

**Replies to initial written questions raised by Finance Committee Members in
examining the Estimates of Expenditure 2003-04**

**[Director of Bureau : Secretary for Commerce, Industry and Technology]
[Session No. : 4] [File name : CITB(CI)-e1.doc]**

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
CITB(CI)001	0481	CHAN Kam-lam	152	Commerce and Industry
CITB(CI)002	1142	CHOW LIANG Shuk-ye, Selina	152	Commerce and Industry
CITB(CI)003	1386	CHOW LIANG Shuk-ye, Selina	152	Commerce and Industry
CITB(CI)004	0742	HO Chun-yan, Albert	152	Commerce and Industry
CITB(CI)005	0106	HO Sau-lan, Cyd	152	Commerce and Industry
CITB(CI)006	0675	HUI Cheung-ching	152	Commerce and Industry
CITB(CI)007	0676	HUI Cheung-ching	152	Commerce and Industry
CITB(CI)008	0808	LAU Kin-ye, Miriam	152	Commerce and Industry
CITB(CI)009	1109	LEE Cheuk-yan	152	Commerce and Industry
CITB(CI)010	1534	LEE Chu-ming, Martin	152	Director of Bureau's Office
CITB(CI)011	0830	LEUNG LAU Yau-fan, Sophie	152	Commerce and Industry
CITB(CI)012	0572	NG Leung-sing	152	Commerce and Industry
CITB(CI)013	0573	NG Leung-sing	152	Commerce and Industry
CITB(CI)014	1106	SHEK Lai-him, Abraham	152	Commerce and Industry
CITB(CI)015	0902	TING Woo-shou, Kenneth	152	-
CITB(CI)016	0904	TING Woo-shou, Kenneth	152	Commerce and Industry
CITB(CI)017	0905	TING Woo-shou, Kenneth	152	Commerce and Industry
CITB(CI)018	0906	TING Woo-shou, Kenneth	152	Commerce and Industry

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
CITB(CI)019	0417	CHAN Bernard	96	-
CITB(CI)020	0482	CHAN Kam-lam	96	Investment Promotion
CITB(CI)021	0677	HUI Cheung-ching	96	Investment Promotion
CITB(CI)022	0744	HO Chun-yan, Albert	96	Investment Promotion
CITB(CI)023	1025	LEE Cheuk-yan	96	-
CITB(CI)024	1204	CHAN Yuen-han	96	Investment Promotion
CITB(CI)025	1510	MA Fung-kwok	96	-
CITB(CI)026	1511	MA Fung-kwok	96	-
CITB(CI)027	0492	CHAN Kam-lam	31	Trade Controls
CITB(CI)028	0493	CHAN Kam-lam	31	Control and Enforcement
CITB(CI)029	0459	CHAN Yuen-han	31	Control and Enforcement, Anti-narcotics Investigation, Intellectual Property Rights and Consumer Protection, Revenue Protection and Collection, Trade Controls
CITB(CI)030	0460	CHAN Yuen-han	31	Control and Enforcement, Anti-narcotics Investigation, Intellectual Property Rights and Consumer Protection, Revenue Protection and Collection, Trade Controls
CITB(CI)031	1181	CHEUNG Man-kwong	31	Control and Enforcement, Anti-narcotics Investigation, Intellectual Property Rights and Consumer Protection, Revenue Protection and Collection, Trade Controls

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
CITB(CI)032	1389	CHEUNG Man-kwong	31	Control and Enforcement, Anti-narcotics Investigation, Intellectual Property Rights and Consumer Protection, Revenue Protection and Collection, Trade Controls
CITB(CI)033	1446	CHEUNG Man-kwong	31	Control and Enforcement, Anti-narcotics Investigation, Intellectual Property Rights and Consumer Protection, Revenue Protection and Collection, Trade Controls
CITB(CI)034	0385	EU Yuet-mee, Audrey	31	Control and Enforcement, Anti-narcotics Investigation, Intellectual Property Rights and Consumer Protection, Revenue Protection and Collection, Trade Controls
CITB(CI)035	0386	EU Yuet-mee, Audrey	31	Intellectual Property Rights and Consumer Protection
CITB(CI)036	1228	IP Kwok-him	31	Control and Enforcement, Anti-narcotics Investigation, Intellectual Property Rights and Consumer Protection, Revenue Protection and Collection, Trade Controls
CITB(CI)037	1239	IP Kwok-him	31	Control and Enforcement, Anti-narcotics Investigation, Intellectual Property Rights and Consumer Protection, Revenue Protection and Collection, Trade Controls

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
CITB(CI)038	1523	LAU Wai-hing, Emily	31	Control and Enforcement
CITB(CI)039	1277	LEE Cheuk-yan	31	Control and Enforcement, Anti-narcotics Investigation, Intellectual Property Rights and Consumer Protection, Revenue Protection and Collection, Trade Controls
CITB(CI)040	0136	MA Fung-kwok	31	Intellectual Property Rights and Consumer Protection
CITB(CI)041	0177	SIN Chung-kai	31	Intellectual Property Rights and Consumer Protection
CITB(CI)042	0912	TO Kun-sun, James	31	Control and Enforcement, Anti-narcotics Investigation, Intellectual Property Rights and Consumer Protection, Revenue Protection and Collection, Trade Controls
CITB(CI)043	0913	TO Kun-sun, James	31	Control and Enforcement, Anti-narcotics Investigation, Intellectual Property Rights and Consumer Protection, Revenue Protection and Collection, Trade Controls
CITB(CI)044	0914	TO Kun-sun, James	31	Control and Enforcement, Anti-narcotics Investigation, Intellectual Property Rights and Consumer Protection, Revenue Protection and Collection, Trade Controls

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
CITB(CI)045	1418	TO Kun-sun, James	31	Control and Enforcement, Anti-narcotics Investigation, Intellectual Property Rights and Consumer Protection, Revenue Protection and Collection, Trade Controls
CITB(CI)046	1419	TO Kun-sun, James	31	Control and Enforcement, Anti-narcotics Investigation, Intellectual Property Rights and Consumer Protection, Revenue Protection and Collection, Trade Controls
CITB(CI)047	0483	CHAN Kam-lam	78	Statutory Functions
CITB(CI)048	0484	CHAN Kam-lam	78	Protection of Intellectual Property
CITB(CI)049	0485	CHAN Kam-lam	78	Protection of Intellectual Property
CITB(CI)050	1300	LEE Cheuk-yan	78	-
CITB(CI)051	0034	CHAN Yuen-han	79	Investment Promotion
CITB(CI)052	0035	CHAN Yuen-han	79	Investment Promotion
CITB(CI)053	0181	SIN Chung-kai	79	Investment Promotion
CITB(CI)054	0486	CHAN Kam-lam	79	Investment Promotion
CITB(CI)055	0746	HO Chun-yan, Albert	79	Investment Promotion
CITB(CI)056	1143	CHOW LIANG Shuk-ye, Selina	79	Investment Promotion
CITB(CI)057	1301	LEE Cheuk-yan	79	Investment Promotion
CITB(CI)058	0033	CHAN Yuen-han	181	Trade Support and Facilitation
CITB(CI)059	0554	LI Ka-cheung, Eric	181	-

