

**For discussion  
on 15 December 2009**

**Legislative Council Panel on Commerce and Industry**

**Work Progress of the Hong Kong Council for Testing and Certification**

**PURPOSE**

This paper updates Members on the work progress of the Hong Kong Council for Testing and Certification (HKCTC) and seeks Members' support on the proposed creation of a supernumerary Administrative Officer Staff Grade C (AOSGC) (D2) post, designated as Secretary-General (Testing and Certification) (SG(TC)) in the Innovation and Technology Commission (ITC) for a period of two years from 16 March 2010 to 15 March 2012.

**WORK PROGRESS OF HKCTC**

2. In September this year, the Government established HKCTC to spearhead the development of the testing and certification industry. The priority task of HKCTC is to work with the industry to formulate a three-year market-driven development plan within six months of its establishment for submission to the Chief Executive (CE). Members were briefed on the establishment of HKCTC and its three-phase work plan (reproduced at *Annex A*) at the Panel's last meeting on 17 November 2009. Since then, HKCTC has been working according to the schedule. We would like to report progress in the following areas:

- I. Discussions with relevant organizations
- II. Setting up of two working groups under HKCTC
- III. Consultation with stakeholders
- IV. Exploring opportunities on the Mainland

## I. Discussions with Relevant Organizations

3. HKCTC has had four meetings since its establishment. It has focused its work on background studies (i.e. Phase 1 of the Work Plan) in order to have a comprehensive understanding of the testing and certification industry. Noting that many public organizations could be potential partners in the development of the testing and certification industry in Hong Kong, HKCTC has invited them to conduct briefings and to exchange views with members on potential support and cooperation. Organizations that have exchanged views with HKCTC include:

- (a) Hong Kong Trade Development Council on promotion for the industry;
- (b) Hong Kong Science Park on technology support and laboratory facilities;
- (c) Vocational Training Council on training programmes for the industry;
- (d) Hong Kong Productivity Council on possible support through updating of testing standards and methods and sharing of testing facilities;
- (e) Development Bureau on revitalization of industrial buildings;
- (f) Consumer Council on testing and certification for consumers;
- (g) Food and Environmental Hygiene Department on nutrition labeling and food testing;
- (h) Government Laboratory on development of chemical metrology in support of the industry; and
- (i) Trade and Industry Department on opportunities for the industry through the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA).

## II. Setting up of Two Working Groups under HKCTC

4. In order to tackle specific tasks that would better be dealt with through a dedicated group of members and to provide a platform for in-depth discussion and involvement of relevant stakeholders who are knowledgeable in a specific field, HKCTC will set up working groups as required. HKCTC has initially set up two working groups:

- (a) Working Group on the Landscape of the Testing and Certification Industry; and

(b) Working Group on Selection of Trades for Focusing.

*Working Group on the Landscape of the Testing and Certification Industry*

5. The Working Group on the Landscape of the Testing and Certification Industry is dedicated to conduct background studies into the development trends and the current mode of operation of the industry, including analysis on the various factors of production (such as land, manpower, technology, capital, etc). The Secretariat of HKCTC is working closely with HKCTC members who have in-depth knowledge of the industry. Since Mainland and overseas experiences are useful references in the further development of the testing and certification industry in Hong Kong, the Working Group will also look into the Mainland and overseas practices. With the benefit of the background information gathered by the Working Group and the information to be provided by various organizations in due course, HKCTC will conduct an analysis on the strengths, weaknesses, opportunities for and threats to the industry.

6. In order to get a better understanding of the current status of the industry, the Census and Statistics Department is also assisting HKCTC in conducting a survey. Information to be collected from establishments in the industry includes number of persons engaged, number of vacancies, major services provided, business receipts, operating expenses, etc.

*Working Group on Selection of Trades for Focusing*

7. Based on its initial research, HKCTC recognised that different trades in the testing industry have varied characteristics and the nature of their current and potential needs also vary. Hence, in formulating the three-year development plan, apart from measures that would promote the testing and certification industry in general, HKCTC will also look into specific measures for selected trades where the use of testing and certification services may have greater potentials. In this connection, HKCTC formed the Working Group on Selection of Trades for Focusing to identify trades to which the HKCTC should give priority. In deliberating which trades HKCTC should look into first, the Working Group has agreed on a set of considerations (at Annex B) that it would take into account.

