

香港特別行政區政府  
商務及經濟發展局  
工商及旅遊科

香港金鐘道八十八號  
太古廣場第一期二十九樓



COMMERCE, INDUSTRY AND TOURISM BRANCH  
COMMERCE AND ECONOMIC  
DEVELOPMENT BUREAU  
GOVERNMENT OF THE HONG KONG  
SPECIAL ADMINISTRATIVE REGION

LEVEL 29, ONE PACIFIC PLACE  
88 QUEENSWAY  
HONG KONG

電話：2918 7438  
傳真：2840 1621

1 April 2010

Ms Anita SIT  
Clerk to the Finance Committee  
Legislative Council  
Legislative Council Building  
8 Jackson Road  
Central  
Hong Kong

Dear Ms Sit,

Thank you for your letter dated 24 March 2010.

Under the current arrangement, the Hong Kong Trade Development Council (TDC) is not subject to value-for-money (VFM) audits of the Audit Commission. In agreeing with TDC on the arrangement, the Administration has taken into consideration the following factors –

- (a) TDC receives less than half of its income through Government subvention. In fact, over the years, TDC has gradually reduced its reliance on public funding (such subvention only accounted for 17% of TDC's income in 2009-10);
- (b) the Administration can oversee TDC's major decisions on allocation of resources through various channels. TDC's annual programme of activities and budget estimates are required to be approved by the Government under the TDC Ordinance. The Secretary for Commerce and Economic Development or her representative sits on the Council of TDC and its Staff and Finance Committee which scrutinizes TDC's key financial and manpower matters; and

- (c) the aforementioned funding and control mechanisms have been working well. TDC has effectively used its resources to promote, assist and develop Hong Kong's trade with places outside Hong Kong and successfully assists our small-and-medium-sized enterprises to capitalize on the business opportunities arising from the activities it organizes.

While we consider it appropriate to maintain the present arrangement, we have nevertheless conveyed Members' views to TDC. The TDC management has reassured us that it already has in place a robust internal audit mechanism to ensure that there is a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls, and governance processes. Notwithstanding the existence of an effective mechanism and in the interest of enhancing the governance process, TDC is amenable and will give consideration to institutionalizing a system within the organization on VFM audits for reporting to the Council of TDC. Information concerning these audits will be included in the TDC annual report which is tabled at the Legislative Council every year. TDC will also be pleased to brief the Legislative Council on its work if necessary.

We welcome TDC's initiative and would follow up with the TDC management.

Yours sincerely,



( Ms Linda Lai )

for Secretary for Commerce and Economic Development