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
CITB(CI)060	0831	LEUNG LAU Yau-fun, Sophie	181	Commercial Relations
CITB(CI)061	0836	LEUNG LAU Yau-fun, Sophie	181	Support for Small and Medium Enterprises and Industries
CITB(CI)062	0900	TING Woo-shou, Kenneth	181	Commercial Relations
CITB(CI)063	0901	TING Woo-shou, Kenneth	181	Support for Small and Medium Enterprises and Industries
CITB(CI)064	1319	LEE Cheuk-yan	181	-
CITB(CI)065	1519	SIN Chung-kai	181	-

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)001

Question Serial No.

0481

Head: 152 - Government Secretariat:
Commerce, Industry and
Technology Bureau
(Commerce and Industry Branch)

Subhead (No. & title) :
700 (General Other Non-Recurrent) and
838 (Minor Consultancy Studies
(Block Vote))

Programme: (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau : Secretary for Commerce, Industry and Technology

Question : The Government stated that the increased expenditure of \$41.1 m for the coming year will mainly be used in implementing the Professional Services Development Assistance Scheme and the Helping Business and Services Promotion Programmes. However, these three programmes are not new items and the basic staff and resources requirements already exist in principle. Will the Government provide details of the areas or items of the three programmes that require additional provision, and the respective expenditure on the three programmes over the past year?

Asked by : Hon. CHAN Kam-lam

Reply : No provision for increase in manpower or operating cost has been made in the 2003-04 estimates. The expenditure in question belongs to other non-recurrent expenditure. The increase of the 2003-04 provision over the revised estimate for 2002-03 is due to increased cash flow requirements. Details are provided below.

The Professional Services Development Assistance Scheme was launched in February 2002 to provide financial support to the professional service sectors to carry out projects which aim at enhancing their competitiveness in external market (including the Mainland market) and their standard of professional services. The Legislative Council has approved a commitment of \$100 m for the scheme, which is to be disbursed under S/H700 by phases. In 2002-03, a total grant of \$15,500,000 was approved to finance 37 projects. Since some of these approved projects have only commenced lately or have not commenced, payment of these projects will be deferred to 2003-04. Provision of \$33,000,000 is estimated for the scheme in 2003-04 to finance new projects in the year as well as approved projects which have deferred. We are inviting the first tranche of applications for 2003-04. The second tranche is tentatively scheduled for August and September.

The consultancy studies conducted to take forward the Helping Business Programme and the Services Promotion Programme are funded under Subhead 838 Minor consultancy studies (block vote). In 2002-03, seven studies with total expenditure of \$8,223,000 have been conducted under Subhead 838. Completion of three of these studies will be deferred to 2003-04. Payment for part of the expenditure will therefore be deferred to that financial year. Besides the seven studies, the tender price for one other consultancy study exceeded the upper ceiling of \$3 m for items funded under Subhead 838. The item was therefore transferred from Subhead 838 to Subhead 700 in 2002-03. This study has now been completed.

The Estimates provision for Subhead 838 in 2003-04 is maintained at the previous years' level of \$15.6 m for funding new items and the abovementioned three studies, which commenced in 2002-03 and will be completed in 2003-04. We are currently working closely with bureaux and departments concerned regarding new areas for study and expect to finalize the list later.

Name in block letters	<u>Miss Denise Yue</u>
Post Title	<u>Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)</u>
Date	<u>18.3.2003</u>

(TRANSLATION)

Examination of Estimates of Expenditure 2003-04

Reply Serial No.

CITB(CI)002

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

Question Serial No.

1142

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

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question(s) : Under the Government's plan, how many projects will be undertaken by the private sector by tender in 2003-04? What are the estimated savings arising from this? Will it be an on-going arrangement for projects to be undertaken by the private sector?

Asked by : Hon. CHOW LIANG Shuk-ye, Selina

Reply :

There is no works project to be funded under Head 152 for 2003-04.

Name in block letters	<u>MISS DENISE YUE</u>
Post Title	<u>Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)</u>
Date	<u>18.3.2003</u>

(TRANSLATION)

Examination of Estimates of Expenditure 2003-04

Reply Serial No.

CITB(CI)003

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

Question Serial No.

1386

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

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question(s) : Please explain in detail the sharp increase of 34.9% in the provision under the programme "Commerce and Industry" for the coming year. Please provide a breakdown of the items that show an increase in expenses.

Asked by : Hon. CHOW LIANG Shuk-ye, Selina

Reply :

The increase in provision for Programme (2) for 2003-04 is mainly due to -

- (a) the additional cashflow requirements for the Professional Services Development Assistance Scheme (\$22.1 million);
- (b) the additional cashflow requirements for minor studies related to the Helping Business and Services Promotion Programmes (\$7.38 million);
- (c) the internal redeployment of resources among Commerce and Industry Branch and its departments to enable the Secretary for Commerce, Industry and Technology to pursue new initiatives and activities within his policy area, notably those that are related to the further industrial development of Hong Kong (\$13.6 million); and
- (d) partly offset by the deletion of two posts in 2003-04 and reduced operating expense to achieve efficiency savings (-\$4.4 million).

Name in block letters

MISS DENISE YUE

Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

Post Title

Date

18.3.2003

Examination of Estimates of Expenditure 2003-04

Reply Serial No.

CITB(CI)004

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

Question Serial No.

0742

Head: 152 Government Secretariat : Subhead 000 Operational expenses
Commerce, Industry and (No. & title) : Departmental Expenses
Technology Bureau (General departmental
(Commerce and Industry Branch) expenses)

Programme :

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question(s) : In the estimates for 2003-04, the estimated provision for general departmental expenses is \$46,317,000 which represents an increase of about 106% over last year's provision of \$22,432,000. Please inform this Council of the breakdown of the expenses and the reasons for substantial increase.

