

立法會
Legislative Council

LC Paper No. CB(1)1593/13-14
(These minutes have been seen
by the Administration)

Ref : CB1/PL/CI/1

Panel on Commerce and Industry

Minutes of meeting
held on Tuesday, 15 April 2014, at 2:30 pm
in Conference Room 1 of the Legislative Council Complex

Members present : Hon Vincent FANG Kang, SBS, JP (Chairman)
Dr Hon CHIANG Lai-wan, JP (Deputy Chairman)
Hon Emily LAU Wai-hing, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Dr Hon LAM Tai-fai, SBS, JP
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK
Hon Dennis KWOK
Hon SIN Chung-kai, SBS, JP
Hon Martin LIAO Cheung-kong, JP
Ir Dr Hon LO Wai-kwok, BBS, MH, JP
Hon CHUNG Kwok-pan

Members attending : Hon CHAN Yuen-han, SBS, JP
Hon KWOK Wai-keung

Public officers attending : Agenda item IV
Mr Andrew H Y WONG, JP
Permanent Secretary for Commerce and Economic
Development (Commerce, Industry and Tourism)

Mrs Alice CHEUNG, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry) 3

Mr Brian LO Sai-hung, JP
Deputy Director-General of Trade and Industry
(Commercial Relations, Controls and Support)

Agenda Item V

Mr Andrew H Y WONG, JP
Permanent Secretary for Commerce and Economic
Development (Commerce, Industry and Tourism)

Mr David F L WONG, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry) 2

Mr Edward YU
Principal Assistant Secretary for Commerce and
Economic Development (Commerce and
Industry) 4

Agenda Item VI

Commerce and Economic Development Bureau

Mr Gregory SO, GBS, JP
Secretary for Commerce and Economic
Development

Miss Susie HO, JP
Permanent Secretary for Commerce and Economic
Development (Communications and Technology)

Mr Joe WONG, JP
Deputy Secretary for Commerce and Economic
Development (Communications and Technology)

Innovation and Technology Commission

Miss Janet WONG, JP
Commissioner for Innovation and Technology

Mr Johann WONG, JP
Deputy Commissioner for Innovation and
Technology

Office of the Government Chief Information
Officer

Mr Daniel LAI, BBS, JP
Government Chief Information Officer

Mr Victor LAM, JP
Deputy Government Chief Information Officer
(Consulting and Operations)

Attendance by invitation : Agenda Item IV
Hong Kong Productivity Council

Mr Tony LAM
Director, Corporate Services

Clerk in attendance : Ms Annette LAM
Chief Council Secretary (1)3

Staff in attendance : Ms Connie HO
Senior Council Secretary (1)3

Miss Rita YUNG
Council Secretary (1)3

Ms May LEUNG
Legislative Assistant (1)3

In the absence of the Chairman, the Deputy Chairman chaired the meeting for the discussion of agenda items I to IV. The Chairman subsequently took the chair for the discussion of agenda items V to VII.

I. Confirmation of minutes of meetings

(LC Paper No. CB(1)1232/13-14 -- Minutes of special meeting held on 4 November 2013

LC Paper No. CB(1)1234/13-14 -- Minutes of meeting held on 18 February 2014)

2. The minutes of the meetings held on 4 November 2013 and 18 February 2014 were confirmed.

II. Information papers issued since last meeting

(LC Paper No. CB(1)1184/13-14(01) -- Letter from The American Chamber of Commerce in Hong Kong dated 25 March 2014 on updating of Hong Kong's copyright regime
(*English version only*)

LC Paper No. CB(1)1258/13-14(01) -- Administration's paper on 19th Working Meeting of the Hong Kong/Guangdong Co-operation Joint Conference, and the work of Hong Kong Special Administrative Region Government to complement the National 13th Five-Year Plan

File reference: CITB CR 75/53/8, CITB CR 75/53/4 and CITB CR 102/53/1 -- Legislative Council Briefs on United Nations Sanctions (Central African Republic) Regulation, United Nations Sanctions (Democratic Republic of the Congo) Regulation 2014 and United Nations Sanctions (Somalia) (Amendment) Regulation 2014)

3. The Deputy Chairman said that The American Chamber of Commerce in Hong Kong ("AmCham HK") had issued a letter to all Legislative Council members inviting their presence at the public forum on "Moving Ahead with Copyright Reform in Hong Kong". Members interested in attending the event were advised to complete the reply slip attached to the letter and return it direct to AmCham HK.

