOI
	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Post Title	_____
Date	17.3.2009

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

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) Subhead (No. & title):

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Hong Kong Trade Development Council (HKTDC) has a global network of more than 40 offices. Does this network include the office of HKTDC in Taiwan? How will the HKTDC help the local business sector further expand their market through its Taiwan office? Will it focus its efforts on a particular kind of projects and programmes and what are the estimated expenditure and resources required?

Asked by: Hon. WONG Ting-kwong

Reply:

To strengthen the trade and economic cooperation between Hong Kong and Taiwan, the Hong Kong Trade Development Council (HKTDC) has set up an office in Taiwan which commenced operation in end October 2008. In addition to organising a series of promotion activities, the office will through marketing and the provision of business matching and market information services, help Taiwanese buyers identify Hong Kong suppliers and facilitate Taiwanese enterprises develop their businesses in international and Mainland markets through the Hong Kong business platform. It will also assist Hong Kong companies to promote their products and services in the Taiwan market through online and print media, exhibitions, conferences, seminars, roadshows and other activities in Taiwan.

The HKTDC Taiwan Office has developed a comprehensive programme for 2009-10. Initiatives include the organisation of business missions to Taiwan; promotion of Hong Kong's exhibition industry in collaboration with the Hong Kong Exhibition and Convention Industry Association through seminars and press conferences; the coordination of the recruitment and participation of Taiwanese exhibitors and buyers in over 30 HKTDC trade fairs in Hong Kong; the organisation of roadshows in major Taiwanese cities to promote the Hong Kong business platform; the organisation of a Hong Kong information technology mission to the Computex 2009 computer show in Taiwan; and organisation of joint promotion events in Mainland cities with relevant Taiwan organisations.

For 2009-2010, the estimated expenditure for the HKTDC Taiwan Office and the promotion of trade and economic cooperation between Hong Kong and Taiwan is \$4.37 million.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : Head 152 - Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

In 2009-2010, the Hong Kong Government will continue to assist the trade to adjust to changes in Mainland's policy on processing trade through industrial restructuring and upgrading, relocating their operations and developing new markets. How will the Government assist Hong Kong businessmen in the areas of industrial restructuring and upgrading, relocation of operations and development of markets? What will be the expenditure involved? Has the Government allocated any additional resources in assisting the businessmen concerned?

Asked by : Hon. WONG Ting-kwong

Reply :

In 2009-2010, the Commerce and Economic Development Bureau will continue to maintain close liaison with the trade and Mainland authorities at various levels to assist the trade to restructure and upgrade, relocate their operations and develop new markets so as to meet the changes in Mainland's processing trade policy. Relevant measures include:

- reflecting the trade's views and making recommendations to the Mainland authorities especially before the promulgation of new policies and legislation wherever such is possible;
- through the Task Force to Support the Processing Trade, exploring with the trade measures to cope with the relevant adjustments;
- cooperating with the Guangdong Province, through the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade, to assist Hong Kong enterprises to restructure and/or upgrade;
- organizing symposiums and seminars to enhance the understanding of the trade on new policies and legislation;
- organizing trade delegations to visit the Mainland with a view to encouraging Hong Kong enterprises to relocate their operations and to explore new markets;
- through the "SME Funding Schemes", assisting SMEs to acquire equipment to upgrade their operational and technical skills, and to restructure or relocate. Hong Kong enterprises may also apply for the "Innovation and Technology Fund" to improve their technological level, and to introduce more innovative concepts to their businesses; and

- through co-organizing the “Transformation, Upgrade and Relocation to Unveil a New Horizon for Processing Trade Industry” Programme with the Hong Kong Productivity Council and joining forces with other industry support bodies such as the Hong Kong Trade Development Council, assisting Hong Kong enterprises to upgrade their technical level, restructure into foreign-invested enterprises, and develop new markets, etc.

The above measures are part of the existing work of this Bureau and relevant departments and organizations, and will be covered under existing resources. Funding for the “SME Funding Schemes” has already been approved and resources have been allocated for this purpose.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (2) Commerce and Industry
(6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

It is mentioned that the Bureau will continue to work with the industry to enhance the appeal of Hong Kong as an international convention, exhibition and tourism capital. The Bureau is invited to state: What specific measures are there to boost convention and exhibition as well as MICE (Meetings, Incentive Travels, Conventions and Exhibitions)? What is the timetable for examining the feasibility of the Phase 3 Expansion of the Hong Kong Convention and Exhibition Centre? What is the provision involved for the above matters?

Asked by : Hon. Wong Ting-kwong

Reply :

We have established a cross-sector Steering Committee on MICE, chaired by the Financial Secretary and the Secretary for Commerce and Economic Development, to formulate strategies on MICE development and to conduct reviews from time to time. The Tourism Commission has also set up an Alliance Group with representatives from the Hong Kong Tourism Board (HKTB), Hong Kong Trade Development Council (HKTDC), Invest Hong Kong and Hong Kong Economic and Trade Offices to achieve better synergy in our overseas publicity work and attract more MICE events to be held in Hong Kong.

In the 2008-09 Budget, the Government has earmarked \$150 million over five years to promote MICE tourism and to draw more international conventions and exhibitions to be hosted in Hong Kong. Given HKTB's extensive international network and experience in the promotion of MICE tourism, we propose to continue the arrangement of providing HK\$30 million in the coming year to HKTB to provide one-stop professional support to event organisers, enhance overseas promotional initiatives, and enrich the travel experience of our MICE visitors. HKTB established the "Meetings and Exhibitions Hong Kong" (MEHK) office in November 2008 to carry out the above tasks and has organised launch ceremonies and publicity programmes in 11 cities around the world. Services provided by MEHK include development of independent websites for MICE clients; assisting organisers in identifying prospective MICE events and backing them in the bidding work, arranging site inspection and hospitality programmes; conducting promotion for the events both locally and overseas and providing different tourism products and support services. MEHK will also arrange sector-specific publicity through different channels targetted at overseas event organisers to

consolidate Hong Kong's position as a preferred MICE destination. At the same time, MEHK works closely with the Government, HKTDC and the Hong Kong Exhibition and Convention Industry Association to support the exhibition sector and drive attendance for their shows.

On the infrastructure side, the atrium link expansion of the Hong Kong Convention and Exhibition Centre (HKCEC) is expected to be completed in April this year. In addition, the Government and HKTDC are examining the feasibility of a Phase 3 expansion of the HKCEC at a nearby site, and will launch a public consultation exercise as soon as practicable. The Government's examination of the feasibility of this project falls under the current work ambit of this Bureau and other relevant bureaux/departments and does not require any additional provision.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : Head 152 - Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

How are the implementation and effectiveness of the SME Loan Guarantee Scheme and the Special Loan Guarantee Scheme? What are the estimated expenditure and manpower involved in 2009-10 in supporting SMEs? By how much have they been increased, if any? Will new measures be introduced in 2009-10 to support SMEs?

Asked by : Hon. WONG Ting-kwong

Reply :

The Trade and Industry Department (TID) is responsible for processing applications under the SME Loan Guarantee Scheme (SGS) and the Special Loan Guarantee Scheme (SpGS). As at 16 March 2009, TID has approved a total of 4 601 loan applications under the enhanced SGS and the SpGS, involving a total loan amount of about \$9.55 billion. These figures have shown steady growth. We will continue to closely monitor the operation of the schemes, and will review their effectiveness and consider the way forward as appropriate.

The estimated expenditure of TID in 2009-10 for supporting SMEs and industries is \$370 million, or 18.6% higher than the revised estimate for 2008-09. Regarding manpower, TID estimates that by 31 March 2010, 94 staff will be deployed to support SMEs and industries, with a net increase of 3 over the revised estimate as at 31 March 2009.

As far as the SME Funding Schemes and the SpGS are concerned, amongst the 94 staff responsible for supporting SMEs and industries mentioned above, 25 staff will be responsible for administering the SGS and the SpGS, while 18 staff will be responsible for administering the SME Export Marketing Fund and the SME Development Fund. Besides, TID has also hired 20 non-civil service contract (NCSC) staff to assist in the related work. To deal with the increasing workload, TID has also borrowed six staff from other departments, and is in the process of hiring 27 additional NCSC staff. Depending on the situation, the TID may consider further increasing the number of staff.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 152 Government Secretariat : Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

It is stated in paragraph 33 of the 2009-2010 Budget that, to be in line with the "Outline of the Plan for the Reform and Development of the Pearl River Delta (2008-2020)" (The Outline) published by the National Development and Reform Commission in January this year, Guangdong and Hong Kong have agreed to focus on four priority areas of co-operation, namely: the financial industry; service industries, infrastructure and town planning; and, innovation and technology. How will the Bureau promote Guangdong-Hong Kong co-operation on the service industries such as convention and exhibition, tourism and professional services? What are the specific plans? How much manpower and resources will be allocated in 2009-2010 to promote early implementation of the Outline so as to ride on the opportunities brought forth by it?

Asked by : Hon. WONG Ting-kwong

Reply :

To follow up on the "Outline of the Plan for the Reform and Development of the Pearl River Delta (2008-2020)" (the Outline), we will take forward the following work pertaining to the service industries.

The Outline mentions deepening the implementation of the "Mainland and Hong Kong Closer Economic Partnership Arrangement" ("CEPA") and ensuring the effective implementation in Hong Kong and Macao of measures for early and pilot implementation in Guangdong. Since the signing of CEPA in June 2003, the Mainland and Hong Kong have adopted a progressive approach to expand the scope for liberalisation, dealing with the easier subjects before the more difficult ones. Last year, both sides agreed to put in place a package of liberalisation and facilitation measures for early and pilot implementation in Guangdong Province, further deepening co-operation in service industries between the two places. At present, Hong Kong service suppliers can enjoy preferential treatment in entering the Mainland market in 40 services sectors. We will continue to make use of CEPA as a platform to enhance co-operation with the Mainland on service industries. The Government of the Hong Kong Special Administrative Region has already commenced a new round of CEPA consultation with the Central Government and hopes to reach agreement on Supplement VI as early as possible this year. In the process of consultation, we have made reference to the recommendations in the Outline on the need to deepen co-operation, and will strive for more

liberalisation measures in various service areas for early and pilot implementation in Guangdong Province, with a view to furthering the development of Hong Kong service industries in the Pearl River Delta Region and Guangdong Province.

In respect of tourism, Guangdong and Hong Kong have established a regular exchange mechanism to enhance co-operation in various areas, including development of “multi-destination” travel products, joint promotion, honest and quality tourism as well as passenger traffic regulation at boundary control points during the festive periods. Guangdong and Hong Kong will also make full use of the tourism resources of the two places to strengthen the tourism appeal of the entire region.

In addition, the Hong Kong Trade Development Council (HKTDC) is examining the Framework to identify the areas (services sectors in particular) in which Hong Kong may benefit from the Framework. Based on the results of this study, HKTDC will develop and modify its trade promotion strategies in relation to the Pearl River Delta region. Moreover, HKTDC and the Department of Foreign Trade and Economic Cooperation of the Guangdong Province signed the “Agreement on Strengthening Comprehensive Strategic Cooperation” in February this year, with a view to enhancing the cooperation between Hong Kong and Guangdong in areas such as joint development of international markets; broadening the scope of trade and economic cooperation between Hong Kong and Guangdong; and enhancing the competitiveness of enterprises in the two places.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	18.3.2009

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

Head : 152 Government Secretariat: Subhead (No. & title) :
Commerce and Economic
Development Bureau (Commerce,
Industry and Tourism Branch)

Programme : (6) Travel and Tourism

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

In paragraph 27 of the Budget Speech, the Financial Secretary discusses means to preserve jobs and proposes in item (2) under the fourth bullet point to earmark \$100 million to host more attractive events in the areas of arts, culture and sports over the next three years. Will the Administration inform this Committee how the mistakes made during the organisation of the Harbour Fest in 2003, namely problematic approval procedures and a failure to actually stimulate consumer sentiment, can be avoided?

Asked by : Hon. WONG Yuk-man

Reply :

To make good use of the \$100 million earmarked in the Budget to attract more mega events to Hong Kong in the coming three years, we will learn from past experience and make reference to the operation of other Funds to ensure that the application and assessment procedures, as well as the post-approval monitoring work will be carried out in an effective manner.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head: 710 Computerisation Subhead A008XV Electronic data
(No. & title): interchange system

Programme:

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the electronic data interchange system, please provide the following information:

- (a) The revised estimate for the system in 2008-09 is \$5.13 million. What were the items, expenditure and manpower involved?
- (b) What is the estimated expenditure for the system in 2009-10? What are the items, expenditure and manpower involved?
- (c) Which items of the system have not yet been completed currently and the reasons for not having been completed? When are these items expected to be completed the soonest? What is the expenditure involved?
- (d) Have the overall operation and effectiveness of the existing electronic data interchange system been reviewed? If so, what are the results? Is it necessary to upgrade the existing system? What are the follow-up actions taken by the Administration? If no, what are the reasons?

Asked by: Hon. TAM Wai-ho, Samson

Reply:

- (a) The revised estimate of \$5.13 million for 2008-09 is used for general technical upgrading and replacement of components for the various backend systems under the Government Electronic Trading Services (GETS), including (i) \$2.99 million for procuring hardware and software; (ii) \$1.45 million for acquiring services for system installation and integration; and (iii) \$0.69 million for hiring contract staff.
- (b) The estimated expenditure for 2009-10 is \$15.59 million. It will be used for similar purposes as above, including (i) \$7.34 million for procuring hardware and software; (ii) \$6.76 million for acquiring services for system installation and integration; and (iii) \$1.49 million for hiring contract staff. The estimated expenditure for this year is higher because the principal software component in one of the systems will need to be replaced.
- (c) Other than those related to (b) above, we do not have any outstanding items at present.