Asked by : Hon. HO Chun-yan, Albert

Reply :

A breakdown of the estimates for general departmental expenses for 2003-04 is as follows -

	<u>\$ million</u>
(a) Salaries for non-civil service contract staff including SCIT and his private office	4.0
(b) Administration	15.0
(c) Stores and equipment	1.0
(d) Light and power	0.8
(e) Training expenses	0.5
(f) Hire of services	6.5
(g) Transport and travelling	0.4
(h) Data processing and maintenance	2.5
(i) Miscellaneous	0.8
(j) Operating expenses for publicity programme to maintain HK's position as a pre-eminent services centre	1.2

(k) General resources set aside for pursuing new initiatives and activities within the Commerce and Industry policy area	13.6
	<hr/>
Total	46.3
	<hr/> <hr/>

2. The increase of \$23.885m (106.5%) over the revised estimate for 2002-03 is mainly due to -

- (i) inclusion of the resources set aside for SCIT to pursue new initiatives and activities within his policy area for the time being. We have yet to come to a final decision on the use of such resources but it is likely that most of the amount will be used for the further development of Hong Kong's fashion industry. We plan to consult the Steering Committee on the Development of the Fashion Industry on the specific uses in the months ahead (\$13.6m);
- (ii) the payment of salaries and related expenses of SCIT and non-civil service contract staff in his office (\$3.5m);
- (iii) transfer of the provision for publicity programme from the Capital Account (\$1.2m);
- (iv) additional resources for upgrading and maintenance of office automation system (\$1m);
- (v) promotion of intellectual property protection activities (\$0.8m); and
- (vi) revised payment scheduled for 2002-03 to 2003-04 (\$2m).

Name in block letters	<u>MISS DENISE YUE</u>
Post Title	<u>Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)</u>
Date	<u>19.3.2003</u>

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)005

Question Serial No.

0106

<u>Head</u> :	152 Government Secretariat : Commerce, Industry and Technology Bureau (Commerce and Industry Branch)	<u>Subhead</u> (No. & title):	-
	26 Census and Statistics Department		-
	31 Customs and Excise Department		-
	78 Intellectual Property Department		-
	79 Invest Hong Kong		-
	96 Government Secretariat : Hong Kong Economic and Trade Offices		-
	106 Miscellaneous Services		262 Subscription to the World Trade Organisation 296 Contribution to the International Textiles and Clothing Bureau 420 Asian and Pacific Development Centre 437 Hong Kong – Japan Business Co-operation Committee 457 World Customs Organisation 461 United Nations Development Programme 444 Hong Kong Trade Development Council
	176 Subventions : Miscellaneous		
	177 Subventions : Non-Departmental Public Bodies		
	181 Trade and Industry Department		-

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question : Regarding consultancy studies for policy making and assessment (if any) commissioned by the above bureau and departments, please provide details in the following format:

(1) Please provide the following details on the consultancy studies for which financial provision has been allocated respectively in 2001-02 and 2002-03:

Name of consultants (if available)	Description	Consultancy fees	Progress on consultancy studies (planning/ in progress / completed)	The Administration's follow-up action on the study reports and the progress made	Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subjects under study

(2) Please provide the following details on the consultancy studies for which financial provision has not been allocated respectively in 2001-02 and 2002-03, though consultancy studies have been made during the year:

Name of consultants (if available)	Description	Consultancy fees	Progress on consultancy studies (planning/ in progress / completed)	The Administration's follow-up action on the study reports and the progress made	Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subjects under study

(3) Has financial provision been allocated for commissioning consultancy studies in 2003-04? If yes, please provide the following details:

Name of consultants (if available)	Description	Consultancy fees	Status of consultancy studies (planning/ in progress / completed)

Asked by: Hon. HO Sau-lan, Cyd

Reply:

- (1) The details of the consultancy studies for which financial provisions have been allocated in 2001-02 and 2002-03 are as follows :

Head 152 - Government Secretariat : Commerce, Industry and Technology Bureau (Commerce and Industry Branch)

Name of consultants (if available)	Description	Consultancy fees (HK\$)	Progress on consultancy studies (planning/ in progress / completed)	The Administration's follow-up action on the study reports and the progress made	Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subjects under study
PwC Consulting Hong Kong Limited (now renamed IBM Business Consulting Services)	Departmental business study of Government Supplies Department	568,000 (2001-02)	Completed	Government Supplies Department has implemented most of the recommendations, and is pursuing those longer term items.	Not applicable
ERM-Hong Kong, Ltd	A regulatory impact assessment on the proposed legislation on family entertainment centres	367,000 (2001-02)	Completed	Home Affairs Bureau has made reference to the assessment in taking the matter forward.	Not applicable
KPMG Consulting Limited	Review of licensing of food premises other than restaurants	550,000 (2001-02)	Completed	Implementation of the recommendations by Food and Environmental Hygiene Department in progress.	Not applicable
ERM-Hong Kong, Ltd	A regulatory impact assessment on proposed amendments to the existing anti-smoking legislation	1,208,000 (2001-02)	Completed	Health, Welfare and Food Bureau has made reference to the assessment in taking the matter forward.	Not applicable

Name of consultants (if available)	Description	Consultancy fees (HK\$)	Progress on consultancy studies (planning/ in progress / completed)	The Administration's follow-up action on the study reports and the progress made	Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subjects under study
PwC Consulting Hong Kong Limited (now renamed IBM Business Consulting Services)	Feasibility study on the bulk billing functionality for rates and government rents	1,090,000 (2001-02)	Completed	Rating and Valuation Department has been allocated funds and is implementing the recommendations.	Not applicable
Vision in Business Consulting Limited	To review the future development of the Trade Officer Grade, including core competencies of the Grade, training and development of staff, advancement prospects etc.	458,500 (2001-02)	Completed	The Final Report was released in Nov. 2001. Action is being taken to implement some of the recommendations of the consultancy in respect of training, posting and advancement prospect of the Grade.	Not applicable
The McClier Corporation	Consultancy study on 'strengthening Hong Kong's role as the international and regional transportation and logistics hub'	1,148,000 (2001-02)	Completed	Economic Development and Labour Bureau will make reference to the assessment and take appropriate follow up actions.	Not applicable

Name of consultants (if available)	Description	Consultancy fees (HK\$)	Progress on consultancy studies (planning/ in progress / completed)	The Administration's follow-up action on the study reports and the progress made	Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subjects under study
The McClier Corporation	Follow-up consultancy to the study on 'strengthening Hong Kong's role as the international and regional transportation and logistics hub'	606,250 (2001-02) 606,250 (2002-03)	Completed	Economic Development and Labour Bureau will make reference to the assessment and take appropriate follow up actions.	Not applicable
Accenture Company Limited	Business process re-engineering study for the Integrated Government e-Trade System	500,000 (2001-02) 2,000,000 (2002-03)	Completed	Implementation of the recommendations by Commerce, Industry and Technology Bureau in progress.	Not applicable
PwC Consulting Hong Kong Limited (now renamed IBM Business Consulting Services)	Departmental business study for the Environmental Protection Department	248,000 (2001-02) 2,232,000 (2002-03)	Completed	Environmental Protection Department is implementing the recommendations.	Not applicable
Maunsell Consultants Asia Ltd.	Study to strengthen Hong Kong's role as an international maritime centre	3,400,000 (2002-03)	Completed	Economic Development and Labour Bureau will present the study recommendations to the Hong Kong Port and Maritime Board, and will take appropriate follow up actions.	Not applicable