4. Members noted the papers that had been issued since the last meeting.

III. Date of next meeting and items for discussion

(LC Paper No. CB(1)1236/13-14(01) -- List of outstanding items for discussion

LC Paper No. CB(1)1236/13-14(02) -- List of follow-up actions)

5. The Deputy Chairman reminded members that a meeting would be held on Thursday, 17 April 2014, from 9:30 am to 10:30 am to exchange views with Mr Sagi Karni, Consul General of Israel in Hong Kong Special Administrative Region ("SAR") and Macau SAR, regarding the proposed overseas duty visit to Israel.

6. Members noted that the next regular Panel meeting would be held on 20 May 2014 at 2:30 pm to discuss the following items proposed by the Administration:

(a) Redevelopment of the IT systems of the Intellectual Property Department (IPD); and

(b) Promotion of intellectual property trading in Hong Kong.

(Post-meeting note: On the instruction of the Panel Chairman, an additional item "Hong Kong Special Administrative Region Government's protection and assistance for Hong Kong businessmen in Vietnam in the face of the recent anti-China riots" was included in the agenda for the meeting to be held on 20 May 2014. Members were notified of the revised agenda vide LC Paper No. CB(1)1453/13-14 issued on 19 May 2014.)

IV. Progress report on the implementation of the Dedicated Fund on Branding, Upgrading and Domestic Sales

(LC Paper No. CB(1)1236/13-14(03) -- Administration's paper on progress report on the implementation of the Dedicated Fund on Branding, Upgrading and Domestic Sales

LC Paper No. CB(1)1236/13-14(04) -- Paper on dedicated fund on branding, upgrading and domestic sales prepared by the Legislative Council Secretariat (updated background brief)

LC Paper No. CB(1)239/13-14(01) -- Letter from Hon Dennis KWOK dated 31 October 2013 on issues relating to the operation of the Dedicated Fund on Branding, Upgrading and Domestic Sales)
(*Chinese version only*)

Presentation by the Administration

7. At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) ("PSCIT") briefed members on the latest implementation progress of the Dedicated Fund on Branding, Upgrading and Domestic Sales ("the BUD Fund") and issues relating to the operation of the Fund as detailed in the Administration's paper (LC Paper No. CB(1)1236/13-14(03)).

8. PSCIT said that the BUD Fund, which was introduced on 25 June 2012, had been in operation for almost two years. Up to the end of March 2014, seven batches of applications had been processed, of which 205 applications were approved under the Enterprise Support Programme ("ESP") and 38 applications were approved under the Organization Support Programme ("OSP"). The total amount of funding approved was about \$213 million. Meanwhile, 24 ESP applications were granted conditional approval. About 94% of the beneficiary companies under the ESP were small and medium enterprises (SMEs).

9. PSCIT said that the operation of the BUD Fund had been smooth so far and the trade's response to the Fund had been overwhelming. The Administration would continue to refine the operation and implementation details of the BUD Fund, and would welcome members' views and suggestions in this regard. PSCIT added that the relevant information addressing members' concerns about the administrative costs of and the mechanisms on declaration of interests adopted by the BUD Fund had been set out in the Administration's paper.

Discussion

Ensuring fairness in the vetting mechanism of the Enterprise Support Programme

10. Mr Dennis KWOK said that he was given to understand that a number of Programme Management Committee (PMC) members of the ESP had close connections with some beneficiary enterprises under the programme. Many SMEs had complained to him that the vetting criteria of the ESP were unclear and the vetting process was unfair and non-transparent. In this connection, Mr KWOK enquired how the Administration could ensure that the vetting mechanism of the ESP was fair and impartial. Ms Emily LAU also expressed concern about possible or perceived conflict of interests of PMC members in vetting ESP applications. She enquired whether the current system of declaration of interests by members of the PMC and the vetting committee of the OSP had been clearly laid down and about ways to ensure fairness and transparency in the vetting of applications.

11. PSCIT responded that applications made under the ESP would undergo a three-tier vetting process. The Hong Kong Productivity Council ("HKPC"), which served as the secretariat of the ESP, would provide a preliminary assessment on the applications for the consideration of the Inter-departmental Committee ("IDC"). The IDC would then make recommendations on the applications to the PMC for its consideration and approval. He said that members of the PMC included personalities from the trade and SME associations, as well as persons with expertise or experience in branding, upgrading and domestic sales, who were all appointed to the PMC in their personal capacity.

12. PSCIT said that to avoid conflict of interests and ensure that the vetting process was objective, fair and impartial, both the PMC of the ESP and the vetting committee of the OSP currently adopted a two-tier system of declaration of interests. The relevant mechanisms had been enhanced earlier this year, under which committee members were required to register in writing their personal interests with the secretariat of the committee

concerned upon their first appointment and annually thereafter. Furthermore, committee members must declare any direct personal or pecuniary interests or potential conflict of interests in respect of any applications being vetted. The concerned committee's chairman would also remind members of the need to declare any actual or potential conflict of interests before the vetting of applications started at each and every committee meeting.