- (d) Having reviewed the effectiveness of the GETS in 2007, we proposed a number of technical enhancements and briefed the Panel on Commerce and Industry of the Legislative Council on 20 November 2007. We are working to roll out the enhancements in 2010.

Signature	_____
Name in block letters	MISS YVONNE CHOI
Post Title	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Date	17.3.2009

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

Head : 96 Government Secretariat: Subhead (No. & title) :
Overseas Economic and Trade Offices

Programme : (1) Commercial Relations
(2) Public Relations

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

In the past three years, how much did the Administration spend on overseas visits and on promoting trade and business overseas annually? What is the estimate in this respect for the year 2009-2010? Please itemise and tabulate the expenditure incurred and the estimate for visiting the following regions, as well as the number of visits. Please also give details of the expenditure.

- i) Mainland China
- ii) Macau
- iii) Taiwan
- iv) South East Asia
- v) Middle East
- vi) Europe
- vii) The United States of America
- viii) Canada
- ix) Africa
- x) South America

Asked by : Hon. HO Sau-lan, Cyd

Reply:

In 2006-07, 2007-08, 2008-09 and 2009-10, the total annual expenses/estimate for duty visits and promoting trade and business incurred by all Overseas Economic and Trade Offices are \$35.83 million, \$51.93 million, \$44.19 million and \$42.50 million respectively.

2. The annual expenses/estimate for the overseas visits to the following specific regions and the number of overseas visits are tabulated as below:

Region	2006-2007		2007-08		2008-09		2009-2010	
	Expense (\$million)	No. of Visit	Expense (\$million)	No. of Visit	Expense (\$million)	No. of Visit	Estimated Expense (\$million)	Estimated No. of Visit
Mainland China ⁽¹⁾	-	-	-	-	-	-	-	-
Macau ⁽¹⁾	-	-	-	-	-	-	-	-
Taiwan ⁽¹⁾	-	-	-	-	-	-	-	-
South East Asia	0.43	26	0.31	21	0.71	30	0.61	30
Middle East ⁽²⁾	-	-	1.59	16	-	-	-	-
Europe	2.52	211	4.40	220	3.36	204	3.62	235
The United States of America	1.70	78	2.17	94	2.11	102	2.21	101
Canada	0.63	53	0.60	43	0.48	27	0.55	30
Africa ⁽²⁾	-	-	-	-	-	-	-	-
South America ⁽²⁾	-	-	0.05	1	1.27	12	-	-

Notes:

(1) Mainland China, Macau, Taiwan are under the purview of Head 144 Constitutional and Mainland Affairs Bureau.

(2) Middle East, Africa and South America are not under the purview of the Overseas Economic and Trade Offices. A few visits made were mainly related to the preparatory work and support for the Principal Officials' visits.

3. The expenses for overseas visits mainly include the expenses for traveling, hotel accommodation and subsistence allowance etc.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Permanent Secretary for Commerce
and Economic Development

Post Title _____

(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 96 Government Secretariat: Overseas Subhead (No. & title) : -
Economic and Trade Offices

Programme : (1) Commercial Relations
 (2) Public Relations

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

What were the increases or decreases in business and trade in the past three years between Hong Kong and those regions, i.e. Mainland China, Macau, Taiwan, South East Asia, Middle East, Europe, the United States of America, Canada, Africa and South America? Please tabulate the information.

Asked by : Hon. HO Sau-lan, Cyd

Reply :

According to the figures provided by the Census and Statistics Department, Hong Kong's merchandise trade and trade in services can be analysed by means of geographical distributions which are the closest to those asked in the question:

(i) Year-on-year percentage changes of merchandise trade:

	Imports of Goods (%)			Total Exports of Goods (%)			Total Merchandise Trade (Imports and Total Exports of Goods) (%)		
	2006	2007	2008	2006	2007	2008	2006	2007	2008
Mainland China	13.7	11.5	6.1	14.2	13.2	4.7	13.9	12.3	5.4
Macau	-1.4	19.4	11.1	16.4	20.9	13.4	13.4	20.7	13.0
Taiwan	15.9	5.2	-6.4	3.3	1.6	3.8	13.0	4.5	-4.3
Other parts of Asia ⁽¹⁾	10.5	9.8	3.7	6.1	9.2	8.1	9.1	9.6	5.0
Middle East	10.5	1.0	9.3	12.8	17.9	11.1	11.7	9.8	10.3
Europe	5.6	10.3	14.7	5.7	6.6	8.1	5.7	8.0	10.6
The USA	3.6	12.3	8.6	2.9	-0.8	-2.4	3.1	2.5	0.6
Canada	16.3	4.2	4.2	4.0	-2.3	3.7	7.3	-0.4	3.9
Africa	-2.5	-0.7	17.5	17.3	12.1	11.3	8.9	7.2	13.5
Central and South America ⁽³⁾	18.0	29.4	15.8	12.4	9.5	11.3	14.2	16.2	13.0

- (ii) Year-on-year percentage changes of trade in services (statistics for 2008 not yet available)

	Imports of Services (%)		Exports of Services (%)		Trade in Services (Imports and Exports of Services) (%)	
	2006	2007	2006	2007	2006	2007
Mainland China	7.4	15.0	7.1	17.8	7.2	16.8
Macau	7.4	19.7	1.8	31.6	4.8	25.1
Taiwan	6.6	13.3	2.8	-0.3	3.7	2.9
Other parts of Asia ⁽¹⁾	12.3	14.5	13.4	14.9	13.0	14.7
Western Europe ⁽²⁾	18.0	24.0	20.4	24.4	19.6	24.3
The USA	7.8	14.1	18.7	16.8	15.6	16.1
Canada	3.0	19.0	11.4	22.9	7.3	21.1
Central and South America ⁽³⁾	-21.6	2.6	28.8	4.2	11.0	3.8

(Breakdown for Middle East and Africa are not available but relatively small in value)

Notes:

- (1) Other parts of Asia include Afghanistan, Bangladesh, Bhutan, Brunei Darussalam, Cambodia, India, Indonesia, Islamic Republic of Iran, Japan, Democratic People's Republic of Korea, Korea, Laos, Malaysia, Maldives, Mongolia, Myanmar, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Thailand, Timor-Leste and Vietnam.
- (2) Breakdown for other parts of Europe outside Western Europe is not available.
- (3) Breakdown for South America is not available.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Permanent Secretary for Commerce
and Economic Development

Post Title _____

(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 96 Government Secretariat: Subhead (No. & title) : -
Overseas Economic and Trade Offices

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

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Hong Kong has set up overseas Economic and Trade Offices (ETOs) in Brussels, Geneva, London, New York, San Francisco, Washington, Singapore, Sydney, Tokyo and Toronto. Please state:

- 1) the distribution of estimates among ETOs under the Indicators on commercial relations, public relations, and investment promotion for 2009;
- 2) the distribution of estimates among ETOs under Subhead 000 Operational expenses for 2009-10.

Asked by : Hon. IP LAU Suk-ye, Regina

Reply :

- 1) The distribution of estimates among ETOs under the Indicators on commercial relations, public relations, and investment promotion for 2009 is as follows;

Programme	Overseas Economic and Trade Offices											
	⁽²⁾ Washington	New York	San Francisco	Brussels	London	Berlin	⁽¹⁾ ⁽²⁾ Geneva	Tokyo	⁽²⁾ Singapore	Sydney	Toronto	Total
<i>(1) Commercial Relations</i>												
Meetings on trade-related matters attended	500	110	112	340	180	264	1,500	175	134	50	170	3,535
Visits to host governments and trade organisations	230	48	55	80	200	120	0	95	104	108	106	1,146
Seminars, exhibitions and workshops organised	8	20	15	20	15	26	1	15	6	19	20	165
participated	155	125	58	35	35	50	15	50	55	48	36	662
Public speeches given	40	30	30	22	60	38	0	15	24	40	71	370
Media interviews/briefings given	87	47	25	78	40	83	0	75	49	25	160	669
Circulars/newsletters/press releases issued	65	23	37	32	150	195	0	26	105	30	90	753

Programme	Overseas Economic and Trade Offices											
	(2) Washington	New York	San Francisco	Brussels	London	Berlin	(1) (2) Geneva	Tokyo	(2) Singapore	Sydney	Toronto	Total
(2) Public Relations												
Call on senior government officials/organisations	230	50	80	420	135	240	1	120	95	140	148	1,659
Public relations functions/events organised	43	110	40	30	135	48	1	70	60	55	122	714
Public relations functions/events participated	75	180	50	40	170	39	1	80	95	112	210	1,052
Newsletters, pamphlets, press releases issued	85	250	185	32	150	96	0	27	91	172	90	1,178
Number of visitors assisted	140	430	160	110	380	180	60	155	160	68	158	2,001
Public speeches given	40	45	32	22	70	51	0	24	31	52	71	438
Media interviews/briefings given	90	47	68	80	50	102	0	75	56	58	160	786
Enquiries handled	4,000	4,000	4,000	400	5,630	450	2	390	3,540	4,610	14,850	41,872
(3) Investment Promotion												
Projects pursued	-	90	90	63	90	10	-	67	-	58	36	504
Projects completed	-	20	20	14	20	0	-	15	-	13	8	110

Notes:

- (1) As the Geneva ETO is mainly responsible for representing Hong Kong as a member of the World Trade Organization, its main relevant indicator is about meetings on trade-related matters attended.
- (2) The Washington, Geneva and Singapore ETOs are not responsible for investment promotion projects.

2) The distribution of estimates among ETOs under Subhead 000 Operational expenses for 2009-10 is as follows:

OETOs	Washington	New York	San Francisco	Brussels	London	Berlin	Geneva	Tokyo	Singapore	Sydney	Toronto	Total
Operating Expenditure (\$ million)	37.2	27.1	23.9	38.6	33.4	23.5	36.7	34.2	14.9	18.3	16.6	304.4

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Permanent Secretary for Commerce
and Economic Development

Post Title _____

(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 96 Government Secretariat: Subhead (No. & title) : -
Overseas Economic and Trade Offices

Programme : (1) Commercial Relations

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The estimated number of seminars, exhibitions and workshops to be organised in 2009 is less than the actual figure for 2008. What are the reasons?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

Under Programme (1), the estimated number of seminars, exhibitions and workshops to be organised in 2009 is less than the actual figure for 2008 mainly due to the organising of more exhibitions for promoting the Olympic Equestrian Game in 2008. It is anticipated that the number of promotion and publicity activities will decrease in 2009.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Post Title _____

Permanent Secretary for Commerce
and Economic Development
(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

Head : 96 Government Secretariat: Subhead (No. & title) : -
Overseas Economic and Trade Offices

Programme : (3) Investment Promotion

Controlling Officer : Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism)

Director of Bureau : Secretary for Commerce and Economic Development

Question :

In view of the fact that a new Economic and Trade Office will be set up in Berlin and the provision for 2009-10 is 11.9% higher than that for 2008-09, please explain why the estimated number of investment promotion projects to be completed in 2009 is only 110, even lower than the actual numbers of projects completed in 2008 and 2007 (114 and 121 respectively). Is the indicator set at too low level?

Asked by : Hon WONG Ting-kwong

Reply :

In view of the global economic downturn, the 2009 estimate for projects completed is anticipated to be lower than the actual figures in 2007 and 2008. Investment projects normally take time to materialise, new projects completed by Berlin ETO will be reflected in figures in later years.

Signature _____

Name in block letters _____

MISS YVONNE CHOI

Permanent Secretary for Commerce
and Economic Development

Post Title _____

(Commerce, Industry and Tourism)

Date _____

17.3.2009

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

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

Programme : (1) Trade Statistics

Controlling Officer : Commissioner for Census and Statistics

Director of Bureau : Secretary for Commerce and Economic Development

Question :

According to the FCai (FCR (2003-04)23) submitted to the Finance Committee on 13 June 2003, the processing time for import/export declarations could be reduced from 2.6 months to 1 month upon the provision increased by \$62,947,000 to \$455,169,000 for enhancing the computer system for processing cargo manifests. It was also estimated that in 2005-06, the Customs and Excise Department, the Census and Statistics Department (C&SD) and Trade and Industry Department could altogether achieve savings of \$21 million. Starting from 2007-08, the enhanced computer system could achieve savings of \$23 million annually. Hence, the costs for enhancing the computer system could be offset by the savings achieved in the fifth year upon the full implementation of the system (i.e. 2010-11). Please set out the actual and estimated additional expenditure incurred/to be incurred for checking import/export declarations and cargo manifests respectively for each year starting from the first year of implementing the system to 2009-10. Please also advise the reasons for not being able to meet the pledged targets; the estimated time for meeting the pledged targets; and when cost-recovery for implementing the enhanced computer system will be achieved.

Asked by : Hon. CHAN Mo-po, Paul

Reply :

The work of processing import/export declarations and cargo manifests mainly involves the matching of these two documents to identify any outstanding import/export declarations yet to be lodged by traders.

Since implementation of the enhanced electronic system for cargo manifests (enhanced EMAN system), much of the anticipated savings (particularly the deletion of posts) have been realized. The enhanced system commenced operation in 2005-06. For the first three years since commissioning of the system (i.e. from 2005-06 to 2007-08), we have not increased the provision for the processing and checking of these two documents. In 2008-09, the Department re-deployed \$1.2 million from its existing resources to strengthen the related work. We also plan to re-deploy another \$3.5 million in 2009-10 to further improve the processing work. We do not have any plan for similar re-deployment of resources from 2010-11 onwards.