Name of consultants (if available)	Description	Consultancy fees (HK\$)	Progress on consultancy studies (planning/ in progress / completed)	The Administration's follow-up action on the study reports and the progress made	Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subjects under study
ERM-Hong Kong, Ltd	A regulatory impact assessment on proposed regulation of the vehicle maintenance trade	800,000 (2002-03)	Completed	Environment, Transport and Works Bureau will make reference to the assessment in taking the matter forward.	Not applicable
GML Consulting Ltd in association with Maunsell Consultants Asia Ltd.	Departmental business study for the Transport Department	1,385,000 (2002-03)	In progress	Not applicable	Not applicable
Not Available	Study on licensing and other regulatory requirements of the construction industry	500,000 (2002-03)	Planning	Not applicable	Not applicable

Head 96 - Government Secretariat : Hong Kong Economic and Trade Offices

Name of consultants (if available)	Description	Consultancy fees (HK\$)	Progress on consultancy studies (planning/ in progress / completed)	The Administration's follow-up action on the study reports and the progress made	Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subjects under study
White and Case LLP	Consultancy services on commercial relation and trade issues in Europe	970,000 (2001-02) 1,035,000 (2002-03)	In progress	HKETO will follow up advice in conjunction with relevant government departments.	Not applicable

Head 79 - Invest Hong Kong

Name of consultants (if available)	Description	Consultancy fees (HK\$)	Progress on consultancy studies (planning/ in progress / completed)	The Administration's follow-up action on the study reports and the progress made	Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subjects under study
IBM China/Hong Kong Limited	Information System Strategy Study	1,200,000 (2002-03)	Completed	Recommendations endorsed. Funding paper is being prepared to implement the recommendations.	Not applicable

Head 181 - Trade and Industry Department

Name of consultants (if available)	Description	Consultancy fees (HK\$)	Progress on consultancy studies (planning/ in progress / completed)	The Administration's follow-up action on the study reports and the progress made	Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subjects under study
International Development Systems Inc.	Textiles matters relevant to Hong Kong/US textiles trade	505,412 (2001-02)	Completed	The consultant's contributions form part of the basis in our evaluation of various trade issues as appropriate.	Not applicable
		506,000 (2002-03)	In progress		
Grey, Clark, Shih & Associates Ltd.	Trade issues in Canada which may affect the economic and trade interests of Hong Kong	374,002 (2001-02)	Completed	- ditto -	Not applicable
		518,000 (2002-03)	In progress		
Powell, Goldstein, Frazer & Murphy, LLP	US Customs related matters that may affect Hong Kong's trade interest, in particular the textiles trade	510,404 (2001-02)	Completed	- ditto -	Not applicable
		117,000 (2002-03)			
Sidley Austin Brown & Wood LLP	- ditto -	114,000 (2002-03)	Completed	- ditto -	Not applicable

Name of consultants (if available)	Description	Consultancy fees (HK\$)	Progress on consultancy studies (planning/ in progress / completed)	The Administration's follow-up action on the study reports and the progress made	Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subjects under study
Petros Mavroidis	World Trade Organization (WTO) dispute settlement	183,333 (2001-02) 232,000 (2002-03)	In progress	We have drawn on the consultant's inputs in preparing Hong Kong, China's contributions to discussions in the WTO, including our preparations for the Ministerial Conference in 2001. Similar assistance may also be required as we prepare for the Ministerial Conference in 2003.	Not applicable
Wise Consultancy Ltd.	WTO Multilateral Agreements on Trade in Goods	442,014 (2001-02) 724,000 (2002-03)	In progress	We have drawn on the consultant's inputs in preparing Hong Kong, China's contributions to discussions in the WTO, including our preparations for the Ministerial Conference in 2001. Similar assistance may also be required as we prepare for the Ministerial Conference in 2003. In addition, we enlisted the consultant's assistance in compiling analytical notes for Department's database on WTO dispute settlement cases in 2002-03.	Not applicable

Name of consultants (if available)	Description	Consultancy fees (HK\$)	Progress on consultancy studies (planning/ in progress / completed)	The Administration's follow-up action on the study reports and the progress made	Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subjects under study
Akin, Gump, Strauss, Hauer & Feld LLP	Trade in services	50,349 (2001-02) 565,000 (2002-03)	In progress	We have drawn on the consultant's inputs in preparing Hong Kong, China's contributions to discussions in the WTO, including our preparations for the Ministerial Conference in 2001. Similar assistance may also be required as we prepare for the Ministerial Conference in 2003.	Not applicable
White & Case LLP	Trade in services	565,000 (2002-03)	In progress	We have drawn on the consultant's inputs in preparing Hong Kong, China's contributions to discussions in the WTO, including the negotiations under the Doha Development Agenda.	Not applicable
Edward Graham	WTO: trade and investment, as well as trade and competition policy	312,000 (2002-03)	In progress	We have drawn on the consultant's inputs in preparing Hong Kong, China's contributions to discussions in the WTO, including our preparations for the Ministerial Conference in 2001.	Not applicable

- (2) The details of the consultancy studies for which no financial provision has been allocated in 2001-02 and 2002-03 but consultancy studies have been made during the year through redeployment of resources are as follows :

Head 79 - Invest Hong Kong

Name of consultants (if available)	Description	Consultancy fees (HK\$)	Progress on consultancy studies (planning/ in progress / completed)	The Administration's follow-up action on the study reports and the progress made	Reasons for no follow-up action on the study reports and whether other measures are available to deal with the subjects under study
Crow Maunsell Management Consultants Limited	To prepare all necessary documentation for soliciting proposals from the private sector for the development and use of Pier 9 under the Central Reclamation Phase III project.	1,280,000 (2002-03)	In progress	Consultant will also help prepare answers to any questions raised by prospective bidders following the issue of the 'Solicitation of Proposals' document. InvestHK will continue to monitor the progress.	Not applicable

- (3) The details of the consultancy studies with financial provision allocated in 2003-04 are as follows :

Head 152 - Government Secretariat : Commerce, Industry and Technology Bureau (Commerce and Industry Branch)