### III. Consultation with Stakeholders

8. In formulating a market-driven three-year development plan for the industry, HKCTC will widely collect views from relevant stakeholders, and has written to the following parties to seek their views:

- (a) major chambers of commerce and relevant trade associations;
- (b) accredited establishments in the testing and certification industries;
- (c) Government bureaux/departments; and
- (d) other parties such as Hong Kong's Research and Development Centres, Science Park, universities, etc.

9. Apart from the above, to facilitate face-to-face exchange of views, HKCTC organized a consultation forum with relevant stakeholders on 27 November 2009. Response was encouraging, with over 150 participants from about 90 organizations attended including :

- (a) practitioners in the testing and certification industry;
- (b) practitioners in trades (e.g. jewelry, information technology, Chinese medicine, etc.) that were interested in the services provided by the testing and certification industry;
- (c) representatives from various trade associations;
- (d) representatives from various professional associations (e.g. Hong Kong Institution of Certified Auditors, Hong Kong Society for Quality, etc.); and
- (e) members of the public.

— A summary of views expressed at the forum is at Annex C.

10. To allow for more exchange of views with the testing and certification industry and other relevant stakeholders, HKCTC and the Secretariat have been visiting establishments of various sizes in the industry and meeting with various associations and practitioners.

#### IV. Exploring opportunities on the Mainland

11. Given our proximity to the Mainland, which is a major manufacturing base in the world, it is important for us to explore opportunities for cooperation when promoting the development of the local testing and certification industry. In this connection, a delegation led by the Secretary for Commerce and Economic Development visited Beijing in November this year to establish contacts with the Certification and Accreditation Administration of the People's Republic of China and the China National Accreditation Service for Conformity Assessment (the relevant authorities in the Mainland responsible for testing and certification). The visit was most useful to build on the links between both sides and to explore possible areas of cooperation in future.

#### **WAY FORWARD**

12. HKCTC will proceed according to its work plan in formulating the three-year development plan for the testing and certification industry. We intend to submit the development plan to the CE around April 2010. Upon endorsement of the development plan, HKCTC will proceed with the implementation of the proposed recommendations. We will update the Panel on the HKCTC's progress as and when necessary.

#### **SUPPORT TO HKCTC AND THE NEED FOR CREATION OF THE POST OF SG(TC)**

13. A dedicated team has been set up in ITC to provide support to HKCTC and serves as its secretariat. The organization chart of the Secretariat is at Annex D. The Secretariat is headed by SG(TC), a supernumerary AOSGC post created under delegated authority for a period of six months since 16 September 2009. The post will lapse on 16 March 2010.

14. SG(TC) is the key officer providing support to HKCTC. In particular, in the run up to mid-March 2010 before the lapse of the supernumerary post, he will have to undertake the following :

- (a) to head the Secretariat to assist HKCTC in formulating the three-year market-driven development plan for the testing and certification industry;
- (b) to consult various stakeholders on behalf of HKCTC on their needs and aspirations;
- (c) to provide support to HKCTC in conducting studies into the operation of the industry and international practices and analyze the strengths, weaknesses, opportunities for and threats to the industry;
- (d) to propose possible areas of work for consideration by HKCTC for inclusion in the three-year development plan for the industry;
- (e) to draft the Report to the CE for consideration by HKCTC; and
- (f) to make arrangements for the publication of the Report.

15. After the submission of the Report to the CE and obtaining his endorsement, HKCTC will turn to the major challenge – i.e. implementation of the three-year development plan. This will include the following areas of work :

- (a) on the general front – there will be a need to implement measures to enhance the various factors of production according to the development plan so as to improve the competitiveness of the testing and certification industry in Hong Kong. This would entail significant workload. Just to use manpower as an example, SG(TC) will support HKCTC -
  - (i) to coordinate with the universities and the Vocational Training Council to enhance manpower training (e.g. conveying the industry's needs and exploring with the institutes the requirement to organizing more courses and enhancement in course design to meet the industry's needs; organizing seminars and workshops to allow students to gain more understanding about the industry and possible career opportunities);
  - (ii) to coordinate with the Hong Kong Accreditation Service (HKAS) to provide more training to practitioners in the industry on technical skills and management of laboratories. Such training is very well-received by the industry and would help to raise the professional standards;