When launching the enhanced EMAN system, we had encountered greater technical difficulty than expected. We had spent much time to discuss with the industry for identification and implementation of solutions. As a result, the enhanced EMAN system was only fully implemented in 2006-07. Coupled with individual cases involving late submission of cargo manifests, we have not been able to complete the processing work within the target (i.e. one month).

On the actual time required for processing of import/export declarations, we have already achieved the pledged target (i.e. within one month) for the rail mode and expect to do so for the air mode by end 2009. As for the ocean and river modes, for manifests submitted on time, we should be able to achieve the target by end 2009. We are taking various measures to encourage the industry to submit their cargo manifests on time. We will review the practicability of achieving the target having regard to the effectiveness of these measures and the industry's feedback and views.

We anticipate that the cost for implementing the system can be fully offset by the savings realized at the time when the system is at its fifth year of full implementation (i.e. 2011-12).

Signature _____

Name in block letters FUNG Hing-wang

Post Title Commissioner for Census and Statistics

Date 18.3.2009

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

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

Programme : (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce and Economic Development

Question :

In order to facilitate the development of Hong Kong into an Asia's wine trading and distribution centre, what is the financial and staffing provision required for the authorities to guard against the entry of counterfeit wine into Hong Kong's market?

Asked by : Hon. CHEUNG Yu-yan, Tommy

Reply :

To prevent and combat illegal activities related to counterfeit wine, the Customs and Excise Department has formed a 7-member dedicated investigation team (including 1 Senior Inspector, 1 Chief Customs Officer and 5 Customs Officers) under its Intellectual Property Investigation Bureau to carry out targeted investigation and enforcement actions. Apart from investigating activities related to counterfeit wine, the team would also deal with activities involving other goods with forged trade mark. The Department provides training for the dedicated investigation team to help bolster its capability in combating counterfeit wine.

In addition, the Department formed an alliance with the wine industry in October 2008 to foster direct communication and intelligence exchange and to enhance cooperation in combating any illegal activities involving counterfeit wine.

The Department is also strengthening its cooperation with customs authorities and the relevant regulatory and enforcement agencies in major wine producing regions through establishing channels of communication, and developing mechanisms for intelligence exchange and the sharing of information on individual cases. We will formulate relevant enforcement strategies and acquire knowledge about the trade marks of wine and their anti-forgery features, so as to enhance the effectiveness of our enforcement actions.

The additional work relating to preventing and combating counterfeit wine (including professional training, intelligence collection, investigation and enforcement actions) will be absorbed by redeployment of the Department's existing resources, without a request for additional provision or manpower.

Signature _____

Name in block letters _____

RICHARD M F YUEN

Post Title _____

Commissioner of Customs and Excise

Date _____

18.3.2009

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

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

Programme : (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Among the intellectual property rights investigations conducted in 2007 and 2008, what are the numbers of cases related to internet piracy and other computer crime problems?

Asked by : Hon. EU Yuet-mee, Audrey

Reply :

Of the intellectual property rights investigations conducted in 2007 and 2008, 436 and 378 cases (in the two years respectively) were related to intellectual property infringements on the Internet, whereas the corresponding figures for other computer crimes (including using pirated software in business corporations or using computer equipment to play pirated music, etc.) stood at 12 and 18 respectively.

Signature _____

Name in block letters _____

RICHARD M F YUEN

Post Title _____

Commissioner of Customs and Excise

Date _____

18.3.2009

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

Head : 31 Customs and Excise Department Subhead (No. & title) :
Programme : (3) Intellectual Property Rights and Consumer Protection
Controlling Officer : Commissioner of Customs and Excise
Director of Bureau : Secretary for Commerce and Economic Development

Question :

In 2009-10, following the enactment of new subsidiary legislation under the Trade Descriptions Ordinance, it is estimated that the authorities will increase the number of spot checks on regulated articles significantly. In this connection, will the authorities increase additional resources and manpower to conduct spot checks on the articles? If yes, what is the specific expenditure of increasing manpower and resources? If no, what are the reasons?

Asked by : Hon. IP Wai-ming

Reply :

In the 2007-08 legislative session, the Legislative Council passed the Trade Descriptions (Amendment) Ordinance 2008 and its eight pieces of related subsidiary legislation. These several pieces of legislation aim to combat improper sales practices such as giving misleading price information, and require retailers selling certain precious metals, diamond, Fei Cui and five types of digital electronic goods to provide certain product information. The legislation came into effect on 2 March 2009. The Department will step up inspections of shops and conduct spot checks on additional types of goods. Therefore, the number of spot checks is estimated to increase from 85 in 2008 to 3 400 in 2009. Besides, the Department will strengthen enforcement action by deploying manpower to conduct investigations of shops which are alleged of making false trade descriptions and mis-statements in the course of trade under the new legislation.

Following the removal of restrictions on the import of textiles from the Mainland by the United States and European countries, the risk of illegal transshipment of textiles through Hong Kong will be reduced correspondingly. Hence, the Department may deploy 55 officers from the existing establishment to help to enforce the new legislation.

Signature _____

Name in block letters _____

RICHARD M F YUEN

Post Title _____

Commissioner of Customs and Excise

Date _____

18.3.2009

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

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

Programme : (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The authorities indicated that, following the enactment of new subsidiary legislation under the Trade Descriptions Ordinance, more spot checks on goods such as diamond, Fei Cui, digital product, mobile phone, portable multimedia player, etc. would be conducted.

- (a) As the products are the main types of goods bought by visitors coming to Hong Kong, will the authorities deploy resources for conducting more spot checks on the above products in tourist areas? If yes, what are the details? If no, what are the reasons?
- (b) Will the authorities place special emphasis on individual products among the above various types of products when conducting the spot checks? If yes, what are the products on which special emphasis will be placed? What will be the resources involved? If no, what are the reasons?

Asked by : Hon. WONG Kwok-hing

Reply :

- (a) Gold ornaments, diamond, natural Fei Cui and 5 types of digital electronic goods regulated by the Trade Descriptions Ordinance are goods commonly bought by tourists. The Customs and Excise Department (C&ED) will deploy resources and give special attention to shops selling these products in tourist areas when conducting inspections, especially during long holidays. Furthermore, more frequent spot checks will be conducted on these products to protect tourists. In addition, quick-response teams have been set up to deal with reports and complaints from visitors making a short stay in Hong Kong expeditiously.
- (b) The C&ED will work closely with agencies such as the Hong Kong Tourism Board, the Travel Industry Council and the Consumer Council and pay close attention to the trade practices of retail shops selling the above types of products. Manpower arrangements will be made to enforce the legislation should the need arise. At the current stage, the C&ED is going to deploy 55 officers from the existing establishment to enforce the legislation.

Signature _____

Name in block letters _____

RICHARD M F YUEN

Post Title _____

Commissioner of Customs and Excise

Date _____

18.3.2009

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

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

Programme : (3) Intellectual Property Rights and Consumer Protection

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Regarding the number of spot checks on fair trading in regulated articles (trade descriptions), the estimated number for 2009 is 3 400, representing a several tenfold difference when compared with the approximate number of 85 for 2008. Nevertheless, the estimated financial provision for 2009-10 amounts to \$239 m, only a small increase of 1.6% when compared with that for 2008-09. Would the authorities explain the reasons for the increase and estimate whether sufficient manpower and resources will be available for conducting the spot checks?

Asked by : Hon. WONG Ting-kwong

Reply :

In the 2007-08 legislative session, the Legislative Council passed the Trade Descriptions (Amendment) Ordinance 2008 and its eight pieces of related subsidiary legislation. These several pieces of legislation aim to combat improper sales practices such as giving misleading price information, and retailers selling certain precious metals, diamond, Fei Cui and five types of digital electronic goods are required to provide certain product information. The legislation came into effect on 2 March 2009. The Department will step up inspections of shops and conduct spot checks on additional types of goods. Therefore, the number of spot checks is estimated to increase from 85 in 2008 to 3 400 in 2009. Besides, the Department will strengthen enforcement action by deploying manpower to conduct investigations of shops which are alleged of making false trade descriptions and mis-statements in the course of trade under the new legislation.

Following the gradual removal of restrictions on the import of textiles from the Mainland by the United States and European countries, the risk of illegal transshipment of textiles through Hong Kong will be reduced correspondingly. The Department may deploy 55 officers from the existing establishment to enforce the new legislation. Accordingly, the financial provision will not increase substantially.

Signature _____

Name in block letters _____

RICHARD M F YUEN

Post Title _____

Commissioner of Customs and Excise

Date _____

18.3.2009

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

Head : 31 Customs and Excise Department Subhead (No. & title) :
Programme : (3) Intellectual Property Rights and Consumer Protection
Controlling Officer : Commissioner of Customs and Excise
Director of Bureau : Secretary for Commerce and Economic Development

Question :

After the new subsidiary legislation under the Trade Descriptions Ordinance comes into effect in March, how will the Customs and Excise Department strengthen the promotion and publicity aimed at the industries and consumers to ensure that the industries and consumers clearly understand their rights and responsibilities? How much provision is planned for implementation?

Asked by : Hon. WONG Ting-kwong

Reply :

To publicize the new legislation, the C&ED has since the beginning of this year launched a series of publicity and education activities. For example, in the latter half of February this year a press conference was held and announcements of Public Interest on television and radio broadcasted to enhance awareness of the public and the industries on the new legislation. In addition, pamphlets have also been distributed to local consumers, tourists and retail shops through various channels and posters have also been put up at boundary control points and popular shopping venues to let local consumers and tourists know their rights. The Department has also organised a series of seminars for the retail industry to explain to them the contents of the legislation so that the industry is more able to comply with the implementation of the new legislation. The expenditure for these publicity and education activities amounts to about \$500,000.

Signature _____

Name in block letters _____

RICHARD M F YUEN

Post Title _____

Commissioner of Customs and Excise

Date _____

18.3.2009

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

Head : 33 Civil Engineering and Development Department Subhead :

Programme : (1) Tourism and Recreational Development

Controlling Officer : Director of Civil Engineering and Development

Director of Bureau : Secretary for Commerce and Economic Development

Question :

In 2009-10, the Administration will complete the statutory procedures for the proposed construction of a landing facility for the Lei Yue Mun Waterfront Enhancement Project. Please advise:

- (a) the details and the implementation timetable of the whole project.
- (b) the staffing establishment and the estimated expenditure involved.

Asked by : Hon. LEONG Kah-kit, Alan

Reply :

- (a) The Lei Yue Mun Waterfront Enhancement Project covers the construction of a public landing facility, a breakwater and a waterfront promenade; building of five lookout points along the Lei Yue Mun waterfront and improvement of the existing viewing platform; landscaping of footpaths; and construction of a new viewing platform. We will arrange for gazettal for the works in accordance with the Town Planning Ordinance and Foreshore and Sea-bed (Reclamations) Ordinance in 2009-10. Subject to funding approval of the Finance Committee, works are expected to commence in 2010 for completion in 2012.
- (b) The design and management of the works by the Civil Engineering and Development Department involve two professional staff and two technical staff. As the project is still at the planning stage, no expenditure will be incurred in 2009-10.

Signature _____

Name in block letters **JOHN S V CHAI** _____

Post Title **Director of Civil Engineering and Development** _____

Date **17.3.2009** _____

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

Head : 33 Civil Engineering and Development Department Subhead :

Programme : (1) Tourism and Recreational Development

Controlling Officer : Director of Civil Engineering and Development

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Regarding the construction of enhancement of public facilities at Ngong Ping, will the Government explain the reasons for its slow progress in 2008-09? What measures will be implemented to facilitate this construction project in the year 2009-10?

Asked by : Hon. SHEK Lai-him, Abraham

Reply :

Enhancement of public facilities at Ngong Ping includes a landscaped piazza and a public toilet at the Ngong Ping transport interchange. Advance works to facilitate construction of the landscaped piazza commenced in early April 2008. Owing to prolonged inclement weather severely affecting Lantau Island in the summer of 2008, the advance works encountered some delays but were finally completed in November 2008. Construction of the landscaped piazza immediately began in the same month and works are now in full swing. For the public toilet, which is the last package of works, the construction will start in late March 2009. We expect that all the enhancement works will be completed in early 2010. We will closely monitor the works progress and liaise with all relevant parties in order to facilitate completion of the works at the earliest opportunity.

Signature _____

Name in block letters _____ **JOHN S V CHAI** _____

Post Title _____ Director of Civil Engineering and Development _____

Date _____ 17.3.2009 _____

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

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

Programme: (1) Statutory Functions

Controlling Officer: Director of Intellectual Property

Director of Bureau: Secretary for Commerce and Economic Development

Question:

With regard to the Department's service of "providing second response for trademark applications within three months", the actual rate of target attainment stood at 89% and 85% in 2007 and 2008 respectively. Why is the planned target for 2009 adjusted downwards to 80%?

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

Having considered our workload and staffing arrangement, we decided to raise the service target of "providing second response for trademark applications within three months" from 75% in 2008 to 80% in 2009. In setting the target, we have taken into account the continued increase in the number of trademark applications in the past three years. We expect that the workload involved in "providing second response" would continue to increase in 2009, thus rendering it difficult to attain a service target higher than 80%. Moreover, cases under this category are generally more complicated, and hence require the attention of relatively more experienced Intellectual Property Examiners.