Name of consultants (if available)	Description	Consultancy fees (HK\$)	Status of consultancy studies (planning/ in progress / completed)
GML Consulting Ltd in association with Maunsell Consultants Asia Ltd.	Departmental business study for the Transport Department	594,000	In progress
Not available	Study on licensing and other regulatory requirements of the construction industry	800,000	Planning

Name of consultants (if available)	Description	Consultancy fees (HK\$)	Status of consultancy studies (planning/ in progress / completed)
Not Available	To conduct consultancy studies under the Helping Business and Services Promotion Programmes, and regulatory impact assessments	13,900,000	Planning

Head 96 - Government Secretariat : Hong Kong Economic and Trade Offices

Name of consultants (if available)	Description	Consultancy fees (HK\$)	Status of consultancy studies (planning/ in progress / completed)
White and Case LLP	Consultancy services on commercial relation and trade issues in Europe	1,035,000	Planning

Head 181 - Trade and Industry Department

Name of consultants (if available)	Description	Consultancy fees (HK\$)	Status of consultancy studies (planning/ in progress / completed)
International Development Systems Inc.	Textiles matters relevant to Hong Kong/US textiles trade	525,000	In progress
Grey, Clark, Shih & Associates Ltd.	Trade issues in Canada which may affect the economic and trade interests of Hong Kong	553,000	In progress
Petros Mavroidis	WTO dispute settlement	232,000	In progress
Wise Consultancy Ltd.	WTO Multilateral Agreements on Trade in Goods	576,000	In progress
Dick Self	Trade in services	565,000	In progress
White & Case, LLP	Trade in services	565,000	In progress
Edward Graham	WTO: trade and investment; trade and competition policy	312,000	In progress
Not available	Trade and environment	405,500	Planning
Not available	Regional trade agreements	405,500	Planning

There is no such consultancy study in respect of the following Heads/Subheads for financial years 2001-02, 2002-03 and 2003-04 :

Head 26 Census and Statistics Department

Head 31 Customs and Excise Department

Head 78 Intellectual Property Department

Head 106 Miscellaneous Services

Head 176 Subventions : Miscellaneous

Head 177 Subventions: Non-Departmental Public Bodies

Name in block letters	<u>MISS DENISE YUE</u>
Post Title	<u>Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)</u>
Date	<u>19.3.2003</u>

(TRANSLATION)

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)006

Question Serial No.

0675

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

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question :

It is mentioned under "Matters Requiring Special Attention in 2003-04" that the branch will continue to strengthen communication and co-operation with the Mainland authorities on trade and investment issues through the Mainland and HKSAR Joint Commission on Commerce and Trade. Please account for the changes in manpower, activities and expenditure involved in this task as compared with the previous year.

Asked by : Hon. HUI Cheung-ching

Reply:

We do not envisage any significant change in manpower and expenditure devoted to the work of the Mainland and HKSAR Joint Commission on Commerce and Trade (Joint Commission) despite our plan to strengthen communication and co-operation with the Mainland authorities on trade and investment issues through this useful co-operation mechanism.

In the coming year, we shall speed up the exchange of information between the trade and investment authorities of the two places, as well as the dissemination of information to the business sector through the internet. We shall also organise seminars and symposiums on new areas of interest, such as promoting co-operation of the services sectors of the Mainland and Hong Kong, marketing Hong Kong's advantages as an investment destination to new Mainland audiences, introducing the new trade and investment-related policies in the Mainland to the Hong Kong business community etc. In addition, the Joint Commission will also enhance co-operation in the area of e-commerce through a new working group set up to take the matter forward. We believe that the good working relationship built up between the two sides at the Joint Commission shall enable us to further enhance our economic ties with the Mainland as well as facilitate the business community in tapping the vast opportunities in the Mainland market.

Name in block letters	<u>MISS DENISE YUE</u>
Post Title	<u>Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)</u>
Date	<u>19.3.2003</u>

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

Head: 152 Government Secretariat : Subhead Analysis of Financial
Commerce, Industry and Technology Bureau (No. & Provision
(Commerce and Industry Branch) title) :

Programme :

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question(s) : In 2003-04, the estimated expenditure for the Commerce, Industry and Technology Bureau will increase by 40.5% compared with 2002-03. According to the Bureau, the increase in expenditure is related to the further industrial development of Hong Kong. Please give details of the relevant expenditure.

Asked by : Hon. HUI Cheung-ching

Reply :

The provision for 2003-04 is \$47.7 million (40.5%) higher than the revised estimate for 2002-03. This is mainly due to (a) payment for the salaries and allowances of the Secretary for Commerce, Industry and Technology (SCIT) and staff in his Office; (b) the additional cashflow requirements for the Professional Services Development Assistance Scheme and minor studies related to the Helping Business and Services Promotion Programmes; and (c) the internal redeployment of resources among Commerce and Industry Branch and its departments to enable the Secretary for Commerce, Industry and Technology to pursue new initiatives and activities within his policy area, notably those that are related to the further industrial development of Hong Kong. This provision is partly offset by the deletion of two posts in 2003-04 and reduced operating expenses to achieve efficiency savings.

2. The breakdown of the provision is as follows :

	<u>\$ million</u>
(a) Personal Emoluments and Personnel Related Expenses	68.827
(b) Departmental Expenses	46.617
(c) Subscription to the Asia Pacific Economic Cooperation and the Pacific Economic Cooperation Council	0.900
(d) General other non-recurrent (including Professional Services Development Assistance Scheme and minor consultancy studies)	49.257

	165.601
	=====

3. We have included the resources set aside for SCIT to pursue new initiatives and activities within his policy area for the time being. We have yet to come to a final decision on the use of such resources but it is likely that most of the amount will be used for the further development of Hong Kong's fashion industry. We plan to consult the Steering Committee on the Development of the Fashion Industry on the specific uses in the months ahead.

Name in block letters	<u>MISS DENISE YUE</u>
Post Title	<u>Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)</u>
Date	<u>18.3.2003</u>

(TRANSLATION)

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)008

Question Serial No.

0808

Head: 152 Government Secretariat:
Commerce, Industry and Technology Bureau
(Commerce and Industry Branch)

Subhead(No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question: What is the progress of the study on submission of road mode cargo manifest by using electronic data interchange service? When will the study report be completed?

Asked by: Hon LAU Kin-ye, Miriam

Reply:

We have completed the feasibility study and are now considering the best way to establish an electronic system for advance customs clearance of cargoes transported by vehicles to and from the Mainland. We will consult the trade shortly on our proposal and will make a decision in the first half of 2003.

Name in block letters MISS DENISE YUE
Permanent Secretary for
Commerce, Industry and Technology
Post Title (Commerce and Industry)
Date 17.3.03

(TRANSLATION)

Examination of Estimates of Expenditure 2003-04

Reply Serial No.