13. PSCIT added that if a PMC member of the ESP was the owner or employee of an applicant enterprise or had business dealings with it, he must recuse himself from the meeting when the relevant application was vetted. If a PMC member and the key person(s) of an applicant enterprise held major positions of the same chamber of commerce or trade and industry association, the member should make a declaration. The PMC Chairman would then decide whether the member concerned should recuse himself from the meeting when the relevant application was vetted. There had been cases in the past that members of the PMC of the ESP and the vetting committee of the OSP were requested to recuse themselves from the relevant meetings due to actual or potential conflict of interests. PSCIT said that the two-tier system of declaration of interests by members of the PMC of the ESP and the vetting committee of the OSP had been clearly laid down.

14. As regards the HKPC, PSCIT said that an internal "firewall" had been set up whereby staff of the ESP secretariat would not take part in the provision of consultancy service or the implementation of any application or approved project under the ESP, so that it would not give rise to any conflict of interests. To further alleviate public concern, since the end of January 2013, the HKPC (including staff not working for the ESP secretariat) no longer provided consultancy service to any newly approved project under the ESP.

Effectiveness of the BUD Fund

15. Mr Dennis KWOK enquired whether the Administration would consider conducting a mid-term review to assess whether the objectives of the BUD Fund had been met and identify areas for improvement. Mr CHUNG Kwok-pan was of the view that given the huge expenses required for brand development in the Mainland, the Administration should consider focusing resources on a few major industries to enhance the cost-effectiveness of the BUD Fund.

16. PSCIT advised that the PMC of the ESP would consider, among other things, the feasibility and effectiveness of the project proposal as well as the applicant enterprise's ability to implement the proposed project when

Admin

assessing the funding applications. To ensure the proper use of public money, the PMC would perform its gate-keeping role to ensure that the BUD Fund would be used to fund projects that could contribute to the development of branding, upgrading and restructuring of business operations and promotion of domestic sales of Hong Kong enterprises in the Mainland in line with the objectives of the Fund. He said that as most of the approved projects had just commenced, the Administration would report to the Panel next year its assessment on the overall effectiveness of the ESP and the OSP in achieving the BUD objectives when more projects were completed.

17. Mr CHUNG Kwok-pan enquired about an ESP project for which a funding of \$15,000 was approved. He remarked that such a small amount could hardly be sufficient for any effective BUD projects in the Mainland. PSCIT responded that apart from projects relating to development of brands, upgrading and restructuring of business operations and promotion of domestic sales in the Mainland market, the ESP also supported enterprises to engage qualified service providers to help develop relevant business plans, and the funding amount involved in such applications was usually small. The ESP project granted with a funding of \$15,000 was of that type. He advised that the average amount of funding approved for projects under the ESP was around \$430,000.

Contributions of the BUD Fund to Hong Kong's overall economy

18. Ms Emily LAU enquired about the benefits brought about by the BUD Fund to the overall economy of Hong Kong such as the number of employment opportunities created in Hong Kong. PSCIT responded that job creation was not the prime objective of the BUD Fund. Nevertheless, the Administration noted members' concerns in this regard and had requested the applicant enterprises to provide, in their applications, information such as the number of additional staff to be employed and other business sectors to be engaged in Hong Kong for implementing the project and the estimated number of additional staff to be employed in Hong Kong if their business in the Mainland developed, etc, so as to facilitate the assessment and evaluation of the benefits to be brought about by the approved projects to the Hong Kong economy. PSCIT said that according to the information provided by the enterprises concerned in their applications, the 205 projects approved under the ESP up to end March 2014 would create 215 new posts in Hong Kong during project implementation and would bring benefits to enterprises in different sectors such as advertisement, sales and marketing, transportation, etc. More than 300 additional posts were expected to be created in Hong Kong after project completion to cater for business expansion brought about by the approved projects.

19. Noting that the applicant enterprises/organizations were required to provide information on the expected contribution of their proposed projects to Hong Kong's economy in the applications, Ms Emily LAU asked whether such information would be verified and whether the enterprises and organizations concerned had to bear any consequences should they fail to fulfill the job creation targets as pledged. Ms LAU considered that appropriate measures should be put in place to ensure that the BUD Fund would be able to bring tangible benefits to Hong Kong's economy and not just benefit individual enterprises concerned.