Signature _____

Name in block letters Stephen SELBY

Post Title Director of Intellectual Property

Date 18.3.2009

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

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

Programme: (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property

Director of Bureau: Secretary for Commerce and Economic Development

Question:

There is an increase of \$1.8 million in the estimated financial and staffing provision for 2009-10 for filling vacancies. Does it mean that the salaries of the new recruits will be higher than that of the staff recruited in the past? If yes, what are the reasons and how many posts are involved?

Asked by: Hon. LEONG Kah-kit

Reply:

Due to the existence of some temporary vacancies in the department in 2008-09, the actual expenditure on salary for the posts concerned under Programme (2) was less than that for 12 months. The vacant posts, regardless of the duration of vacancy, include two Senior Solicitors, two Solicitors, two Intellectual Property Examiner IIs, one Executive Officer II, one Personal Secretary I and one Assistant Clerical Officer. As the recruitment and appointment exercises for filling the above mentioned posts have largely been completed, a full 12-month salary provision has to be budgetted for in the Estimates for 2009-10, resulting in a provision higher than that for 2008-09.

Signature _____

Name in block letters Stephen SELBY

Post Title Director of Intellectual Property

Date 18.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CEDB(CIT)141

Question Serial No.

1473

Head: 78 Intellectual Property Department

Subhead (No. & title):

Programme: (1) Statutory Functions

Controlling Officer: Director of Intellectual Property

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Statistics under the Targets column show that the actual compliance rate for “providing second response for trademark applications within three months” is 89% and 85% in 2007 and 2008 respectively, higher than the planned compliance rate of 2009 by 9% and 5%. Will the Department consider setting a higher planned target to achieve greater efficiency?

Asked by: Hon. LEONG Kah-kit, Alan

Reply:

Having considered our workload and staffing arrangements, we decided to raise the service target of “providing second response for trademark applications within three months” from 75% in 2008 to 80% in 2009. In setting the target, we have taken into account the continued increase in the number of trademark applications in the past three years. We expect that the workload involved in “providing second response” would continue to increase in 2009, thus rendering it difficult to attain a service target higher than 80%. Moreover, cases under this category are generally more complicated and hence require the attention of relatively more experienced Intellectual Property Examiners.

Signature _____

Name in block letters Stephen SELBY

Post Title Director of Intellectual Property

Date 18.3.2009

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

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

Programme : (1) Statutory Functions

Controlling Officer : Director of Intellectual Property

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Statistics under the Indicators column show that, compared to 2007, applications for standard patents dropped by more than 100 and the standard patents granted were down by more than 800 in 2008. Why?

Asked by : Hon. LEONG Kah-kit, Alan

Reply :

The process of applying for a standard patent in Hong Kong involves two stages. At Stage 1, the applicant is required to apply for patent registration at one of the three designated overseas patent offices (namely, the State Intellectual Property Office of the People's Republic of China, European Patent Office (in respect of patents designating the United Kingdom) and United Kingdom Patent Office). After the application has been published by the designated patent office, the applicant may apply for a standard patent in Hong Kong. This is what the "applications for standard patents received" in the Controlling Officer's Report refers to. After the grant of patent by the designated patent office (it usually takes years), the applicant may proceed to Stage 2 of the process, i.e. filing a "request for registration and grant" in Hong Kong. If the documents and information filed by the applicant meet the registration requirements, the Patents Registry will, generally within three months, grant the standard patent. It will be included in the number of the "standard patents granted" in the Controlling Officer's Report.

Due to the time gap between the above two stages, there is no direct relationship between the number of applications received and the number of standard patents granted in a year. Compared to 2007, the number of standard patents granted dropped by more than 800 in 2008. This is mainly due to a reduction in the number of "requests for registration and grant" of standard patents received by the Patents Registry in 2008, and failure to meet the statutory requirements in some cases.

Signature _____

Name in block letters _____

Stephen SELBY

Post Title _____

Director of Intellectual Property

Date _____

18.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CEDB(CIT)143

Question Serial No.

1475

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

Programme: (1) Statutory Functions

Controlling Officer: Director of Intellectual Property

Director of Bureau: Secretary for Commerce and Economic Development

Question:

There is an increase of \$4.7 million in the estimated financial and staffing provision for 2009-2010 for creation of 3 new posts and filling vacant posts. Please specify the ranks and job contents of the new posts. What is the amount of increase in payroll for filling these vacant posts?

Asked by: Hon. LEONG Kah-kit, Alan

Reply:

The 3 new posts to be created in 2009-2010 include: (1) one Senior Solicitor responsible for conducting substantive hearings related to trademark registration and handing down decisions; (2) one Intellectual Property Examiner I responsible for conducting examination of trademark applications; and (3) one Assistant Clerical Officer responsible for carrying out general support duties.

Due to the existence of some temporary vacancies in the department in 2008-2009, the actual expenditure on salary for the posts concerned under Programme (1) was less than that for 12 months. As the recruitment and appointment exercises for filling the above mentioned posts have largely been completed, a full 12-month salary provision has to be budgetted for in the Estimates for 2009-10, resulting in an increase in provision of approximately \$3.6 million over 2008-2009. This does not involve any increase in payroll.

Signature _____

Name in block letters Stephen SELBY

Post Title Director of Intellectual Property

Date 18.3.2009

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

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

Programme: (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Department states that it will “support the business community in strengthening their IP protection in the Mainland through the Guangdong/Hong Kong Expert Group on the Protection of IP Rights”. What are the specific plans and expenditure involved?

Asked by: Hon. LEONG Kah-kit, Alan

Reply:

Established in 2003, the Guangdong/Hong Kong Expert Group on the Protection of Intellectual Property Rights (the Expert Group) aims at enhancing co-operation on intellectual property (IP) protection between Guangdong and Hong Kong. Its work includes promotion and education, training, enforcement and information dissemination. Over the years, the two sides have completed a number of co-operation items such as setting up the IP Database for Guangdong, Hong Kong and Macao to provide the latest information on IP.

In 2009-10, the Intellectual Property Department plans to allocate about \$200,000 to implement co-operation items under the framework of the Expert Group. The provision will be used for organising, in collaboration with IP authorities in Guangdong, various activities with a view to helping Hong Kong small and medium enterprises (SMEs) operating in Guangdong better understand the IP laws and systems of the Mainland and Hong Kong as well as helping them protect IP rights and build capacity in IP management. Major co-operation items include the following:

- To organise the Guangdong/Hong Kong Seminar on IP and Development of SMEs on 7 April 2009 in Zhongshan with the Intellectual Property Office of Guangdong Province, Zhongshan Municipal People's Government and the Hong Kong Trade Development Council.
- To set up a booth at the China Import and Export Fair to be held in May 2009 in Guangzhou to provide information on IP.
- To organise exchange activities on “Exploitation and Management of IP by Enterprises” in both places in May and late 2009 respectively to encourage enterprises in the creative industries to exploit and manage their IP effectively.

- To jointly produce a booklet on IP for Guangdong, Hong Kong and Macao with the Intellectual Property Department of the Macao SAR Economic Services in mid-2009, detailing the IP systems of the three places, including matters requiring attention when filing trademark, patent and design applications as well as the channels for pursuing remedy in case of infringement. The booklet will provide enterprises and the public with information on IP protection of the three places in one go.

The Eighth Meeting of the Expert Group will be held in July 2009 in Guangzhou to discuss and finalize the implementation of other co-operation items for 2009-10, including items for furthering the assistance rendered for Hong Kong SMEs operating in Guangdong to strengthen their IP protection and management in the Mainland.

Signature _____

Name in block letters Stephen SELBY

Post Title Director of Intellectual Property

Date 18.3.2009

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

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

Programme: (1) Statutory Functions
 (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property

Director of Bureau: Secretary for Commerce and Economic Development

Question:

In 2008-09, 23 permanent posts have been created in the Intellectual Property Department. How effective are these additional staff in performing statutory functions and protecting intellectual property?

Asked by: Hon. LEUNG Mei-fun, Priscilla

Reply:

Approval was given for the Intellectual Property Department to create 23 permanent posts in 2008-09 to replace non-civil service contract (NCSC) positions. Since the creation of posts has been offset by the deletion of the same number of NCSC positions, the Department's manpower remains unchanged. Creating 23 permanent posts therefore has no substantial impact on the Department's performance of statutory functions and its work on enhancing intellectual property protection.

Signature _____

Name in block letters Stephen SELBY

Post Title Director of Intellectual Property

Date 18.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CEDB(CIT)146

Question Serial No.

0685

Head: 78 Intellectual Property Department

Subhead (No. & title):

Programme: (1) Statutory Functions

Controlling Officer: Director of Intellectual Property

Director of Bureau: Secretary for Commerce and Economic Development

Question:

While the provision for 2009-10 increases by \$4.7 million (6.8%) owing to the creation of 3 posts and the filling of vacancies, it is said that the expenses can be offset by the reduced requirements in general departmental expenses. Please explain why there is a drop in requirements in departmental expenses. As the requirements drop, why is there a need to increase manpower? Regarding the additional manpower, what are the posts?

Asked by: Hon. WONG Ting-kwong

Reply:

The creation of posts and the filling of existing vacancies will lead to an increase in expenditure. The 3 new posts include one Senior Solicitor, one Intellectual Property Examiner I and one Assistant Clerical Officer (ACO). The ACO post is to replace an existing non-civil service contract (NCSC) staff post, the remuneration for which is charged under general departmental expenses. Upon creation of the civil service post, there is no need for the department to hire NCSC staff. This will result in a reduction in general departmental expenses, offsetting part of the additional expenses incurred by the creation of posts and the filling of vacancies.

Signature _____

Name in block letters Stephen SELBY

Post Title Director of Intellectual Property

Date 18.3.2009

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

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

Programme : (2) Protection of Intellectual Property

Controlling Officer : Director of Intellectual Property

Director of Bureau : Secretary for Commerce and Economic Development

Question :

A total of over 50 000 organisations, through various promotional channels, learnt of the "Software Asset Management Consultancy Programme" implemented between October 2007 and July 2008. However, only 650 of them participated in it. Has the Administration reviewed the effectiveness of the promotional efforts? Is the Administration satisfied with the response and why? Will the Programme be continued in 2009-10? If yes, what will be the expenditure?

Asked by : Hon. WONG Ting-kwong

Reply :

The objectives of implementing the "Software Asset Management (SAM) Consultancy Programme" are: (a) to help local organisations (in particular small and medium enterprises) better understand the basic concept of SAM and the newly added business end-user directors'/partners' liability; and (b) to provide free consultancy services that enable participating organisations to acquire more in-depth understanding of SAM and help them adopt related best practices in business.

Regarding (a), we introduced (through various channels such as tele-marketing, direct mailing, leaflets, newspapers, magazines and seminars) the SAM Consultancy Programme to over 50 000 organisations, highlighting the advantages of proper management of software assets and presenting to them effective measures that would help prevent inadvertent copyright infringement in business. According to the findings of a Survey on Business Attitudes to Intellectual Property conducted by the Intellectual Property Department in November 2008, nearly 50% of the responding companies are aware that under the amended Copyright Ordinance, directors/partners may be criminally liable if their firms are in possession of pirated software for business end-uses. This shows that the Programme has contributed towards promoting awareness of and respect for intellectual property.

Regarding (b), we offered, through free and targeted consultancy services, professional advice to individual participating organisations with a view to helping them manage software assets properly. In the questionnaire survey conducted upon completion of the Programme, the 650 participating organisations generally agreed that SAM is a good management tool for fortifying corporate governance. Up to 85% of the respondents considered the Programme very useful and 81% indicated that they would implement SAM within 1 year.

The Intellectual Property Department has no plan to continue implementing the SAM programme in 2009-10. Nevertheless, we launched a free Intellectual Capital Management Consultancy Programme in March 2009 to help business enterprises identify and manage their intellectual capital, and to enhance their understanding of and respect for intellectual property. The estimated expenditure for this Programme is about \$4 million.

Signature	_____
Name in block letters	Stephen SELBY
Post Title	Director of Intellectual Property
Date	18.3.2009

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

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

Programme : (2) Protection of Intellectual Property

Controlling Officer : Director of Intellectual Property

Director of Bureau : Secretary for Commerce and Economic Development

Question :

In 2009-2010, how will the Bureau assist the small and medium enterprises operating in Hong Kong and the Mainland to apply for patents in order to protect their intellectual property rights? How much provision will be allocated for this purpose?

Asked by : Hon. WONG Ting-kwong

Reply :

To assist small and medium enterprises (SMEs) and others to protect their patent rights relating to inventions, the Intellectual Property Department (IPD) has uploaded materials such as guidance notes for patent applicants, information on the application and examination process, relevant laws and frequently asked questions onto its website under the patent section <www.ipd.gov.hk/eng/patents.htm>. The Department has been working closely with the business sector, and provides SMEs with information on patent registration and other intellectual property (IP) related matters through the organisation of seminars and participation in exhibitions in Hong Kong. About \$120,000 has been earmarked for this area of work in 2009-10.