- (iii) if necessary to consider the need to raise the professional standards of personnel working in the industry; and
  - (iv) to review the sufficiency of assessors should the demand for accreditation increase significantly due to the effort of HKCTC; and
- (b) in respect of specific trades with good potential to provide testing and certification services, SG(TC) will need to support HKCTC in working together with parties concerned to bring various concepts to reality, for example -
- (i) to gather different sectors of the trade (for a single trade there may already be a number of trade associations) to agree upon a broad platform for cooperation;
  - (ii) to research on the possibility of establishing a standard for testing which will not only be acceptable to the trade but recognised by stakeholders outside Hong Kong;
  - (iii) to discuss with the testing industry on the development of testing methods which are practical and economically viable;
  - (iv) to ensure that HKAS has the capability to give accreditation to laboratories which apply for accreditation for the new testing; and
  - (v) when all the necessary preparatory steps have been taken, and after conducting appropriate trial schemes, to proceed with promotion both within and outside Hong Kong.

16. Apart from the above, it will be necessary for SG(TC) to continue to work closely with the Mainland authorities on testing and certification with a view to drawing up areas of cooperation so as to bring benefits to both sides. It would also be necessary to continue to support HKCTC in advising the Government on the long-term role of the Council, including its staff establishment, functions and interface with HKAS having regard to the development needs of the industry. More areas of work will arise depending on the ultimate recommendations in the three-year development plan.

17. Given the substantive policy content and the complexities of the duties involved, we propose to create the post of SG(TC) at the rank of AOSGC for a period of two years upon the lapse of the existing supernumerary post on 16 March 2010 to undertake the tasks described above. The existing and

proposed job descriptions of SG(TC) are at Annexes E and F respectively.

### Alternatives Considered

18. We have critically examined whether other directorate officers in ITC can be redeployed to head the Secretariat of HKCTC and to provide necessary support in formulating and implementing the three-year development plan for the testing and certification industry. However, other directorate officers in ITC are already fully engaged, in particular taking into account that ITC is also tasked to promote the development of the innovation and technology industry, another economic area identified by the Task Force on Economic Challenges where Hong Kong enjoys clear advantages and has good potential for further development (for information, ITC intends to launch the Cash Rebate Scheme with effect from 1 April 2010. See Panel Paper No. CB(1)614/09-10(03)). It is therefore operationally not feasible for other directorate officers in ITC to take up the additional duties of SG(TC) which are highly demanding and will become even more so in future.

## **FINANCIAL IMPLICATIONS**

19. The proposed creation of the supernumerary AOSGC post will require an additional notional annual salary cost at mid-point of \$1,518,000. The additional full annual average staff cost, including salaries and staff on-cost, is \$2,144,000.

20. The notional annual salary cost at mid-point of the seven non-directorate posts in the Secretariat is \$3,134,100 and the full annual average staff cost, including salaries and staff on-cost is \$4,178,004.

21. We will absorb the additional expenditure from within ITC's existing provision in 2009-10 and will include the necessary provision in the Draft Estimates of subsequent years to meet the cost of the proposal.

## **ADVICE SOUGHT**

22. Members are invited to comment on the work progress of HKCTC

and to support the creation of a supernumerary AOSGC post for two years to lead the Secretariat for HKCTC. Subject to Members' comments, we will submit the proposal of creating the supernumerary AOSGC post to the Establishment Subcommittee of the Finance Committee for consideration at its meeting on 13 January 2010.

Innovation and Technology Commission  
December 2009

**Annex A**

**Work Plan of the Hong Kong Council for Testing and Certification  
(HKCTC)**

- (a) Phase 1 – HKCTC will conduct background research (including the current mode of operation of the industry, international practices and the current position of Hong Kong’s testing and certification industry in the Mainland and international markets, etc.) in order to have a comprehensive understanding of the testing and certification industry. Such information will enable the Council to analyze the strengths, weaknesses and opportunities of the industry and devise supporting measures accordingly;
- (b) Phase 2 – HKCTC would identify measures to enhance the capacity and quality of the local testing and certification industry so as to enhance its competitiveness. These should include steps that could be taken by the industry itself and those that will allow the public sector to dovetail with private sector developments. Issues such as enhancing the support to the industry provided by the Hong Kong Accreditation Service, strengthening manpower training and upgrading professional standards, as well as promoting testing and certification services in Hong Kong, the Mainland and other places will be looked into; and
- (c) Phase 3 – Will involve the refinement of measures and the preparation of the report, in particular the formulation of a three-year market-oriented development plan for the industry. The report will be submitted to the Chief Executive in April 2010.