20. PSCIT responded that prior to the disbursement of grants to enterprises/organizations of approved projects, the secretariats of the ESP and the OSP would monitor progress and verify whether the expected deliverables of an approved project had been completed. In the event that additional manpower was to be recruited to implement the project and the relevant staff cost had been set out in the budget, the secretariats would not disburse the funding provision for additional staff should the enterprise/organization eventually fail to recruit the staff as set out in the project proposal. To address Ms Emily LAU's concern, the Administration undertook to include in the next progress report to the Panel an analysis on the economic benefits brought about by the BUD Fund to the overall economy of Hong Kong.

Admin

Project implementation and monitoring

21. Noting that the approved projects under the ESP and the OSP were required to be completed within two years and three years respectively, Mr WONG Ting-kwong enquired about the consequences to be borne by the enterprises or non-profit-distributing organizations concerned should they fail to complete the projects within the prescribed timeframe. Mr WONG asked if the Administration would allow extension of the project completion deadline for projects which could generate long-term benefits to the relevant industries.

22. PSCIT explained that the prescribed completion timeframe applied only to the subsidized part of the project to facilitate monitoring. The duration of the other parts of the overall project of the funded enterprise or organization was not limited by the prescribed timeframe. He added that whether adjustment to the implementation schedule of an approved project under the BUD Fund was allowed and whether the allocated funds were required to be clawed back would be decided by the PMC of the ESP and the vetting committee of the OSP on a case-by-case basis having regard to the circumstances of individual projects.

23. Mr Martin LIAO enquired whether the Trade and Industry Department (TID) had conducted any on-site checking to review the progress of OSP projects as HKPC did for ESP projects. Deputy Director-General of Trade and Industry (Commercial Relations, Controls and Support) (DDGTI) explained that apart from reviewing the progress reports and final reports submitted by the non-profit-distributing organizations concerned, staff of the OSP secretariat would attend the relevant events organized by the funded organizations, which formed part of the deliverables of the projects, to monitor and review the progress of the projects on-site.

24. Mr SIN Chung-kai advised that to facilitate public monitoring of the usage of the BUD Fund and the dissemination of results of OSP projects for reference of enterprises in the relevant industries, the Administration should upload onto the dedicated website of the BUD Fund the full version of the final report of completed OSP projects and the relevant video presentations on sharing of project results by the funded organizations.

25. DDGTI took note of Mr SIN's suggestion for further consideration and said that approved OSP projects should assist Hong Kong enterprises in general or in specific sectors in developing brands, upgrading and restructuring their business operations and/or promoting domestic sales in the Mainland to enhance their overall competitiveness in the Mainland market. The applicant organizations were required to share the results and deliverables of the projects widely with the industries through various means, such as uploading the project results onto their website and conducting seminars for the participation of SMEs in the relevant industries. Extracted information of approved OSP projects had also been uploaded onto the website of the OSP programme for public viewing.

Secretariat services for Organization Support Programme and Enterprise Support Programme

26. Noting that the secretariat support for the ESP and the OSP were rendered separately by the HKPC and TID respectively, Mr WONG Ting-kwong enquired whether the Administration would consider combining the secretariats of the two programmes to enhance cost-effectiveness. PSCIT advised that prior to the establishment of the BUD Fund, the SME Development Fund administered by the TID had been providing financial support to non-profit-distributing organizations to implement projects that were aimed at enhancing the overall competitiveness of SMEs in general or in specific sectors. Given the similarity of the work involved and the relevant experience of TID in this regard, the Administration considered it appropriate for TID to serve as the secretariat of the OSP. On the other hand, as the HKPC had all along been providing support services to enterprises on

branding, upgrading and restructuring of business operations and promotion of domestic sales in the Mainland market, the Administration considered the HKPC a suitable partner in the implementation of the ESP in the light of its relevant experience and expertise.

Summing up

27. The Deputy Chairman advised that the Administration should take note of members' concerns about the effectiveness of the BUD Fund and its benefits to the overall economy of Hong Kong. She also requested the Administration to step up publicity on the results of the projects funded under the BUD Fund so that more enterprises could benefit.

V. Proposed implementation of the recommendations of the Task Force on Manpower Development of the Retail Industry

(LC Paper No. CB(1)1236/13-14(05) -- Administration's paper on proposed implementation of the recommendations of the Task Force on Manpower Development of the Retail Industry

LC Paper No. CB(1)1236/13-14(06) -- Paper on proposed implementation of the recommendations of Task Force on Manpower Development of the Retail Industry prepared by the Legislative Council Secretariat (background brief)

Relevant paper

Report of the Task Force on Manpower Development of the Retail Industry

Presentation by the Administration

28. At the invitation of the Chairman, PSCIT briefed members on the proposals to implement the recommendations made by the Task Force on Manpower Development of the Retail Industry ("the Task Force"). He said that in addition to the existing resources, the Government had set aside a total

of \$130 million to take forward the implementation proposals. Subject to members' support, the Administration planned to seek the Finance Committee (FC)'s funding approval for the relevant implementation proposals on 16 May 2014.