IPD also works closely with Mainland authorities responsible for IP protection to provide information on IP including patent. For example, we regularly update and enrich the content of the IP Database for Guangdong, Hong Kong and Macao <www.ip-prd.net> and the Mainland Enterprises Corner <www.ipd.gov.hk/eng/mainland_networking.htm>. We also join hands with the relevant Mainland authorities to organise educational and promotional activities for Hong Kong SMEs operating in the Mainland (e.g. running exchange programmes) to provide information on patent and other IP related matters and to facilitate their networking with the IP practitioners in the Mainland. We have set aside some \$240,000 in 2009-10 for the organisation of activities in collaboration with the Mainland. They include:

- organising, in collaboration with Guangdong, the Guangdong/Hong Kong Seminar on IP and Development of SMEs in Zhongshan in April 2009;
- setting up a booth at the China Import and Export Fair in Guangzhou in May 2009;
- organising a seminar on patent law in collaboration with the State Intellectual Property Office in Hong Kong in the first quarter of 2010; and
- publishing a booklet on IP for Guangdong, Hong Kong and Macao in collaboration with the IP Office of Guangdong Province and the IP Department of the Macao SAR Economic Services.

Apart from the IPD initiatives above, the Innovation and Technology Commission has also introduced the Patent Application Grant, which is a funding scheme to assist local companies (including SMEs) and individuals to apply for patents of their own inventions. Each approved application may attract a grant of not more than \$100,000 or 90% of the sum of the total direct cost of the patent application (including the cost for patent search-cum-technical assessment) and the administration fee charged by the Hong Kong Productivity Council, whichever is the lower.

Signature	_____
Name in block letters	_____ Stephen SELBY _____
Post Title	_____ Director of Intellectual Property _____
Date	_____ 18.3.2009 _____

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

Head : 79 Invest Hong Kong

Subhead (No. & title) :

Programme : Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce and Economic Development

Question :

In the work plan for 2009-10, it is stated that Hong Kong will enhance efforts on investment promotion particularly in new emerging markets and in the Mainland and Taiwan. Please provide a breakdown of the resources allocated for promotion activities by country, and details of the work plan and estimated expenditure for various markets in 2009-10.

Asked by : Hon. CHAN Tanya

Reply :

Resources for carrying out in-market IP activities in the Mainland, Taiwan and a number of markets with emerging potentials as our inward investment targets are \$5 million, \$0.7 million and \$3.1 million respectively. Detailed breakdown for these markets with emerging potential are as follows –

Market	Resources to be allocated (\$M)
Latin America	0.4
India	0.5
Arab Middle East	0.5
Turkey	0.3
Israel	0.3
Singapore	0.5
Korea	0.6

The above figures do not include all the staff costs and general marketing and promotion expenses related to these markets which are absorbed under Head 79. Manpower for the four Investment Promotion Units in the Mainland is funded by Head 144 – Government Secretariat: Constitutional and Mainland Affairs Bureau.

In 2009-10, the investment promotion (IP) activities in the Mainland, Taiwan and these new emerging markets include –

- (a) on-going efforts to promote Hong Kong and encourage foreign, Mainland and Taiwan companies to establish a presence in Hong Kong;
- (b) facilitation services to companies in setting up or expanding their businesses in Hong Kong; and aftercare services to companies that are already established in Hong Kong;
- (c) sponsored events, speaking engagement at business forums and high level events and networking events in emerging markets, the Mainland and Taiwan;
- (d) visits to enterprises;
- (e) investment study delegations to Hong Kong;
- (f) investment promotion meetings with potential investors;
- (g) seminars and workshops to promote Hong Kong as a two-way platform between the Mainland and the rest of the world;
- (h) the three-year nation-wide marketing promotion campaign, "On Your Marks, Get-set, Go!" for seven high-growth provinces¹ across the Mainland to provide privately-owned enterprises with the information and tools to expand internationally by using Hong Kong as their gateway through high-level seminars, workshops and study missions supported by advertising and public relations campaigns. In 2009, the campaign is scheduled to be held in Jiangsu and Sichuan; and
- (i) joint investment promotion seminars in key overseas markets in collaboration with Mainland provinces and cities since September 2002 to promote the combined advantages offered by Hong Kong and the Mainland, in particular the Greater Pearl River Delta. In 2009-10, InvestHK is planning to conduct around 6 joint seminars, including five in Stockholm, Helsinki, New York, Seoul and Germany with Fujian, Huizhou, Shenzhen, Zhaoqing and Zhuhai respectively.

Signature _____
Name in block letters _____
SIMON GALPIN
Post Title _____
Director-General of Investment Promotion (Ag.)
Date _____
18.3.2009

¹ The seven provinces are Zhejiang, Shandong, Fujian, Jiangsu, Sichuan, Liaoning and Guangdong.

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

Head : 79 Invest Hong Kong

Subhead (No. & title) :

Programme : Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Regarding the *Outline of the Plan for the Reform and Development of the Pearl River Delta* issued by the National Development and Reform Commission of the State Council recently, Invest Hong Kong sets out in its work plan for 2009-10 that it will enhance co-operation with the Pearl River Delta (PRD) region. Will the Administration provide details of the work plan and estimated expenditure in this regards? Will Invest Hong Kong consider allocating resources to help PRD enterprises invest in Hong Kong and go global via Hong Kong while facilitating overseas enterprises to enter the Mainland market through Hong Kong as a springboard?

Asked by : Hon. CHAN Tanya

Reply :

InvestHK has mainly, through the Investment Promotion Unit (IPU) of the Hong Kong Economic and Trade Office in Guangzhou, reached out to Mainland enterprises in the five provinces¹, including cities in the PRD region, to provide facilitation service and assistance with a view to attracting them to establish business presence in Hong Kong so as to use Hong Kong as a platform to go global. Staff cost in this area has been absorbed under Head 144 Government Secretariat: Constitutional and Mainland Affairs Bureau.

In 2009-10, the IPU will continue to strengthen the promotion of InvestHK's services to Mainland enterprises by conducting visits to targeted companies, organising Investment Promotion seminars with relevant government departments or trade associations in the PRD region; and organising study missions to Hong Kong for enterprises in the region. About \$0.5 million will be allocated for these activities.

¹ Guangdong, Guangxi, Jiangxi, Fujian and Hainan

To promote the combined advantages offered by Hong Kong and the Mainland and in particular the PRD region and to attract more overseas enterprises to invest in Hong Kong and use Hong Kong as a platform to tap the business opportunities in the Mainland, InvestHK, in 2009-10, will continue to co-operate with the Mainland provincial and municipal authorities to conduct joint seminars in key overseas markets and is planning to conduct around 6 joint seminars including four seminars related to PRD region enterprises in Helsinki, New York, Seoul and Germany with Huizhou, Shenzhen, Zhaoqing and Zhuhai respectively. A sum of \$4 million is earmarked to this end.

Signature	_____
Name in block letters	<u>SIMON GALPIN</u>
Post Title	<u>Director-General of Investment Promotion (Ag.)</u>
Date	<u>18.3.2009</u>

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

Head : 79 Invest Hong Kong

Subhead (No. & title) :

Programme : Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Given the rapid development of the “three Direct Links” across the Taiwan Strait, has Invest Hong Kong (InvestHK) considered allocating resources to address the impact, opportunities and challenges of the “Three Direct Links” on promoting investment in Hong Kong? Does InvestHK have any focused plans to respond to the opportunities and competition brought about by the “Three Direct Links” on Hong Kong? If yes, please give details of the work plan and the estimated expenditures.

Asked by : Hon. CHAN Tanya

Reply :

To capitalise on the latest developments in cross-strait relations, Invest Hong Kong (InvestHK) has earmarked \$0.7 million for carrying out in-market investment promotion (IP) activities in Taiwan in 2009-10. This figure does not include all the staff costs and general marketing and promotion expenses related to this market which are absorbed under Head 79.

The following strategies are being planned to attract inward investment from Taiwan-

(i) Strengthen liaison with partners and multipliers

InvestHK will continue to strengthen the partnership with chambers of commerce, trade organisations, banks, accounting firms, etc. both locally and abroad, e.g. Taiwan External Trade Development Council (TAITRA) and the Taiwan Chamber of Commerce, to tap on their huge membership or database to attract overseas investment. InvestHK is also exploring future co-operation opportunities with these organisations through its consultant in Taipei. At the same time, IP staff at the headquarters in Hong Kong will liaise with the TAITRA's local office to exchange information of mutual interests.

(ii) Promote Hong Kong investment environment to Taiwan business circle

In 2008, two speaking engagements for senior officers from InvestHK were organised in conjunction with local trade associations. The events attracted some 150 senior executives from diverse business sectors and proved to be a very effective way to update the Taiwan business community on Hong Kong's latest economic development and to promote InvestHK's services.

Building on last year's success, InvestHK plans to arrange more events to reach out to a wider spectrum of the Taiwan business community.

Signature _____
Name in block letters SIMON GALPIN
Post Title Director-General of Investment Promotion (Ag.)
Date 18.3.2009

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

Head : 79 Invest Hong Kong

Subhead (No. & title) :

Programme : Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Would the Administration advise out of the estimated funding of \$111.6m for the financial year 2009-10, how much will be spent on investment promotion efforts in the Mainland, Taiwan and new emerging markets? Please set out in detail the respective proportions of resources and manpower to be allocated for each new emerging market.

Asked by : Hon. LEUNG Kwan-yuen, Andrew

Reply :

Resources for carrying out in-market IP activities in the Mainland, Taiwan and a number of markets with emerging potential as our inward investment targets are \$5 million, \$0.7 million and \$3.1 million respectively. Detailed breakdown for these markets with emerging potential are as follows –

Market	Resources to be allocated (\$M)
Latin America	0.4
India	0.5
Arab Middle East	0.5
Turkey	0.3
Israel	0.3
Singapore	0.5
Korea	0.6

The above figures do not include all the staff costs and general marketing and promotion expenses related to these markets which are absorbed under Head 79. Manpower for the four Investment Promotion Units in the Mainland is funded by Head 144 – Government Secretariat: Constitutional and Mainland Affairs Bureau.

Signature _____
Name in block letters **SIMON GALPIN**
Post Title Director-General of Investment Promotion (Ag.)
Date 18.3.2009

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

Head : 79 Invest Hong Kong

Subhead (No. & title) :

Programme : Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce and Economic Development

Question :

How will InvestHK make use of the \$111.6 million provision for 2009-10? In view of the impact of the financial tsunami, will any adjustment be made to the promotion strategy? What is the expenditure on the overseas, Mainland, Pearl River Delta and Taiwan markets respectively?

Asked by : Hon. WONG Ting-kwong

Reply :

In 2009-10, InvestHK will continue with its on-going investment promotion (IP) efforts in major target markets e.g. US, Western Europe and Japan and enhance its IP efforts in new emerging markets, such as India.

In the face of the global economic downturn and the expected decrease in the Foreign Direct Investment levels, InvestHK will refine its marketing messaging, channel more of its promotion efforts into direct marketing, online marketing and telemarketing. Besides, InvestHK will also strengthen its aftercare support services to overseas, Mainland and Taiwan companies that have already established their presence in Hong Kong to support retention and expansion of investment.

Within the total provision of \$111.6 million, about \$42.5 million will be required to fund IP activities and sustain the momentum of the IP work. The balance of \$69.1 million is for staff cost and other general departmental expenses that are used to support directly and indirectly a full range of IP activities for all target markets.

Out of the \$42.5 million mentioned above, the funding requirements for conducting in-market IP activities in overseas, the Mainland (including Pearl River Delta region) and Taiwan markets are \$17.9 million, \$5 million and \$0.7 million respectively. These figures do not include a sum of \$18.9 million for advertising, sponsorship and other promotional initiatives. Since these promotional initiatives span all target markets, it will be very difficult to quantify precisely the amount of resources to be allocated to each market.

Signature _____
Name in block letters SIMON GALPIN
Post Title Director-General of Investment Promotion (Ag.)
Date 18.3.2009

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

Head : 79 Invest Hong Kong

Subhead (No. & title) :

Programme : Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce and Economic Development

Question :

What large-scale promotion activities will Invest Hong Kong have in 2009-10? What are the respective amounts of expenditure on the promotion activities and staff cost?

Asked by : Hon. WONG Ting-kwong

Reply :

To raise the awareness and profile of Hong Kong on an ongoing basis, Invest Hong Kong (InvestHK) organizes events, such as receptions for major foreign communities, sector-focused receptions, etc.; as well as sponsors or participates in major events that take place in Hong Kong and in major overseas markets, such as Hong Kong Sevens, the 16th Commonwealth Law Conference, GAIM Asia and Bio 2009, etc. Our role at these events included networking with the participants who are potential or existing investors, generating project leads and creating awareness of the advantages of investing in Hong Kong and the free service to be provided by InvestHK to prospective investors.

For overseas markets, InvestHK has been conducting a series of joint investment promotion seminars in key overseas markets in collaboration with Mainland provinces and cities since September 2002 to promote the combined advantages offered by Hong Kong and the Mainland, in particular the Greater Pearl River Delta. In 2009-10, InvestHK plans to organise around six joint overseas promotion seminars. We will partner with Fujian in Stockholm (April), Huizhou in Helsinki (April), Shenzhen in New York (June), Zhaoqing in Seoul (June) and Zhuhai in Germany (October). Other events are being confirmed.

Regarding the Mainland market, InvestHK will continue to organise a series of promotion activities under the three-year nation-wide marketing promotion campaign, "On Your Marks, Get-set, Go!". The campaign focuses on seven high-growth provinces¹ across the Mainland and aims to provide privately-owned enterprises with the information and tools to expand internationally by using Hong Kong as their gateway through high-level seminars, workshops and study missions supported by advertising and public relations campaigns. In 2009, the campaign is scheduled to be held in Jiangsu and Sichuan.

The estimated expenditure for these promotion activities is \$10.9 million and the staff cost is about \$7.6 million.

