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**Panel on Information Technology and Broadcasting**

**Meeting on 11 April 2011**

**Updated background brief on Hong Kong Design Centre**

**Purpose**

This paper provides background information on the Government's support for the operation of Hong Kong Design Centre (HKDC) and also a summary of views and concerns expressed by Members during previous discussions on the subject matter.

**Background**

2. HKDC is a non-profit making infrastructure organization established in 2001 to further the development of design. It is a company limited by guarantee, with the Hong Kong Designers Association, Chartered Society of Designers, Hong Kong, Interior Design Association Hong Kong, Hong Kong Fashion Designers Association, and the Hong Kong Federation of Design Associations as members. The objectives of HKDC are to, among other things, promote design as a value-added activity and integration of design into mainstream business processes, which are in line with Government's policy on the promotion of design and innovation. HKDC has since its inception been Government's main partner in promoting design. To support HKDC's initial operation, the Government provided a one-off funding of \$10 million to HKDC as seed money in 2001.

3. On 11 October 2006, the Chief Executive announced in his 2006-2007 Policy Address that the Government would earmark \$100 million over five years for HKDC to further assist the trades and industries in Hong Kong to make full use of their designs and build their brand names.

Following consultation with the Panel on Commerce and Industry, the Administration submitted a funding proposal of \$100 million to support the operation of HKDC over five years to promote the importance of design and innovation. The proposal was approved by the Finance Committee (FC) on 25 May 2007.

4. On 9 February 2009, the Administration presented a proposal on the setting up of a dedicated office for creative industries "CreateHK" to the Panel on Information Technology and Broadcasting (ITB Panel). The ITB Panel was supportive of the Administration's proposal to, amongst others, transfer the \$100 million non-recurrent commitment for HKDC under the Innovation and Technology Commission (ITC) to CreateHK under the Communications and Technology Branch, which will in future be responsible for managing the commitment. On 1 June 2009, the Administration set up CreateHK which aims to coordinate Government policy and effort regarding creative industries, focus Government's resources catering for the promotion and speeding up of the development of creative industries in Hong Kong, and work closely with the trade to boost the development of creative industries.

### **Previous discussions**

5. Following the establishment of the CreateHK in June 2009, and with the transfer of the housekeeping responsibility of HKDC from ITC to CreateHK, the report of HKDC from April 2009 to March 2010 was submitted to the ITB Panel for discussion.

6. At the ITB Panel meeting on 13 May 2010, members noted that HKDC's flagship event, the annual Business of Design Week, had been one of the most significant events on the international design calendar and Asia's leading annual event on design, innovation and brands. Some Panel members opined that the Administration should foster closer partnership with creative and design professionals in the Mainland. These members also urged the Administration to step up its efforts in encouraging enterprises to use design as a value-enhancing tool in businesses, and transforming design activities into tradable deliverables, as well as promoting the use of Hong Kong design by Mainland enterprises, particularly those in the Pearl River Delta region.

7. The Administration advised that a "Hong Kong Design and Branding Seminar Series in the Pearl River Delta Region" had been organized to promote the engagement of Hong Kong companies with expertise in design and branding to assist Mainland enterprises to add value to their businesses.

Programmes comprising forums, mini-exhibitions and business matching events were held in five Mainland cities in 2009. The 2010 series would be further extended to other cities.

8. Panel members also expressed concern about the corporate governance of HKDC. The Administration advised that to improve HKDC's corporate governance and the management of funding, HKDC had taken various administrative measures to improve its internal control and accounting systems. The Executive Director of HKDC had made it a rule to review irregularities and non-compliance cases at his regular meetings with the staff, thus acting as a deterrent to such practices. To ensure that the operational procedures of HKDC comply with its own corporate governance, an outside audit firm had been appointed to execute an internal audit programme covering areas related to projects, finance and administration. In addition, HKDC had fully implemented a two-tier reporting system for managing potential conflicts of interest of its directors since 2009.

9. Dr Hon Samson TAM raised a question at the Council meeting on 7 July 2010 regarding DesignSmart Initiative (DSI). He urged the Administration to put in place new measures to improve the utilization rate of the funding schemes under DSI, and to streamline the vetting and approving mechanism to encourage more applications.

### **Recent developments**

10. At the special meeting of the Finance Committee to examine the Estimates of Expenditure 2011-2012 on 21 March 2011, Hon IP Kwok-him and Dr Hon Samson TAM raised questions on the use of design to add value to Hong Kong's goods and services and on the DSI respectively. The Administration advised that as at end February 2011, a total of 545 applications had been received under DSI, among which 375 projects had been approved with a total funding of \$165 million. CreateHK would review DSI from time to time to ensure its effective operation to drive and enhance the development of the design industry in Hong Kong.

### **Latest position**

11. The Administration and HKDC representative will report to the ITB Panel on 11 April 2011 the progress of work of HKDC and the relevant initiatives taken to promote design and innovation.

**Relevant papers**

Paper provided by the Administration for the Information and Broadcasting Panel meeting on 9 February 2009

<http://www.legco.gov.hk/yr08-09/english/panels/itb/papers/itb0209cb1-715-3-e.pdf>

Minutes of the Information and Broadcasting Panel meeting on 9 February 2009

<http://www.legco.gov.hk/yr08-09/english/panels/itb/minutes/itb20090209.pdf>

Paper provided by the Administration for the Information and Broadcasting Panel meeting on 13 May 2010

<http://www.legco.gov.hk/yr09-10/english/panels/itb/papers/itb0513cb1-1843-3-e.pdf>

Background brief prepared by the Legislative Council Secretariat for the Information and Broadcasting Panel meeting on 13 May 2010

<http://www.legco.gov.hk/yr09-10/english/panels/itb/papers/itb0513cb1-1843-4-e.pdf>

Minutes of the Information and Broadcasting Panel meeting on 13 May 2010

<http://www.legco.gov.hk/yr09-10/english/panels/itb/minutes/itb20100513.pdf>

Dr Hon Samson TAM's question on "DesignSmart Initiative" at the Council meeting on 7 July 2010 and the Administration's reply

<http://www.legco.gov.hk/yr09-10/english/counmtg/hansard/cm0707-translate-e.pdf>

Updated background brief prepared by the Legislative Council Secretariat for the Information and Broadcasting Panel meeting on 10 January 2011

<http://www.legco.gov.hk/yr10-11/english/panels/itb/papers/itb0110cb1-932-6-e.pdf>

Administration's reply to initial written questions raised by Finance Committee Members in examining the Expenditure 2011-12: serial no. CEDB(CT)009 and CEDB(CT)028

[http://www.legco.gov.hk/yr10-11/english/fc/fc/w\\_q/cedb-ct-e.pdf](http://www.legco.gov.hk/yr10-11/english/fc/fc/w_q/cedb-ct-e.pdf)

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