Discussion

Enlarging the talent pool for retail industry

29. Mr SIN Chung-kai expressed his support for the funding proposal. Noting that the proposed Foundation Diploma ("FD") programme and Higher Diploma programme to be launched under the proposed pilot Earn-and-Learn Scheme ("the pilot Scheme") for the retail industry were designed for secondary 6 school leavers, Mr SIN suggested that the Administration should consider providing relevant training programmes for students of lower educational attainment as well in order to enlarge the talent pool for the retail industry. The Chairman and Mr SIN were of the view that given the wide spectrum of trades in the retail industry, product-centred or trade-specific training should be provided for trainees to enhance their job skills in the relevant trades. Mr WONG Ting-kwong added that training on emotional quotient enhancement, communication and interpersonal skills were also essential as retail practitioners were required to deliver face-to-face customer services in their daily work.

30. PSCIT responded that a variety of the Qualifications Framework ("QF")-pegged training programmes relevant to the retail industry would be offered to students with different levels of educational attainment. For example, the Vocational Training Council would extend its traineeship scheme in June 2014 to cover the retail industry whereby on-the-job training and vocational education would be provided to youngsters aged 15 or above with educational attainment of secondary 3 level. The training would be provided in two stages. The first stage would last for six months and cover basic training in generic skills for the retail sector, leading to a Certificate in Basic Retailing at QF Level 2. The second stage would cover trade-specific training, leading to a Certificate in Retailing at QF Level 3. The second stage would last for six to nine months, the exact duration dependent on the different retail sectors involved. He added that training on interpersonal skills and customer services would be embedded in modules of the proposed traineeship scheme and the pilot Scheme.

31. Ms Emily LAU indicated her support for the funding proposal to help address the manpower tightening problem in the retail industry and provide employment opportunities for young people. Noting that the unemployment rate of young people in the 15-19 and 20-24 age brackets for the August to

October 2013 quarter, which stood at 14.1% and 10% respectively, were much higher than the overall unemployment rate of 3.3% during the same period, Ms LAU enquired about the reason behind this and the relevant measures that could be put in place by the Administration to attract more young people to join the retail industry.

32. In response, PSCIT advised that young people in the aforementioned age groups might have not yet made up their minds on their choice of career and hence have higher job mobility. Moreover, youngsters might not prefer to enter the retail industry as they harboured some unfavourable perception of the industry in terms of working conditions such as that retail employees had to work long and unsocial hours during public holidays as well as stand for a long time during their duties. He said that the recommendations of the Task Force were aimed at, among other things, enhancing the overall attractiveness of the retail industry by mapping out clear career progression pathways for retail practitioners, raising the image of the industry, as well as providing the necessary monetary incentives to attract more young people to join the pilot Scheme proposed for the retail sector. Whether the student-workers of the pilot Scheme would stay with the employers after the training period might depend on the remuneration package offered to them.

33. Noting that many housewives might not be able to work full-time, Ms Emily LAU enquired whether measures could be put in place to enhance the employment of women in the retail industry on a part-time mode to help relieve the staffing shortage faced by the industry. PSCIT advised that the retail industry had already been making extensive use of part-time workers. To better match labour supply and demand, the Labour Department ("LD") would organize more than 100 large-scale and district-based job fairs dedicated to the retail industry in 2014-2015.

Retail Technologies Adoption Fund for Manpower Demand Management

34. While supporting the funding proposal in principle, Mr Charles MOK was concerned about the scope of the technologies that was eligible for receiving funding support from the proposed Retail Technologies Adoption Fund for Manpower Demand Management ("RTAF"). He asked whether technologies apart from those listed out in Annex E to the Administration's paper, such as the technologies for e-commerce that could help local small and medium enterprises ("SMEs") to tap into new markets, would be supported by the RTAF.

35. PSCIT advised that the list of examples set out in the relevant Annex was for illustrative purpose only and was not exhaustive. Non-listed technologies that could help manage manpower demand of the retail industry

to enhance productivity and meet the objective of the Fund would also be considered. Mr Charles MOK suggested that the Administration should adopt a more inclusive approach to capture a wide range of technologies that would be suitable for retail operations of different nature and scale.