¹ The seven provinces are Zhejiang, Shandong, Fujian, Jiangsu, Sichuan, Liaoning and Guangdong.

Signature _____
Name in block letters SIMON GALPIN
Post Title Director-General of Investment Promotion (Ag.)
Date 18.3.2009

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

Head : 79 Invest Hong Kong Subhead (No. & title) :
Programme : Investment Promotion
Controlling Officer : Director-General of Investment Promotion
Director of Bureau : Secretary for Commerce and Economic Development

Question :

As regards the joint overseas marketing activities with Pearl River Delta cities, what are the projects to take place? What are the details of the activities and the expenditure involved? How were the results of similar activities previously held? Have goals or results expected to be attained been set for each project?

Asked by : Hon. WONG Ting-kwong

Reply :

In 2009-10, we plan to organise around 6 joint overseas promotion seminars with our Pearl River Delta partners. We will partner with Huizhou in Helsinki (April), Shenzhen in New York (June), Zhaoqing in Seoul (June) and Zhuhai in Germany (October). Other events are being confirmed. A sum of \$4 million is earmarked to this end.

The main objective of the seminars is to attract overseas investors to establish operation in Hong Kong for accessing the Mainland market in particular the Greater Pearl River Delta as well as generating leads for investment purpose. From 2002 to end 2008, 54 joint promotion seminars have been held. The total attendance is 19 870, resulting in 39 completed projects and 111 projects being pursued. For each seminar, it is our normal target to attract about 150 local investors to attend.

Signature _____
Name in block letters SIMON GALPIN
Post Title Director-General of Investment Promotion (Ag.)
Date 18.3.2009

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

Head : 79 Invest Hong Kong

Subhead (No. & title) :

Programme : Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce and Economic Development

Question :

How will Invest Hong Kong conduct promotion activities in new emerging markets and Taiwan? Which economies do new emerging markets include?

Asked by : Hon. WONG Ting-kwong

Reply :

Invest Hong Kong (InvestHK) carries out its investment promotion (IP) activities in Taiwan and a number of markets with emerging potential as our inward investment targets through part-time consultants. These emerging markets include India, Latin America, Arab Middle East, Turkey, Israel, Singapore and Korea.

The investment promotion (IP) activities in these markets include -

- (a) IP visits to encourage companies from these economies to establish a presence in Hong Kong;
- (b) networking and promotion events, targeting the emerging markets in order to generate projects leads and reach out to potential investors;
- (c) advertising and public relations campaign in some target emerging markets to enhance the awareness of Hong Kong as the leading international business location in Asia;
- (d) facilitation services to companies in setting up or expanding their businesses in Hong Kong; and aftercare services to companies that are already established in Hong Kong; and
- (e) sponsored events, speaking engagement at business forums and high level events and networking events in emerging markets and Taiwan.

Furthermore, InvestHK will also capitalise on the latest developments in cross-strait relations and take a more proactive approach in attracting inward investment from Taiwan through traditional investment promotion activities and the following strategies -

(i) Strengthen liaison with partners and multipliers

InvestHK will continue to strengthen the partnership with chambers of commerce, trade organisations, banks, accounting firms, etc. both locally and abroad, e.g. Taiwan External Trade Development Council (TAITRA) and the Taiwan Chamber of Commerce, to tap on their huge membership or database to attract overseas investment. InvestHK is also exploring future cooperation opportunities with these organisations through its consultant in Taipei. At the same time, IP staff at the headquarters in Hong Kong will liaise with the TAITRA's local office to exchange information of mutual interests.

(ii) Promote Hong Kong investment environment to Taiwan business circle

In 2008, two speaking engagements for senior officers from InvestHK were organised in conjunction with local trade associations. The events attracted some 150 senior executives from diverse business sectors and proved to be a very effective way to update the Taiwan business community on Hong Kong's latest economic development and to promote InvestHK's services.

Building on last year's success, InvestHK plans to arrange more events to reach out to a wider spectrum of the Taiwan business community.

Signature	_____
Name in block letters	<u>SIMON GALPIN</u>
Post Title	<u>Director-General of Investment Promotion (Ag.)</u>
Date	<u>18.3.2009</u>

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

Head : 79 Invest Hong Kong

Subhead (No. & title) :

Programme : Investment Promotion

Controlling Officer : Director-General of Investment Promotion

Director of Bureau : Secretary for Commerce and Economic Development

Question :

With regard to the performance indicators, the Department estimates that there will be a decrease in the number of projects to be pursued and the number of projects to be completed in 2009 as compared with 2007 and 2008. Please advise on the reasons for the estimated decrease.

Asked by : Hon. WONG Ting-kwong

Reply :

In view of the global economic downturn, the 2009 estimates for projects to be pursued and completed are anticipated to be lower than the actual figures in 2007 and 2008.

Signature _____
Name in block letters SIMON GALPIN
Post Title Director-General of Investment Promotion (Ag.)
Date 18.3.2009

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

Head : 168 Hong Kong Observatory

Subhead (No. & title) :

Programme : (1) Weather Services

Controlling Officer : Director of the Hong Kong Observatory

Director of Bureau : Secretary for Commerce and Economic Development

Question :

It is stated under Matters Requiring Special Attention in 2009-10 that the Hong Kong Observatory will “install a High Performance Computing System and implement a suite of high resolution mesoscale models for weather prediction”. Would the Administration advise this Committee on the details of relevant initiatives? What benefits can such improvement bring to weather prediction?

Asked by : Hon. FUNG Kin-kee, Frederick

Reply :

The tendering process for the procurement of the High Performance Computing System is at its final stage. The system is expected to become operational before the rainy season in 2010. By providing high resolution weather information, the system will allow the Hong Kong Observatory (HKO) to pick up smaller-scale weather changes earlier, thus enabling HKO to issue more timely and refined weather forecasts and severe weather warnings to the public.

Signature _____

Name in block letters _____

LAM CHIU YING

Post Title _____

Director of the Hong Kong Observatory

Date _____

17.3.2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CEDB(CIT)159

Question Serial No.

1887

Head : 168 Hong Kong Observatory

Subhead (No. & title) :

Programme : (1) Weather Services

Controlling Officer : Director of the Hong Kong Observatory

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The World Meteorological Organization plans to release in 2009 guidelines that may form the basis for an international standard on heat stress index. In this regard, would the Administration advise this Committee: whether the Hong Kong Observatory will consider applying these guidelines and technology to the publication of general weather information?

Asked by : Hon. FUNG Kin-kee, Frederick

Reply :

The World Meteorological Organization plans to release the guidelines on heat stress index in 2009. As and when the guidelines are available, the Hong Kong Observatory (HKO) will, having regard to local circumstances in Hong Kong, study whether the concept of a heat stress index should be introduced into our public weather service, and if so, how the index might be brought in, including development of the relevant forecasting method.

Signature _____

Name in block letters _____

LAM CHIU YING

Post Title _____

Director of the Hong Kong Observatory

Date _____

17.3.2009

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

Head : 168 - Hong Kong Observatory Subhead (No. & title) :

Programme : (1) Weather Services

Controlling Officer : Director of the Hong Kong Observatory

Director of Bureau : Secretary for Commerce and Economic Development

Question :

I understand that the Hong Kong Observatory (HKO) recorded a monthly mean temperature of 20.5°C in February 2009, the warmest February in 125 years. The global warming situation is intensifying. Can the Administration inform this Committee: how does the HKO forecast long-term climate and extreme weather conditions?

Asked by : Hon. FUNG Kin-kee, Frederick

Reply :

In 2007, the United Nations Intergovernmental Panel on Climate Change published the computed data about future global climate change under different greenhouse gas emission scenarios. Based on these data, and past climatological information recorded in Hong Kong and southern China, the Hong Kong Observatory (HKO) made projections about the climate conditions in Hong Kong in the 21st century by means of statistical analysis. HKO has announced its projections about future temperature in March 2008.

Signature _____

Name in block letters _____

LAM CHIU YING

Post Title _____

Director of the Hong Kong Observatory

Date _____

17.3.2009

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

Head : 168 Hong Kong Observatory

Subhead (No. & title) :

Programme : (1) Weather Services

Controlling Officer : Director of the Hong Kong Observatory

Director of Bureau : Secretary for Commerce and Economic Development

Question :

In the Brief Description, it is mentioned that on average a forecast accuracy score of 85 per cent or more was achieved in 2008. In this regard, would the Administration advise this Committee: what methods were used to calculate the accuracy score? What was the absolute minimum of the forecast accuracy score? What was the discrepancy between the actual and forecasted weather conditions in 2008?

Asked by : Hon. FUNG Kin-kee, Frederick

Reply :

The accuracy scores for forecasts issued at different times of the day are computed by reference to the differences between the forecast and actual out-turn, having regard to the various elements contributing to the local weather forecasts (including wind speed, wind direction, cloud cover, temperature, visibility and precipitation) as well as the relative importance of these elements in different seasons.

The lowest accuracy score in 2008 stood at 26 (out of a maximum of 100). It was given to the weather forecast issued at 0745 on 11 June. On that day, under the influence of an active southerly air stream, the weather was unsettled over the Pearl River Delta region. The Hong Kong Observatory forecast occasional heavy rain and a few squally thunderstorms throughout the day. As it turned out, heavy rain and thunderstorms were confined to the morning and affected only Lantau Island and the New Territories. The overall average rainfall was less than expected, resulting in a low score.

Signature _____

Name in block letters _____

LAM CHIU YING

Post Title _____

Director of the Hong Kong Observatory

Date _____

17.3.2009

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

Head : 168 Hong Kong Observatory

Subhead (No. & title) :

Programme : (1) Weather Services

Controlling Officer : Director of the Hong Kong Observatory

Director of Bureau : Secretary for Commerce and Economic Development

Question :

On “provide[ing] weather services to support the 2009 East Asian Games” under Matters Requiring Special Attention in 2009-10, will the Administration inform the Committee of the details of the related works as well as the expenditure and manpower involved?

Asked by : Hon. FUNG Kin-kee, Frederick

Reply :

The Hong Kong Observatory (HKO) plans to provide real-time weather observation data and weather forecasts for the outdoor competition venues of the 2009 East Asian Games (EAG). HKO will also operate a dedicated website to provide the EAG organiser with the latest weather data, real-time weather assessments and severe weather warnings. The service would help the organiser make the necessary arrangements in response.

According to HKO's initial estimates, the above work would require staff input amounting to about 5.5 man-months, or 0.2% of the estimated provision in 2009-10 under Programme (1) Weather Services. The work will be met by existing resources.

Signature _____

Name in block letters _____

LAM CHIU YING

Post Title _____

Director of the Hong Kong Observatory

Date _____

17.3.2009

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

Head : 168 Hong Kong Observatory Subhead (No. & title) :
Programme : (1) Weather Services
Controlling Officer : Director of the Hong Kong Observatory
Director of Bureau : Secretary for Commerce and Economic Development

Question : Regarding the six posts to be created in 2009-2010, please provide details on the duties, ranks and salaries involved and the reasons for the creation.

Asked by : Hon. LEE Wai-king, Starry

Reply :

The Hong Kong Observatory (HKO) will create six non-directorate posts in 2009-10 to provide professional support for the replacement and upgrading of meteorological facilities for the Hong Kong International Airport (including a new terminal weather radar and other meteorological and infrastructural facilities), as well as to develop new aviation-specific weather services.

The ranks and salaries of the posts to be created are:

Rank	Notional Annual Mid-point Salary
2 Scientific Officers (including 1 permanent post and 1 time-limited one*)	\$694,500
1 Experimental Officer	\$350,820
1 Radar Specialist Mechanic	\$483,480
2 Scientific Assistants*	\$197,880

*These are time-limited posts and will only be needed from 2009-10 to 2014-15.

The additional permanent staff will help develop the new aviation-specific weather services to meet the demands of the aviation community in the years ahead. Moreover, they will oversee the procurement and subsequent operation as well as maintenance of the new terminal weather radar. They will also operate and maintain the additional meteorological and infrastructural facilities, including the administration of routine upgrading in the course of time.

The three time-limited posts will help oversee and provide support in following through various steps for procuring the relevant meteorological facilities, including the drafting of tenders, liaison with relevant parties and users, as well as the testing, implementation and commissioning of the facilities.

Signature _____
Name in block letters LAM CHIU YING
Post Title Director of the Hong Kong Observatory
Date 17.3.2009

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

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

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The provision for 2009-2010 is \$58.1 million higher than the revised estimate for 2008-09 due to the increase in cash flow requirements for SME funding schemes. What is the amount involved and what is the basis of the estimate? What are the total default amount and default rate of each scheme for the past two financial years (2006-2007 and 2007-2008) up to 31 March 2008? How many abuse cases were found in these two financial years (2006-2007 and 2007-2008)? What follow-up actions have been taken by the Administration? Recently, the Government has enhanced its force in supporting SMEs. Does the Administration opine that the existing administration and monitoring measures are adequate? Can they prevent these expenditures from being abused and all the bad debts from being unrecoverable?

Asked by : Hon. CHAN Mo-po, Paul

Reply :

Details of the \$58.1 million increase in the provision for the SME funding schemes in 2009-10 over the revised estimate for 2008-09 are as follows :

- (i) \$12.7 million is for an increase in cash flow requirements for the SME Loan Guarantee Scheme (SGS). The estimated expenditure for SGS is projected based on factors including the amount of guarantees approved and the default rate; and
- (ii) \$42.1 million is for an increase in cash flow requirements for the SME Export Marketing Fund (EMF). The estimated expenditure for EMF is projected based on the expenditure in 2008-09 and the estimated increase in the number of applications arising from implementation of enhancement measures introduced in November 2008.