CITB(CI)009

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

Question Serial No.

1109

Head: 152 Government Secretariat : Subhead 000 Operational
Commerce, Industry and Technology Bureau (No. & Expenses
(Commerce and Industry Branch) title) :

Programme :

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question(s) : Please provide the number of non-civil service contract staff employed and the level of expenditure involved in 2002-03. Are there any plans to employ more or less non-civil service contract staff in 2003-04? If so, what are the reasons? And what will be the number of staff and the level of expenditure involved?

Asked by : Hon. LEE Cheuk-yan

Reply :

For 2002-03, Commerce and Industry Branch (CIB) engaged 2 non-civil service contract (NCSC) staff at a cost of \$640,000. The provision included the payment of contract gratuity at the sum of \$80,000. For 2003-04, CIB will still engage 2 NCSC staff at an estimated cost of \$535,000.

Name in block letters	<u>MISS DENISE YUE</u>
Post Title	<u>Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)</u>
Date	<u>18.3.2003</u>

(TRANSLATION)

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CITB(CI)010

Question Serial No.

1534

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

Programme: (1) Director of Bureau's Office

Controlling Officer: Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question :

Following the implementation of the Accountability System, a new Programme (1) Director of Bureau's Office with relevant estimated expenses is introduced for all policy bureaux in their budgets for the year 2003-04, with a view to ensuring the smooth operation of the offices of the Director of Bureau.

- (1) With regard to the estimated expenses of the offices of the Director of Bureau, please provide a detailed breakdown by (a) purpose (including the planning, co-ordination and implementation of all arrangements for the Director of Bureau's public, media and community functions); (b) items (salaries and establishment, allowances, job-related allowances and departmental expenses);
- (2) Please provide a comparison between the expenditure breakdown listed in (1) and the actual expenditure required for the smooth operation of the offices of the Director of Bureau before the implementation of the Accountability System. If the amount of expenses for specific items shows an increase, please give the reasons.
- (3) Has the Administration assessed whether the estimated expenditure of the offices of the Director of Bureau is appropriate? What principles are being adopted in assessing its appropriateness?

Asked by: Hon. LEE Chu-ming, Martin

Reply:

- (1) The estimated expenditure of the Office of the Secretary for Commerce, Industry and Technology (SCIT) covers the salaries and allowances of the SCIT and staff in his Office. As the day-to-day business of the SCIT and staff in his Office covers a wide spectrum of official duties, it is difficult to provide a breakdown of the estimated provision for salaries and allowances by various types of official duties. Nevertheless, the breakdown of the provision by nature of expenditure and establishment of the Office is as follows:

The estimated expenditure for 2003-04 includes

SCIT's salary (including Mandatory Provident Fund (MPF) contribution)	\$3,232,000
Staff salary (including Administrative Assistant, Senior Executive Officer, Personal Assistant, Chauffeur, and Personal Secretary I) and MPF contribution	\$3,236,000
Job-related allowances	\$96,000

- (2) Prior to the implementation of the Accountability System, there is no Director of Bureau's Office. Moreover, the duties and responsibilities of SCIT are different from the former Secretary for Commerce and Industry and Secretary for Information Technology and Broadcasting. Hence it is difficult to provide a comparison of the expenditure.
- (3) On the basis that only the minimum resources will be deployed to maintain the operation of the Office of the Director of Bureau, we consider the estimated expenditure for 2003-04 appropriate.

Name in block letters MISS DENISE YUE
Permanent Secretary for Commerce,
Industry and Technology
Post Title (Commerce and Industry)
Date 19.3.2003

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)011

Question Serial No.

0830

Head: 152 Government Secretariat: Commerce,
Industry and Technology Bureau
(Commerce and Industry Branch) Subhead:

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

Under "Matters Requiring Special Attention" in 2003-04, there is "continue to engender a helping business culture and cultivate the right mindset in the civil service by organising helping business seminars and publicity events, and distributing publications among civil servants". Please give details of the plan, the expenditure and staff involved, the government departments covered by the plan and the number of targeted civil servants. Please also explain how the effectiveness of the plan among the civil service can be assessed.

Asked by: Hon. LEUNG LAU Yau-fun, Sophie

Reply:

For the successful implementation of the Helping Business Programme, it is essential to engender a helping business culture and mindset in the civil service. We have organised the Helping Business Awards Scheme since 1999 on a biennial basis with the aim of encouraging government departments and individual civil servants to propose practical measures to make government operations more business-friendly. We also organise from time to time seminars, talks and distribute promotional materials and guidebooks to increase civil servants' awareness of the obstacles to business operation resulting from government over-regulation, red tape or outdated and complicated procedures. We will continue to carry out these activities in 2003-04 with anticipated expenditure of around \$750,000 (excluding staff costs). Regarding staffing, there are eight full time staff of this Bureau responsible for the above activities, which form part of their duties. The above activities cover all government departments and civil servants with focus on the middle to senior ranking civil servants who are responsible for formulation of policy on regulatory regimes and related procedures. We will continue to assess the effectiveness of our activities through feedback from Members of the Business Advisory Group and representatives of business chambers and various trades.

Name in block letters	<u>MISS DENISE YUE</u>
Post Title	<u>Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)</u>
Date	<u>18.3.2003</u>

(TRANSLATION)

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)012

Question Serial No.

0572

Head: 152 Government Secretariat: Commerce, Industry and Technology Bureau
(Commerce and Industry Branch) Subhead: 700

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

Please report on the progress and effectiveness of Item 012 "Professional Services Development Assistance Scheme" under Sub-head 700.

Asked by: Hon. NG Leung-sing

Reply:

Since the inception of the Professional Services Development Assistance Scheme (PSDAS) in February 2002, two tranches of grants have been made. Of the 109 applications received from 79 organisations in these two tranches, 37 projects have been approved, involving grants totalling \$15.5 million. The approved projects include seminars, training courses, visits/exchanges and other promotional activities. The closing date for the third tranche of applications is at end March 2003.

Since most of the approved projects of the first tranche only commenced in end 2002 and those of the second tranche have just commenced or will commence later, it is too early to evaluate the effectiveness of the PSDAS at this stage. An evaluation in this regard will be conducted when there are more completed projects. However, to improve the operation of the Scheme, we are reviewing its scope, eligibility for application, application procedures, disbursement and monitoring arrangements, etc. The review is expected to complete in mid-2003.

Name in block letters	<u>MISS DENISE YUE</u>
Post Title	<u>Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)</u>
Date	<u>17.3.2003</u>

(TRANSLATION)

Examination of Estimates of Expenditure 2003-04

Reply Serial No.