**Annex B**

**Considerations that Would be Taken into Account  
in the Selection of Specific trades for HKCTC to  
Give Priority in Exploring New Business Opportunities**

The considerations are as follows:

- (a) The concerned trade should be interested in the use of testing and certification services in Hong Kong to promote their trades;
- (b) The testing and certification industry should be interested in further exploring the business opportunities in providing testing and certification services for the concerned trade;
- (c) Hong Kong should have a competitive edge in the concerned trade when compared to areas outside Hong Kong;
- (d) Considerations from factors of production aspect (e.g. availability of manpower and expertise in the market) to support the provision of testing and certification services to the concerned trade;
- (e) Likely benefits to the society (e.g. potential business volume, increase in employment, etc.);
- (f) Contribution to promotion of “Tested/Certified in Hong Kong” branding; and
- (g) Whether effective specific measures could be introduced to facilitate or support the provision of the testing and certification services to the concerned trade in a reasonable time frame, etc.

**Annex C**

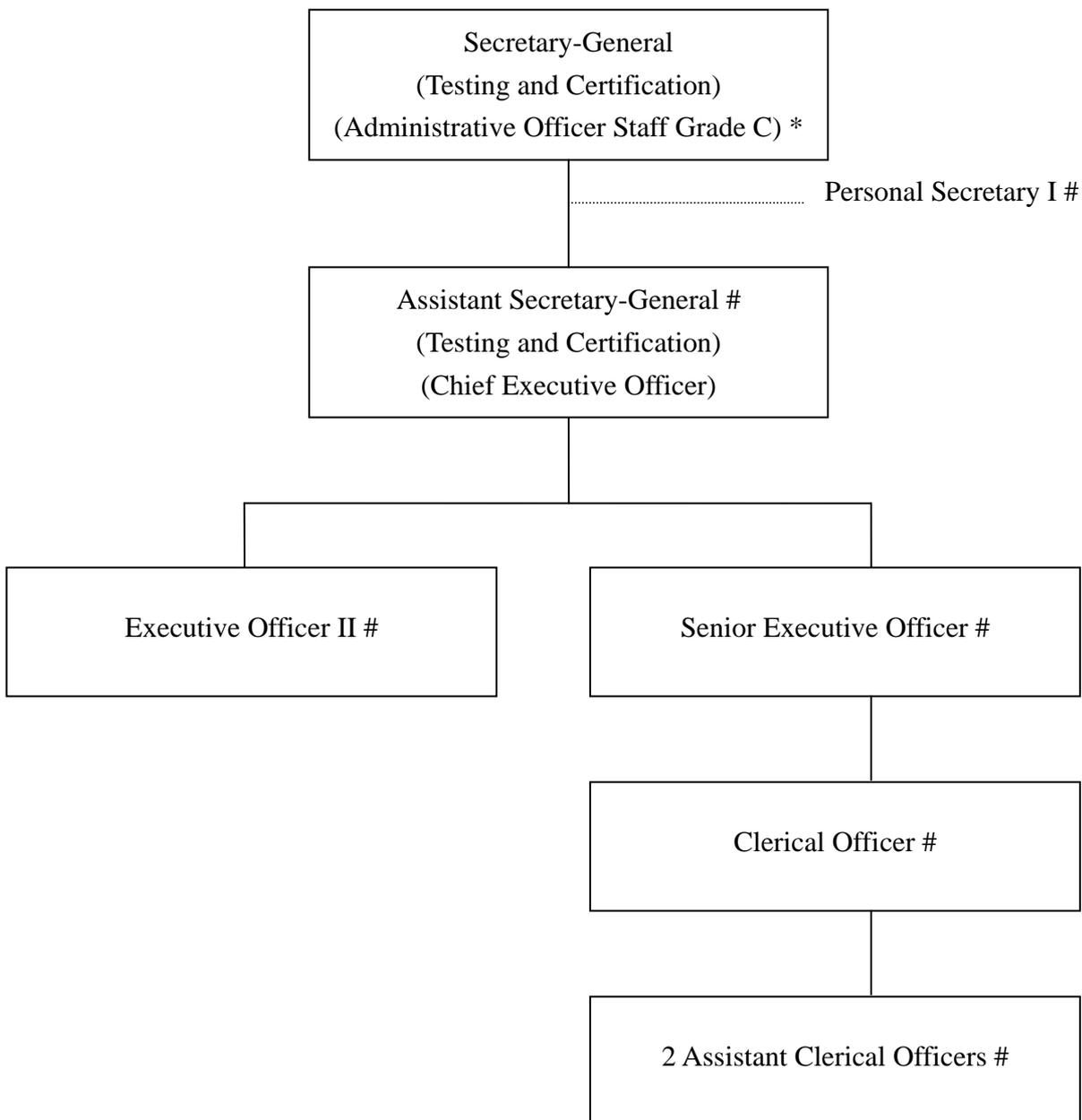
**Summary of Views Expressed by Participants  
at the Forum Held by the Hong Kong Council for  
Testing and Certification (HKCTC) on 27 November 2009**