The cumulative default rates for SGS are 2.5% and 2.8% as at end of March 2007 and March 2008 respectively, and the cumulative compensation claims involved are \$219 million and \$274 million respectively.

We have put in place mechanisms to prevent abuse of the funding schemes. For example, in processing applications, we would cross check the owners and major shareholders of applicants in order to prevent the same company from using different company names or business registrations to bypass the funding ceilings. Any such application will be rejected by us.

Moreover, the deed signed between the Government and the participating lending institutions (PLIs) under the loan guarantee schemes contains provisions to prevent abuse of the schemes. Examples include :

- (a) the lender shall require the borrower to undertake and declare to use the facility solely for general business uses of the borrower;

- (b) the lender shall not permit any borrower to use any facility for paying, repaying, restructuring or repackaging any existing loans, credit facilities or payment obligations;
- (c) the lender shall exercise professional skill, judgement and care in processing every application including the audited account(s) and financial statements submitted by the borrower, and the documentary evidence obtained. The lender shall at all times act in accordance with prevailing good banking practice for the banking sector; and
- (d) the Government may terminate the deed and any or all guarantees by giving written notice to the lender if the lender is in breach of any of the terms or conditions of the deed.

In 2006-07 and 2007-08, we did not come across any case which was in breach of the above provisions.

The Government will continue to closely monitor the operation of the SME funding schemes to ensure proper use of public funds.

Signature	_____
Name in block letters	Joseph Y T LAI
Post Title	Director-General of Trade and Industry
Date	17 March 2009

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

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
Director of Bureau : Secretary for Commerce and Economic Development

Question :

In matters requiring special attention in 2009-2010, the Administration will implement measures to support the development and promotion of Hong Kong brands. Will the Administration please give further details on the measures, the expenses involved and the staffing, etc.?

Asked by : Hon. CHEUNG Yu-yan, Tommy

Reply :

In 2009-10, the Trade and Industry Department will work closely with the trade with a view to formulating appropriate measures to facilitate the development and promotion of Hong Kong brands in the Mainland and overseas markets. The Department will call on major trade associations and organisations to gauge the trade's views in this aspect, and organise activities as appropriate (such as seminars and workshops) to meet their needs. We will also explore opportunities for further co-operation with related organisations such as the Hong Kong Trade Development Council in promoting Hong Kong brands particularly in the Mainland, e.g. through exhibitions.

We have budgeted \$500,000 in 2009-10 for initiatives under this area. The additional workload has been absorbed by the Department through internal redeployment.

Signature _____

Name in block letters _____

Joseph Y T LAI

Post Title _____

Director-General of Trade and Industry

Date _____

16 March 2009

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

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
Director of Bureau : Secretary for Commerce and Economic Development

Question :

For the 164 applications received and processed under the Special Loan Guarantee Scheme in 2008, what are the average and median interest payments? What are the highest and lowest interest rates in these applications?

Asked by : Hon. CHEUNG Yu-yan, Tommy

Reply :

The participating lending institutions (PLIs) under the Special Loan Guarantee Scheme (SpGS) do not have a unified mechanism or method for setting interest rates. Some may use the "best lending rate", "Hong Kong Interbank Offered Rate" or "London Interbank Offered Rate" as the basis and apply upward or downward adjustments; some may use a fixed interest rate; and some may use different combinations (e.g. the "best lending rate" or "Hong Kong Interbank Offered Rate", whichever is higher). In addition, as the "best lending rate" differs among PLIs, it is very difficult to conduct a comprehensive statistical analysis of these figures. According to our rough estimation, the interest rates charged for the majority of successful applications under the SpGS lie between the "best lending rate" and two percent over the "best lending rate".

Signature _____

Name in block letters _____

Joseph Y T LAI

Post Title _____

Director-General of Trade and Industry

Date _____

17 March 2009

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

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

Director of Bureau : Secretary for Commerce and Economic Development

Question :

How did the Government arrive at the planned figures of the SME Loan Guarantee Scheme for 2009 (e.g. 1 700 applications received and processed under the scheme)? How can the Government know that the applicants will not apply for the Special Loan Guarantee Scheme instead?

Asked by : Hon. IP LAU Suk-ye, Regina

Reply :

With the implementation of the Special Loan Guarantee Scheme (SpGS) on 15 December 2008, eligible applicants may apply for Government loan guarantee under the SME Loan Guarantee Scheme (SGS), the SpGS, or both. The number of applications under the SGS may be affected when both the SGS and the SpGS run in parallel. As it has yet to be decided whether the SpGS would be extended after 15 June 2009, we have used the actual number of applications received in 2008 (1 684) as reference when we estimated the number of applications under the SGS for 2009 (1 700).

Signature _____

Name in block letters _____

Joseph Y T LAI

Post Title _____

Director-General of Trade and Industry

Date _____

17 March 2009

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

Head : 181 Trade and Industry Department Subhead (No. & title) : 700

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

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Under Item 520, the approved commitment of the SME Loan Guarantee Scheme is \$12.6 billion (based on an assumed default rate of 7.5 per cent, the approved maximum expenditure for settlement of default claim is \$950 million). Is there a ceiling for this default rate? If yes, what is the basis for the calculation of the ceiling? If no, what are the reasons?

Asked by : Hon. IP LAU Suk-ye, Regina

Reply :

The use of an assumed default rate of 7.5% for the SME Loan Guarantee Scheme (SGS) was approved by the Finance Committee (FC) in May 2005. In arriving at the above rate, the Trade and Industry Department has taken into account the views of the SME Committee as well as the default rates for previous loan guarantee schemes. The assumed default rate serves to calculate the Government's guarantee commitment (\$12.6 billion) under the SGS within the maximum expenditure (\$950 million) as approved by the FC. Except with FC's further approval, we will not provide loan guarantee beyond the \$12.6 billion commitment or when the expenditure for settling default claims is about to reach \$950 million, whichever happens first.

Signature _____

Name in block letters _____

Joseph Y T LAI

Post Title _____

Director-General of Trade and Industry

Date _____

17 March 2009

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

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
Director of Bureau : Secretary for Commerce and Economic Development

Question :

The Trade and Industry Department implements the Special Loan Guarantee Scheme in the 2009-2010 financial year without increasing the manpower under this programme. Please explain if staff will be added or redeployed to cope with the workloads of the Special Loan Guarantee Scheme.

Asked by : Hon. IP Wai-ming

Reply :

In view of the increasing workload arising from the upsurge in the number of applications under the Special Loan Guarantee Scheme, we have internally redeployed around 20 staff and borrowed six staff from other departments. We are also in the process of hiring 27 additional NCSC staff to deal with the increased workload. Depending on the situation, we may consider further increasing the number of NCSC staff.

Signature _____

Name in block letters Joseph Y T LAI

Post Title Director-General of Trade and Industry

Date 17 March 2009

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

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

Programme: (2) Trade Support and Facilitation

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce and Economic Development

Question:

- (a) Why is the number of the Certificate of Hong Kong Origin issued under the “Mainland and Hong Kong Closer Economic Partnership Arrangement” (CEPA) in 2008 less than 2007?
- (b) Why was no certificate of origin (Form A) issued in 2007 and 2008?
- (c) The Trade and Industry Department will continue to discuss with the Mainland authorities on further trade liberalisation and facilitation measures and other implementation matters under CEPA. What topics will be covered in the 2009-2010 financial year?

Asked by: Hon. IP Wai-ming

Reply:

- (a) Although the number of Certificates of Hong Kong Origin issued under CEPA (CO(CEPA)) in 2008 is fewer than that in 2007, there was an increase of 8.7% in terms of total value. Further, the certificates issued in 2008 generally covered more product items than those issued in 2007, indicating that the trade have become more familiar with the CO(CEPA) system and have made better use of each CO(CEPA) to cover more products. The decrease in the number of CO(CEPA) may also be attributed to the overall decrease in Hong Kong's total domestic exports in 2008.
- (b) A Certificate of Origin Form A, also known as Generalized Preference Certificate, is used to support certain locally produced products for claim of preferential tariff entry into overseas countries under the generalized systems of preferences (GSP) they operate. GSP is usually provided to less developed economies for the purpose of promoting their economic development and reducing poverty.

In the past, Hong Kong was a beneficiary under the GSP schemes operated by a number of overseas countries. With growing prosperity in Hong Kong, more and more overseas countries have removed Hong Kong from the list of eligible territories for preferential tariff. Currently, only Canada and the Russian Federation offer preferential tariff under their GSP schemes to Hong Kong.

Apart from the Trade and Industry Department, traders may also apply for a Form A from any of the five Government Approved Certification Organizations. All Form A issued in 2007 and 2008 (being 29 and 11 respectively) were issued by these organizations.

- (c) During the 2009-2010 financial year, we will continue to engage the Mainland authorities in discussion on the following matters under CEPA:
- (i) further services liberalization and trade and investment facilitation - the Government has already embarked on a new round of consultation with the Central Government and aims to come to an agreement as early as possible to provide more business opportunities for the Hong Kong trade and to facilitate trade with the Mainland;
 - (ii) further development of rules of origin (CEPA) for Hong Kong products entering the Mainland market tariff-free under CEPA; and
 - (iii) effective implementation of CEPA through early promulgation of relevant Mainland laws and regulations, and the putting in place of facilitation measures (e.g. streamlining approval procedures; expediting processing of applications; and providing one-stop service centres) for Hong Kong service suppliers operating in the Mainland.

Signature _____

Name in block letters Joseph Y T LAI

Post Title Director-General of Trade and Industry

Date 16 March 2009

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

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
Director of Bureau : Secretary for Commerce and Economic Development

Question :

The revised financial provision for 2008-09 is around \$310 million, which is about 30 % higher than the original estimate for 2008-09. What are the reasons for the increase?

Asked by : Hon. LAM Kin-fung, Jeffrey

Reply :

The revised estimate for 2008-09 is 30% (\$71.7 million) higher than the original estimate for 2008-09. This is mainly due to an increase in cashflow requirement of the SME Export Marketing Fund (EMF) as a result of implementing enhancement measures in March and November 2008 respectively. The scope of reimbursable items has been expanded and the cumulative grant ceiling has been raised from \$80,000 to \$150,000. From 1 April 2008 to 28 February 2009, 14 738 applications were approved under the EMF, representing an increase of 98% over the same period in 2007-08.

Signature _____

Name in block letters _____

Joseph Y T LAI

Post Title _____

Director-General of Trade and Industry

Date _____

17 March 2009

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

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

Programme : (2) Trade Support and Facilitation

Controlling Officer : Director-General of Trade and Industry

Director of Bureau : Secretary for Commerce and Economic Development

Question :

The Trade and Industry Department (TID) indicates that, during 2009-2010, it will continue to strengthen liaison with the Mainland authorities and the local trade on various issues of interest with significant impact on the local trade, particularly small and medium enterprises (SMEs). Will the Administration please inform the Committee :

- a. if TID has made any special arrangement or has had any plan as of today, and what is the relevant expenditure?
- b. if it has covered the point raised by the Financial Secretary in his budget speech (paragraph 33), i.e., "To effectively and speedily implement and follow-up on the Outline of the Plan for the Reform and Development of the Pearl River Delta" (the Outline)? If so, could the Administration please specify the measures as well as the estimated expenditure?

Asked by : Dr Hon LAM Tai-fai

Reply :

- (a) In 2009-2010, TID will continue to strengthen liaison with the Mainland authorities and the local trade on issues of concern, such as the following :
 - (i) promote trade liberalisation under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA);
 - (ii) assist Hong Kong enterprises in the processing trade to upgrade, restructure, relocate and develop new markets, and consult the trade through the Task Force to Support the Processing Trade and reflect their views to the Mainland authorities;
 - (iii) to co-operate with the Guangdong Provincial Government through the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade to explore feasible measures to assist the trade;
 - (iv) support the work of the Small and Medium Enterprises Committee which advises the Government on issues affecting the development of SMEs in Hong Kong, including possible measures to support and facilitate their development and growth; and

- (v) organise seminars and disseminate information to help the trade better understand relevant policies and measures in the Mainland.

Other specific work to be undertaken during the financial year will depend on specific issues of interest to the local trade which may emerge from time to time.

- (b) As regards paragraph 33 of the Budget Speech, it should be noted that the relevant work involves various bureaux and departments. As far as the Department is concerned, we will continue to make use of the platform provided by CEPA to deepen co-operation of services industries between Hong Kong and Guangdong. The Administration has already embarked on a new round of consultation with the Central Government on further liberalisation under CEPA, and aims to come to an agreement as early as possible. In the course of consultation, we have made reference to the areas proposed in the Outline. We will strive to introduce more liberalisation measures for pilot implementation in Guangdong, so as to promote further development of Hong Kong's services industries in the Pearl River Delta.

The work in (a) and (b) above is mainly undertaken by the Mainland Division, which is headed by an Assistant Director-General and supported by 16 Trade Officer Grade officers. As some of these officers are also responsible for other aspects of work relating to trade and economic relations between the Mainland and Hong Kong, it is difficult to single out the amount of resources spent solely on (a) or (b).

Signature	_____
Name in block letters	_____ Joseph Y T LAI _____
Post Title	_____ Director-General of Trade and Industry _____
Date	_____ 16 March 2009 _____

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

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

Director of Bureau : Secretary for Commerce and Economic Development

Question:

The Trade and Industry Department (TID) indicates that it will closely monitor the effectiveness and utilisation of the SME Funding Schemes and the Special Loan Guarantee Scheme. Will the Administration please inform the Committee how TID will monitor the effectiveness of the abovementioned schemes? What are the criteria of assessment and the expenses involved?