CITB(CI)013

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

Question Serial No.

0573

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

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question(s) : Despite the deletion of two posts in 2003-04 and the stated aim to reduce operating expenses and achieve efficiency savings, the general departmental expenses in the estimate for 2003-04 are much higher than the revised estimate for 2002-03. Please give the reasons for this.

Asked by : Hon. NG Leung-sing

Reply :

Provision for Programme (2) in 2003-04 is \$41.1 million (34.9%) higher than the revised estimate for 2002-03. This is mainly due to the additional cashflow requirements for the Professional Services Development Assistance Scheme and minor studies related to the Helping Business and Services Promotion Programmes and the internal redeployment of resources among Commerce and Industry Branch and its departments to enable the Secretary for Commerce, Industry and Technology to pursue new initiatives and activities within his policy area, notably those that are related to the further industrial development of Hong Kong, partly offset by the deletion of two posts in 2003-04 and reduced operating expenses to achieve efficiency savings.

Name in block letters	<u>MISS DENISE YUE</u>
Post Title	<u>Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)</u>
Date	<u>18.3.2003</u>

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

Head: 152 Government Secretariat : Subhead 000 Recurrent
Commerce, Industry and Technology Bureau (No. & Account
(Commerce and Industry Branch) title) :

Programme :

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question(s) : The estimate of the amount required in 2003-04 for general departmental expenses of the Commerce and Industry Branch is \$23,885,000 (106.5%) higher than the revised estimate for 2002-03. Could the Administration provide a further breakdown for the expenditure items under general departmental expenses and account for the substantial increase in the 2003-04 estimate?

Asked by : Hon. SHEK Lai-him, Abraham

Reply : A breakdown of the estimates for general departmental expenses for 2003-04 is as follows -

	<u>\$ million</u>
(a) Salaries for non-civil service contract staff including SCIT and his private office	4.0
(b) Administration	15.0
(c) Stores and equipment	1.0
(d) Light and power	0.8
(e) Training expenses	0.5
(f) Hire of services	6.5
(g) Transport and travelling	0.4
(h) Data processing and maintenance	2.5
(i) Miscellaneous	0.8
(j) Operating expenses for publicity programme to maintain HK's position as a pre-eminent services centre	1.2
(k) General resources set aside for pursuing new initiatives and activities within the Commerce and Industry policy area	13.6
Total	46.3

2. The increase of \$23.885m (106.5%) over the revised estimate for 2002-03 is mainly due to -

- (i) inclusion of the resources set aside for SCIT to pursue new initiatives and activities within his policy area for the time being. We have yet to come to a final decision on the use of such resources but it is likely that most of the amount will be used for the further development of Hong Kong's fashion industry. We plan to consult the Steering Committee on the Development of the Fashion Industry on the specific uses in the months ahead (\$13.6m);
- (ii) the payment of salaries and related expenses of SCIT and non-civil service contract staff in his office (\$3.5m);
- (iii) transfer of the provision for publicity programme from the Capital Account (\$1.2m);
- (iv) additional resources for upgrading and maintenance of office automation system (\$1m);
- (v) promotion of intellectual property protection activities (\$0.8m); and
- (vi) revised payment scheduled for 2002-03 to 2003-04 (\$2m).

Name in block letters	<u>MISS DENISE YUE</u>
Post Title	<u>Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)</u>
Date	<u>19.3.2003</u>

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)015

Question Serial No.

0902

Head: 152 Government Secretariat: Commerce, Industry and Technology Bureau (Commerce and Industry Branch) Subhead 838 Minor consultancy studies (block vote) (No. & title) :

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question:

The 2003-04 estimate under Subhead 838 "Minor consultancy studies (block vote)" is \$15,600,000, which shows an increase of \$7,377,000 (89.7%) over the revised estimate of 2002-03. What are the reasons for the increase? Please provide a breakdown of the estimated expenditure.

Please set out the details about the minor consultancy studies to be conducted in 2003-04. What are the criteria for commissioning consultancy studies?

Asked by: Hon. TING Woo-shou, Kenneth

Reply:

The minor consultancy studies funded under Subhead 838 are conducted to take forward the Helping Business Programme and the Services Promotion Programme. Since this Subhead was created, the provision for this subhead in the annual Estimates have been maintained at the level of \$15.6m. In 2002-03, we conducted seven studies under the Subhead with a Revised Estimates of \$8,223,000. The reduction in expenditure is partly due to the deferment of completion of the following three studies from 2002-03 as originally planned to 2003-04, and the total payment deferred to 2003-04 will amount to \$1.7m –

- (1) Departmental business study for the Transport Department;
- (2) Study on licensing and other regulatory requirements of the construction industry; and
- (3) Provision of on-screen fillable government forms on the Internet.

Also, in 2002-03, one funded item costing \$3.4 m was transferred from this Subhead to Subhead 700 General other non-recurrent (the original budget for this item was below \$3m, within the expenditure ceiling for individual items funded under Subhead 838). Furthermore, the actual expenditure of some projects was lower than the original estimates.

We are currently working closely with bureaux and departments concerned regarding new areas for study in 2003-04. Projects which may be included are departmental business studies for Fire Services Department and Labour Department, reviews of the liquor and elderly homes licensing processes, review of environmental requirements for works contracts, follow-on studies to streamline the licensing requirements in the construction industry etc. Final decision has not been made and we expect to finalize the list later.

Before a decision is made to commission a consultancy study, we would first consider whether there are suitable staff within the Government who possess the requisite expertise and experience, and have in-depth understanding of overseas leading practices in relevant fields. Also, we would take into consideration the capacity and priorities of staffing resources in departments to carry out the study. The above are the criteria for commissioning consultancy studies.

Name in block letters	<u>MISS DENISE YUE</u>
Post Title	<u>Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)</u>
Date	<u>19.3.2003</u>

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

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

Programme : (2) Commerce and Industry

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question(s) : Provision for the Commerce, Industry and Technology Bureau for 2003-04 is 34.9% higher than that for 2002-03. Does it have any plans, such as outsourcing of work, to save its required resources?

Asked by : Hon. TING Woo-shou, Kenneth

Reply :

The provision for Programme (2) in 2003-04 is \$41.1 million (34.9%) higher than the revised estimate for 2002-03. This is mainly due to the additional cashflow requirements for the Professional Services Development Assistance Scheme and minor studies related to the Helping Business and Services Promotion Programmes and the internal redeployment of resources among Commerce and Industry Branch and its departments to enable the Secretary for Commerce, Industry and Technology to pursue new initiatives and activities within his policy area, notably those that are related to the further industrial development of Hong Kong. This provision is partly offset by the deletion of two posts in 2003-04 and reduced operating expenses to achieve efficiency savings.