36. Mr Charles MOK enquired whether separate funding would be set aside to cover the cost for the provision of secretariat services to the RTAF by the Hong Kong Productivity Council. He was concerned that the number of beneficiary companies would be reduced should the related cost be charged to the allocation for the RTAF. PSCIT advised that among the \$50 million funding commitment of the RTAF, about \$5.1 million was earmarked for the administration and promotion expenses of the Fund. It was however believed that the RTAF could benefit about 1 000 enterprises assuming that not all of the applicant companies would make use of the maximum funding of \$50,000 per enterprise.

The Pilot Earn- and-Learn Scheme

37. Mr KWOK Wai-keung considered the 400 – 500 training places provided by the FD programme in 2014-15 to be launched under the proposed pilot Scheme insufficient. Mr KWOK was of the view that the cost incurred for the adoption of new technologies, being part of the business investment, should be borne by retail employers themselves. As such, he suggested that the \$50 million dedicated for RTAF should be used to provide more training places instead. PSCIT advised that the proposed RTAF and the pilot Scheme were both part of the multi-pronged strategy recommended to alleviate the manpower tightening problem. The proposed RTAF should serve the needs of SMEs in the retail industry in managing manpower demand. The Administration would monitor the progress and review the effectiveness of the initiatives including that of the pilot Scheme.

38. Mr KWOK Wai-keung said that the guarantee minimum monthly wage of \$11,000 for student-workers of FD programme upon their completion of training was too low as it was just about on par with the \$10,900 median monthly wage for all employees in the retail sector. Mr KWOK was also concerned that the participating retail employers would hire only outstanding student-workers upon the completion of training. In this connection, Mr KWOK advised that retail employers should be required to employ a designated proportion of student-workers for a certain period of time upon the completion of the relevant training programmes to safeguard the employment prospects of the trainees, and to ensure the provision of more in-depth on-the-job training by the employers for the trainees.

39. In response, PSCIT explained that the \$10,900 median monthly wage for all retail employees reflected the wages of all practitioners in the industry including the experienced ones. As such, the proposed wage level at \$11,000 for student-workers who were new entrants to the industry should not be regarded as low. He said that, as retail employers had been facing tremendous recruitment difficulties, there was a strong likelihood that employers would keep the student-workers upon the completion of the relevant training programmes.

Improving the staff remuneration and working conditions in the retail industry

40. Mr WONG Ting-kwong expressed his support for the funding proposal. Pointing out that the manpower shortage problem of the retail industry was partly due to the unfavourable working conditions in the workplace which had rendered it difficult for the industry to attract new workers, Mr WONG called on the Administration to impress upon retail employers and their management staff on the importance of improving the working environment and adopt good people management practices. He further pointed out that the unstable income of retail practitioners, which was usually made up of basic salary and commissions, was subject to seasonal fluctuation and had discouraged young people to join the industry.

41. Miss CHAN Yuen-han declared that she was the Union Regulator of the Hong Kong Department Stores and Commercial Staff General Union. Miss CHAN did not subscribe to some retail employers' view that the retail sector was facing an acute shortage of manpower and that there was a need to import labour for the industry. Miss CHAN pointed out that some retail employers were unable to retain staff due to the particularly harsh working conditions they offered to their staff. She called on employers in the retail industry to improve career prospect and compensation package, including the remuneration level and working conditions of retail practitioners, as well as to improve the employer-employee relationship in the workplace to attract and retain talents. She said that job openings in the retail industry were welcomed by young people and the importation of labour for the retail sector would have an adverse impact on the employment opportunities of local young people.

42. Mr KWOK Wai-keung shared Miss CHAN Yuen-han's view. He said that young people were willing to join the retail industry but due to the lack of a long-term career prospect, they would not stay long on the job. He said that employers should increase the salary level and improve the career progression pathway for retail practitioners to address the staff recruitment and retention problems.

43. PSCIT pointed out that the Task Force had recommended employers to keep abreast of the labour market situation, maintain a competitive staff remuneration package, keep the working conditions of their staff under review and seek proactive improvements where appropriate. The Task Force had also recommended the LD to foster discussion between employers and employees on good people management practices, and promote and share effective practices relevant to the trade. The LD would do so through its established platforms including the Tripartite Committee on Retail Trade and the Human Resources Managers Club on Retail Trade Administration. The Retail Industry Training Advisory Committee would also draw up the progression pathways of retail practitioners based on the Specification of Competency Standards for the retail industry to enhance the attractiveness of the industry as a whole.

Summing up

44. The Chairman concluded that the Panel supported the Administration's proposals to implement the recommendations of the Task Force and recommended that the relevant proposals be put forward to FC for approval.