Asked by : Dr Hon. LAM Tai-fai

Reply :

The Trade and Industry Department (TID) makes reference to both quantitative and qualitative factors in monitoring the effectiveness and utilisation of the SME funding schemes and the Special Loan Guarantee Scheme. For quantitative factors, TID keeps in view key figures such as the number of applications received, the amount of loans or subsidies granted, the number of SME beneficiaries etc., on a regular basis, which are directly relevant to the performance of the schemes. TID has been providing these figures to the SME Committee for reference regularly. On the other hand, TID also collects qualitative feedbacks from the schemes' beneficiaries through on-going liaison work. In the past, the Department has also commissioned surveys to understand the views of beneficiaries, as well as attended some of the activities (e.g. seminars and conferences) supported by the SME Development Fund to gauge the response of the participants.

The above activities form part of the day-to-day work of the Department. The expenses involved are absorbed in the Department's overall resource provisions that we cannot provide further breakdown.

Signature _____

Name in block letters _____

Joseph Y T LAI

Post Title _____

Director-General of Trade and Industry

Date _____

17 March 2009

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

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
Director of Bureau : Secretary for Commerce and Economic Development

Question :

The Trade and Industry Department (TID) indicates that it will implement measures to support the development and promotion of Hong Kong brands. Thus, will the Administration please inform the Committee the specific measures or plans, as well as the breakdown?

Asked by : Hon. LAM Tai-fai

Reply :

In 2009-10, the Trade and Industry Department will work closely with the trade with a view to formulating appropriate measures to facilitate the development and promotion of Hong Kong brands in the Mainland and overseas markets. The Department will call on major trade associations and organisations to gauge the trade's views in this aspect, and organise activities as appropriate (such as seminars and workshops) to meet their needs. We will also explore opportunities for further co-operation with related organisations such as the Hong Kong Trade Development Council in promoting Hong Kong brands particularly in the Mainland, e.g. through exhibitions.

We have budgeted \$500,000 in 2009-10 for initiatives under this area. The additional workload has been absorbed by the Department through internal redeployment.

Signature _____

Name in block letters _____

Joseph Y T LAI

Post Title _____

Director-General of Trade and Industry

Date _____

16 March 2009

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

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
Director of Bureau : Secretary for Commerce and Economic Development

Question :

With regard to hosting APEC SME Working Group and related meetings in Hong Kong in 2010, will the Government please inform the Committee the details of the arrangement and the expenses involved?

Asked by : Dr Hon. LAM Tai-fai

Reply :

The APEC SME Working Group (SMEWG) and related meetings are normally held twice a year. For the first meeting in 2010, Hong Kong will be the host economy and be responsible for all the logistical arrangements. The meetings are scheduled to be held in June 2010 at the Hong Kong Convention and Exhibition Centre.

In line with established practice, the SMEWG plenary meeting will last around three days, and Hong Kong being the host economy will usually organise or co-organise a seminar at the margins of the plenary meeting. We estimate that the meetings and seminar would attract about 100 APEC delegates to Hong Kong.

The Trade and Industry Department has earmarked \$2.5 million in 2009-10 for the meeting. The budget covers expenditure relating to rental of conference venue, renting of conference equipment and facilities, hiring of professional conference organiser, hospitality, as well as in-town transportation arrangements for delegates. We will also be responsible for the air tickets and accommodation of overseas speakers.

Signature _____

Name in block letters _____

Joseph Y T LAI

Post Title _____

Director-General of Trade and Industry

Date _____

17 March 2009

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

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
Director of Bureau : Secretary for Commerce and Economic Development

Question :

Under the Programme of "Support for Small and Medium Enterprises and Industries", the financial provision for 2009-2010 is \$370 million. Will the Administration please give a breakdown on the detailed work content and expenses involved of each item?

Asked by : Dr Hon. LAM Tai-fai

Reply :

The financial provision for 2009-2010 under Programme (3) "Support for Small and Medium Enterprises and Industries" is \$370 million. Major items include –

- (i) cash flow requirements for the SME Loan Guarantee Scheme (\$34 million) and the Export Marketing Fund (\$277 million);
- (ii) personal emoluments (\$40 million); and
- (iii) other expenditure on items such as organisation of activities for SMEs (including, for example, seminars, mentorship programme and exhibitions), organisation of the Hong Kong Awards for Industries, hosting of the APEC SME Working Group and related meetings in Hong Kong etc. (\$19 million).

Signature _____

Name in block letters _____

Joseph Y T LAI

Post Title _____

Director-General of Trade and Industry

Date _____

17 March 2009

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

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
Director of Bureau : Secretary for Commerce and Economic Development

Question :

Under the Programme of "Support for Small and Medium Enterprises and Industries", the revised estimate for 2008-2009 is 29.9% higher than the original estimate for the same year. Will the Administration please explain the reasons in detail?

Asked by : Dr Hon. LAM Tai-fai

Reply :

The revised estimate for 2008-09 is 30% (\$71.7 million) higher than the original estimate for 2008-09. This is mainly due to an increase in cashflow requirement of the SME Export Marketing Fund (EMF) as a result of implementing enhancement measures in March and November 2008 respectively. The scope of reimbursable items has been expanded and the cumulative grant ceiling has been raised from \$80,000 to \$150,000. From 1 April 2008 to 28 February 2009, 14 738 applications were approved under the EMF, representing an increase of 98% over the same period in 2007-08.

Signature _____
Name in block letters Joseph Y T LAI
Post Title Director-General of Trade and Industry
Date 17 March 2009

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

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
Director of Bureau : Secretary for Commerce and Economic Development

Question:

Will the Administration please give further details on how many of the 94 staff under this Programme will be responsible for the SME Funding Schemes and Special Loan Guarantee Scheme respectively? Please specify their ranks, job scopes and purviews.

Asked by: Hon. LEUNG Kwan-yuen, Andrew

Reply:

Amongst the estimated number of 94 staff under Programme 3 as at 31 March 2010 (including staff redeployed within the Department), 25 staff will be responsible for administering the SME Loan Guarantee Scheme and the Special Loan Guarantee Scheme, while 18 staff will be responsible for administering the SME Export Marketing Fund and the SME Development Fund. They include Principal Trade Officers, Trade Officers, Assistant Trade Officers, Senior Executive Officers, Executive Officers, Treasury Accountants and clerical staff. These staff are responsible for the daily administration and operation of the schemes, including vetting and processing of applications, handling default claims from participating lending institutions (PLIs), issuing grants to successful applicants, providing secretariat support to the Vetting Committee on SME Development Fund, handling enquiries from SMEs, PLIs, members of the public and the media, as well as compiling statistics for various purposes.

In addition to civil servants, the Department has also hired 20 non-civil service contract (NCSC) staff to administer the two funding schemes. Separately, the Department has borrowed six staff from other departments, and is in the process of hiring 27 additional NCSC staff to deal with the increasing workload. Depending on the situation, the Department may consider further increasing the number of NCSC staff.

Signature _____
Name in block letters Joseph Y T LAI
Post Title Director-General of Trade and Industry
Date 17 March 2009

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

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

Director of Bureau : Secretary for Commerce and Economic Development

Question :

Regarding the Special Loan Guarantee Scheme (SpGS), please advise on:

- (a) How many applications have been received by the Trade and Industry Department (TID) since the launching of the scheme on 15 December 2008 until today? What are the numbers of successful and unsuccessful applications? How many Small and Medium Enterprises (SME) are benefited? In addition, how much guarantee has been granted by the Government? What are the highest and lowest amounts granted under the scheme?
- (b) What are the reasons for applications being rejected?
- (c) Whether TID has reviewed the initial outcomes of the scheme? If yes, what is the result? Is it satisfactory? Are there any contingency measures? If no, why?

Asked by : Hon. TAM Wai-ho, Samson

Reply :

- (a) As at 11 March 2009, the Trade and Industry Department (TID) has received 4 021 applications from the participating lending institutions (PLIs). Amongst them, 3 455 applications have been approved, involving a total loan amount of \$6.70 billion and a total guarantee of \$4.69 billion from the Government. The beneficiaries of 3 029 applications were SMEs. The highest and lowest loan amount granted under the Scheme were \$6 million and \$79,000 respectively.

Of the remaining 566 applications, 183 were being processed by TID, 319 were awaiting further information from the PLIs, 56 were withdrawn by the applicants, while the remaining eight were rejected.

- (b) The eight loan applications were rejected because they were not eligible under the SpGS, i.e. the loan guarantee applied for has exceeded the ceiling, the establishment has been in operation for less than one year, or the applicant has outstanding default with the Government.
- (c) TID has been closely monitoring the operation of the Scheme. Both the number of applications and amount of loans granted under the SpGS have shown steady growth since it was introduced on 15 December 2008. We will review the effectiveness of the SpGS and consider the way forward at an appropriate time.

Signature _____

Name in block letters _____

Joseph Y T LAI

Post Title _____

Director-General of Trade and Industry

Date _____

17 March 2009

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

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
Director of Bureau : Secretary for Commerce and Economic Development

Question :

In the midst of the financial turmoil, the Government set aside in total 100 billion to the Special Loan Guarantee Scheme at the end of 2008, so as to help Hong Kong companies secure loans. However, according to the figures provided by the Administration, there were only 164 applications among which 39 were successful in the past few months. The success rate is on the low side. As such, please give the main reasons behind the rejection of the 125 applications?

Asked by : Hon. TONG Ka-wah, Ronny

Reply :

The figures on the Special Loan Guarantee Scheme (SpGS) shown in the Controlling Officer's Report reflect the situation as at 31 December 2008, shortly after the SpGS was launched on 15 December 2008. Of the 164 applications submitted to the Trade and Industry Department (TID) as at 31 December 2008, 50 applications (made by 39 SME beneficiaries, some of which had submitted more than one application) were approved while the remaining 114 applications were being processed at that time. We have subsequently completed processing and approved all the 164 applications.

As at 11 March 2009, TID has received 4 021 applications from the participating lending institutions (PLIs) under the SpGS. Amongst them, 3 455 applications have been approved, involving a total loan amount of \$6.70 billion. Of the remaining 566 applications, 183 were being processed by TID, 319 were awaiting further information from the PLIs, and 56 were withdrawn by the applicants. Only eight applications have been rejected.

Signature _____

Name in block letters _____

Joseph Y T LAI

Post Title _____

Director-General of Trade and Industry

Date _____

17 March 2009

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

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

Director of Bureau : Secretary for Commerce and Economic Development

Question :

After the enhancement measures of the SME Export Marketing Fund have been implemented, the number of application has risen by 85%; yet there is only an increase of 25% in the number of SMEs which have actually been benefited. Will the Administration please give the main reasons behind the rejection of most cases? Will the Administration consider further easing the assessment criteria of the fund in order to benefit more enterprises?

Asked by : Hon. TONG Ka-wah, Ronny

Reply :

The SME Export Marketing Fund (EMF) provides financial subsidy for SMEs' export promotion activities such as exhibitions, advertisements in trade publications, etc. SMEs having a substantive business in Hong Kong are eligible for a cash grant capped at \$50,000 for each application, while the cumulative grant ceiling for each SME is \$150,000.

In 2008, the Trade and Industry Department (TID) received 17 770 applications under the EMF, approved 13 301 applications and rejected 1 389 applications. The remaining applications were brought forward to 2009 for processing. The 1 389 cases were rejected primarily because the applicants failed to provide documentary proof in support of their applications, or the activities concerned fell outside the ambit of the EMF as approved by the Finance Committee. The existing requirements on documentary proof are reasonable and necessary for preventing abuses.

The 13 301 applications approved in 2008 have benefited 3 004 SMEs. The number of beneficiaries is smaller than the number of applications approved, as an SME may make multiple applications so long as the cumulative grant ceiling is not exceeded. With the implementation of enhancement measures in March and November 2008, the cumulative grant ceiling for each SME has been increased from \$80,000 to \$150,000, thereby accommodating more applications from the same SME. In fact, the sharper rise in the number of applications received (85%) than the number of SME beneficiaries (25%) between 2007 and 2008 reflects the fact that not only more SMEs are making use of the EMF, but also that these SMEs are generally making better and more frequent uses of the additional funds available to them. Given these favourable responses, we consider it appropriate to maintain the existing eligibility criteria for the scheme.

Signature _____

Name in block letters _____

Joseph Y T LAI

Post Title _____

Director-General of Trade and Industry

Date _____

17 March 2009

Examination of Estimates of Expenditure 2009-10
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CEDB(CIT)182

Question Serial No.

0174

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
Director of Bureau : Secretary for Commerce and Economic Development

Question :

The estimate for 2009-10 shows an increase of 18.6% when compared with 2008-09. Please inform this Committee the details of the increase in expenses.

Asked by : Hon. WONG Ting-kwong

Reply :

Major items accounting for the increase of \$58.1 million (18.6%) in the provision for 2009–10 include –

- (i) an increase in cash flow requirements for the SME Funding Schemes (\$54.9 million);
- (ii) hosting of the APEC SME Working Group and related meetings in Hong Kong in 2010 (\$2.5 million); and
- (iii) an increase in the provision for the filling of vacant posts (\$0.6 million).

Signature	
Name in block letters	Joseph Y T LAI
Post Title	Director-General of Trade and Industry
Date	17 March 2009