Views expressed include:

- (a) HKCTC should consider enhancement of training for chemical and jewelry testing;
- (b) HKCTC should involve people from different trades when it formulates the three-year development plan for the testing and certification industry;
- (c) HKCTC should consider promoting testing for specific trades (including Chinese medicine testing, software testing and jewelry testing);
- (d) HKCTC should consider how to monitor the quality of assessors;
- (e) HKCTC should consider the following factors affecting Hong Kong's competitiveness:
  - (i) the pricing of testing charged by private laboratories;
  - (ii) cost of obtaining testing equipment; and
  - (iii) calibration of equipment.
- (f) HKCTC should in future not provide services to avoid competing for business with the private sector; and
- (g) HKCTC should consider strengthening public education as the general public was not familiar with the concept of quality assurance through third party testing and certification.

**Annex D**

**Organisation Chart of the Secretariat for the  
Hong Kong Council for Testing and Certification**



\* Supernumerary post proposed to be created for two years.

# Non-directorate time-limited posts created for two years.

**Annex E**

**Existing Job Description**

**Secretary-General (Testing and Certification)**

**Rank** : Administrative Officer Staff Grade C (D2)

**Responsible to** : Deputy Commissioner for Innovation and Technology

**Main Duties and Responsibilities :-**

- (a) to head the Secretariat for the Hong Kong Council for Testing and Certification (HKCTC) and provide secretariat support to HKCTC;
- (b) to assist HKCTC in formulation of a three-year development plan for the testing and certification industry;
- (c) to assist HKCTC to promote Hong Kong's testing and certification services in the Mainland and overseas;
- (d) to assist HKCTC to liaise with stakeholders in the trade and other relevant public bodies in the promotion of our testing and certification services;
- (e) to assist HKCTC to draw up the long-term role of the Council, including its staff establishment, functions and interface with the Hong Kong Accreditation Service; and
- (f) to oversee the administration of the Secretariat.

**Proposed Job Description**

**Secretary-General (Testing and Certification)**

**Rank** : Administrative Officer Staff Grade C (D2)

**Responsible to** : Deputy Commissioner for Innovation and Technology

**Main Duties and Responsibilities :-**

- (a) to head the Secretariat for the Hong Kong Council for Testing and Certification (HKCTC) and provide secretariat support to the HKCTC on the implementation of the three-year development plan for the industry, which would include:
  - (i) on the general front – to implement measures to enhance the various factors of production;
  - (ii) in respect of specific trades with good potential – to work with parties concerned to bring concept to reality;
  - (iii) promotion of Hong Kong’s testing and certification services in the Mainland and overseas; and
  - (iv) any other areas of work arising from the endorsed recommendations of the three-year development plan.
- (b) to liaise with the Mainland authorities with a view to drawing up areas of cooperation so as to bring benefits to both sides;
- (c) to assist HKCTC in advising the Government on the long-term role of the Council, including its staff establishment, functions and interface with the Hong Kong Accreditation Service; and
- (d) to oversee the administration of the Secretariat.