VI. Proposal to establish the Innovation and Technology Bureau

(LC Paper No. CB(1)1236/13-14(07) -- Administration's paper on proposal to establish the Innovation and Technology Bureau

LC Paper No. CB(4)554/13-14(02) -- Administration's paper on
(Chinese version only) proposal to establish the
(tabled at the meeting and Innovation and Technology
subsequently issued via e-mail on 16 Bureau (power-point
April 2014) presentation material)

LC Paper No. CB(4)570/13-14(01) -- Submission on the proposed
(tabled at the meeting and Innovation and Technology
subsequently issued via e-mail on 16 Bureau from Hon Charles
April 2014) Peter MOK to the
Administration dated 12
February 2014)

Presentation by the Administration

45. At the invitation of the Chairman and with the aid of power-point presentation, Secretary for Commerce and Economic Development ("SCED") briefed members on the proposed establishment of the Innovation and Technology Bureau (ITB) and the related arrangements to implement the proposal. SCED advised that the new bureau led by the future Secretary for Innovation and Technology ("S for IT") would be responsible for formulating policies and promoting the development of innovation and technology as well as information technology in Hong Kong, and coordinating relevant efforts within the Government. The new bureau would take up the policy responsibilities in innovation and technology from the existing Commerce and Economic Development Bureau ("CEDB"). The Innovation and Technology Commission ("ITC") and the Office of the Government Chief Information Officer ("OGCIO") which were responsible for innovation and technology matters would report to the ITB upon its establishment. The Administration proposed to create 26 new posts, including three politically appointed officials, four directorate civil service posts and 19 non-directorate civil service posts. Details of the proposal to establish the ITB were set out in the Administration's paper (LC Paper No. CB(1)1236/13-14(07)).

Discussion*Proposed structure of the new ITB*

46. Referring to the views of some members of the Panel on Information Technology and Broadcasting expressed at its meeting held on the day before, i.e. 14 April 2014, Ms Emily LAU and Mr SIN Chung-kai opined that technology and creativity were closely intertwined and should not be separated from each other. As such, the portfolios relating to broadcasting, creative industries and communications should also be transferred to the proposed ITB.

47. SCED responded that the proposed structure of the new ITB was expected to fully capture the opportunities provided by advancements in technology and the commercial potential they offered through a dedicated high level leadership, and stronger policy coordination across the innovation and technology industries. SCED pointed out that creativity and innovation and technology both played a part in various business activities. In fact, innovation and technology was also employed in different areas, including logistics, finance, medical and environmental industries. The objective of the Administration was to allow more room for the future ITB to foster the development of innovation and technology in Hong Kong. Specifically, the new ITB was to strengthen, both in depth and breadth, policy support for the

development of innovation and technology, including strategies for facilitating the realization of research and development ("R&D") results.

48. Permanent Secretary for Commerce and Economic Development (Communications and Technology) took note of members' different views on whether creative industries should be put under the future ITB's purview. She supplemented that the Administration had taken reference from other jurisdictions. The development of creative industries were put under different policy portfolios, for example culture, in different jurisdictions.

49. SCED added that creativity was closely intertwined with information and communications technology and broadcasting industries. Apart from the innovation and technology industries, creativity was also crucial for sustaining the development of industries including the design, film and publishing industries. The Administration was therefore of the view that creative industries should remain under CEDB. Upon the establishment of the new ITB, the proposed Communications and Creative Industries Branch ("CCIB") of CEDB would continue to be responsible for policies on telecommunications, broadcasting, control of obscene and indecent articles, film censorship and creative industries.

50. Mr WONG Ting-kwong expressed support for the establishment of the new ITB to steer the development of innovation and technology in Hong Kong. He agreed with the Administration's proposal that the portfolios relating to creative industries, communications and broadcasting should remain in CEDB while the new ITB, under the leadership of the future S for IT, could focus on the policy responsibilities for promoting the development of innovation and technology and R&D.

51. Ir Dr LO Wai-kwok declared that he was a member of the Board of Directors of the Hong Kong Science and Technology Parks Corporation and a member of the Hong Kong Council for Testing and Certification. He said that he had all along been lobbying the Administration for the early establishment of the new bureau. He opined that apart from the ITC and OGCIO, the Intellectual Property Department ("IPD") should also be transferred to the new ITB as intellectual property ("IP") was an integral part of innovation and technology.

52. Mr CHUNG Kwok-pan expressed support in principle for the establishment of the ITB. Pointing out that a sound IP regime and robust IP trading would complement the development of innovation and technology industries in Hong Kong, he agreed with Ir Dr LO Wai-kwok that IPD should be under the purview of the new ITB.

53. In response, SCED advised that while IP was a vital part of innovation and technology, it involved a host of issues including copyright works of literature, music or film, industrial designs, trademarks for goods and services, trade-secrets, etc. which were closely related to business and commerce. As such, the Administration considered it appropriate to retain the IPD under the purview of CEDB at this stage. Nevertheless, the Administration would be open to any appropriate re-organization of the ITB depending on future development needs.

54. Mr Charles MOK referred to his recommendations on the ITB submitted to the Administration in February 2014 (LC Paper No. CB(4)570/13-14(01)) and expressed support for the establishment of the new ITB. Mr MOK and Ir Dr LO Wai-kwok said that the technology industry had been ardently calling for the creation of a dedicated bureau to oversee the policy on innovation and technology so as to enhance Hong Kong's competitive edge over other neighbouring economies such as Singapore. They called for the early establishment of the ITB and said that while they did not object to the Administration's proposed organization at this stage, the Administration should fine-tune the portfolio of the future ITB when necessary, taking into account members' views on creative industries, communications and broadcasting, as well as the IPD. Ms Emily LAU however opined that in view of the considerable amount of financial resources involved in establishing a new bureau, the Administration should pay heed to members' views and draw up the most appropriate organizational structure of the new bureau at the outset after thorough consideration.

55. Mr Charles MOK considered that as innovation and technology could be employed in different areas and industries, the future ITB should coordinate inter-bureau policy efforts to facilitate the promotion of use of innovation and technology in different areas. Mr MOK also suggested that the ITB should devise key performance indicators to monitor and evaluate the effectiveness of its policies for promoting the development of innovation and technology in Hong Kong. The Administration took note of Mr Charles MOK's suggestions.

Investments in R&D

56. Mr CHUNG Kwok-pan was concerned that Hong Kong's gross expenditure on R&D as a ratio to Gross Domestic Product at around 0.7% remained low by international standard. He enquired whether the Administration would increase the investments in R&D after the ITB was established.

57. In response, Commissioner for Innovation and Technology advised that with a very small manufacturing base, Hong Kong's gross expenditure on R&D as a ratio of Gross Domestic Product was low. In terms of the ratio between public and private investments in R&D, the level of private investment in Hong Kong fell behind the preferred ratio of 30-70 in most developed economies. With a more focused purview, the future ITB would be best placed to explore possible improvement measures to encourage private sector participation in R&D, and to improve the ecological environment to facilitate the realization and commercialization of R&D results.

Timetable for the proposed establishment of the ITB

58. Mr WONG Ting-kwong asked about the timetable for the proposed establishment of the ITB. He hoped that the ITB would be established as soon as practicable to drive the development of innovation and technology in Hong Kong. SCED responded that the Panel on Information Technology and Broadcasting would hold a special meeting to receive views from the public on the proposal to establish the new ITB. Upon obtaining the support of the Panel on Commerce and Industry and the Panel on Information Technology and Broadcasting respectively, the Administration would proceed to seek the Establishment Subcommittee's support of the relevant staffing proposal as soon as practicable.

Motion moved by Mr WONG Ting-kwong

59. Mr WONG Ting-kwong moved the following motion which was seconded by Mr CHUNG Kwok-pan:

盡快成立"創新及科技局"

"鑒於設立'創新及科技局'是社會各界一直以來的共識，本事務委員會原則上支持盡快成立'創新及科技局'。"

(Translation)

Establishing expeditiously the Innovation and Technology Bureau

"That, given that the establishment of the Innovation and Technology Bureau is a long-held consensus among various sectors of the community, this Panel supports in principle the expeditious establishment of the Innovation and Technology Bureau."

60. The Chairman put the motion to vote. Of the members present, four voted for and no member voted against the motion. One member abstained. The Chairman declared that the motion was passed.

(Post-meeting note: The wording of the motion was circulated to members vide LC Paper No. CB(1)1273/13-14(01) on 16 April 2014. The Administration's response to the motion was circulated to members vide LC Paper No. CB(1)1297/13-14(01) on 23 April 2014.)

Summing up

61. The Chairman concluded that while members had different views on the organizational set up of the proposed ITB, the Panel supported in principle the establishment of the ITB dedicated for innovation and technology-related matters as soon as practicable. In response to Ms Emily LAU's concern whether a special meeting should be held to receive views from members of the public on the proposal to establish the new ITB, the Chairman said that the Panel on Information Technology and Broadcasting would hold a special meeting to receive views from the public on the Administration's proposal. All other Members, in particular members of the Panel on Commerce and Industry would be invited to attend after the date of the meeting was confirmed.

(Post-meeting note: The special meeting of the Panel on Information Technology and Broadcasting was held on 3 May 2014 at 9:00 am.)

VII. Any other business

62. There being no other business, the meeting ended at 4:47 pm.