2. Depending on the nature of job requirements, we have outsourced and will continue to outsource our work where appropriate. For instance, the minor studies related to the Helping Business and Services Promotion Programmes are mostly conducted by consultants.

Name in block letters	<u>MISS DENISE YUE</u>
Post Title	<u>Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)</u>
Date	<u>18.3.2003</u>

(TRANSLATION)

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)017

Question Serial No.

0905

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

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question :

What are the specific plans to be implemented by the Commerce, Industry and Technology Bureau in 2003-04 to facilitate the dissemination of information from the Mainland authorities to Hong Kong businessmen, and promote exchanges and contacts between them? Will additional resources be required? Please provide the details.

Asked by : Hon. TING Woo-shou, Kenneth

Reply:

In 2003-04, the Commerce, Industry and Technology Bureau (CITB) will continue to strengthen cooperation with the Ministry of Commerce (formerly the Ministry of Foreign Trade and Economic Cooperation) and the authorities concerned on the exchange of information. We have already established a hyperlink between the CITB's website and that of the Ministry. Recently, we are in touch with the Ministry on establishing a hyperlink with its newly-launched "Invest in China" website. The hyperlink, which is expected to be in place in the near future, will provide Hong Kong businessmen with another avenue for quick access to information on the Mainland's investment policies and measures.

At the same time, we shall strengthen our information exchange mechanism with the Mainland under the framework of the Mainland and HKSAR Joint Commission on Commerce and Trade (Joint Commission), and continue to collect information through the Office of the HKSAR Government in Beijing, the Economic and Trade Office of the HKSAR in Guangdong (GDETO) and the Hong Kong Trade Development Council (TDC). Such information will be disseminated to the Hong Kong business sector via the various publications by the respective agencies, including the GDETO Newsletter, TID's Commercial Information Circular and TDC's China Business Alert. The above initiatives do not involve additional resources.

Name in block letters MISS DENISE YUE

Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

Post Title

Date 19.3.2003

(TRANSLATION)

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CITB(CI)018

Question Serial No.

0906

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

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question :

What are the specific plans to be implemented by the Commerce, Industry and Technology Bureau in 2003-04 to support the local enterprises operating on the Mainland (especially those enterprises set up in Guangdong and have a strategic partnership with Hong Kong in respect of trade and investment promotion)? What are the resources involved?

Asked by : Hon. TING Woo-shou, Kenneth

Reply:

In 2003-04, the Commerce, Industry and Technology Bureau (CITB), together with the government as well as subvented agencies concerned will continue to enhance support to the Hong Kong businessmen operating in the Mainland. The initiatives are as follows -

- (1) **Providing timely trade and market-related information** - CITB, the Office of the HKSAR Government in Beijing, the Trade and Industry Department (TID) and the relevant agencies concerned will continue to enhance the exchange of information on commerce and trade policies and regulations through the mechanism of the Mainland and HKSAR Joint Commission on Commerce and Trade (Joint Commission) and other channels. The information collected is released via the Commercial Information Circulars of TID. Market information is disseminated through the Hong Kong Trade Development Council's (TDC) internet portal and its China Business Alert.

In addition, the Economic and Trade Office of the HKSAR in Guangdong (GDETO) also regularly collects information on Guangdong's trade and commerce policies, regulations, economic development and business-related activities (such as exhibitions and seminars). Such information is disseminated through the weekly GDETO Newsletter, issued by e-mail to about 60 business associations in Hong Kong. The Newsletter has been uploaded to the GDETO website (<http://www.gdeto.gov.hk>) from 31 January onwards. GDETO also plans to establish an electronic platform hyperlinking its website with that of the 21 municipalities in Guangdong. This will further facilitate businessmen from both places in obtaining up-to-date commerce and trade information.

- (2) **Promoting Hong Kong businesses' understanding of the Mainland's policies in commerce, trade and investment, and strengthen their links with Mainland authorities and enterprises** - We will hold seminars and symposiums under the framework of the Joint Commission to enhance communication between the Hong Kong businessmen and Mainland officials. In 2003-04, our focus will be on promoting cooperation with the Mainland on services industry and e-commerce, thereby facilitating Hong Kong businessmen in seizing the business opportunities in these sectors of the Mainland. Besides, GDETO and TDC will organise trade missions and visits for Hong Kong businessmen to different provinces in the Mainland, with a view to promoting their understanding of the Mainland's investment environment.
- (3) **Enhancing the productivity of Hong Kong enterprises** - The Hong Kong Productivity Council (HKPC) plans to establish four Mainland offices, namely in Guangzhou, Dongguan, Shenzhen and Zhuhai, within this year to provide Hong Kong companies there with services on production technology, system management, IT and environmental technology. The purpose is to help enhance the productivity of Hong Kong companies operating in the Mainland, especially those in Guangdong.
- (4) **Reflecting Hong Kong businessmen's common concerns and seeking to improve the investment environment of the Mainland** - We shall continue to reflect Hong Kong businessmen's views on issues of common concern and explore solutions through the Joint Commission. One of the major functions of the GDETO is to reflect the concerns of Hong Kong businessmen in Guangdong to the authorities there. The GDETO will monitor the promulgation and implementation of major commerce and trade policies in Guangdong and take follow up actions as appropriate. These include reflecting the views of Hong Kong businessmen to the departments concerned.

2. The above tasks involved the participation of numerous government and semi-government agencies, and the officers concerned are also responsible for duties other than supporting Hong Kong companies based in the Mainland. As such, it is impossible to single out the resources devoted to this task alone.

Name in block letters	<u>MISS DENISE YUE</u>
Post Title	<u>Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)</u>
Date	<u>19.3.2003</u>

Examination of Estimates of Expenditure 2003-04

Reply Serial No.

CITB(CI)019

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

Question Serial No.

0417

Head: 96 Government Secretariat : Subhead 000 Operational
Hong Kong Economic and Trade Offices (No. & Expenses related
title) : (Personnel expenses)

Programme : —

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

- Question :
- (1) An estimated provision of \$350,000 is sought for payment to redundant locally engaged staff of the HKETO in London in 2003-04. Meanwhile, \$425,000 and \$306,000 were spent for the same purpose in 2001-02 and 2002-03 respectively. Please list out the number of staff and posts involved for the years 2001-02, 2002-03 and 2003-04.
 - (2) What is the total number of staff in the London Office and how many of them are considered as redundant in that their employment contracts are likely to be ceased in 2003-04.

Asked by : Hon. CHAN Bernard

Reply :

The payment is made to locally engaged staff of the HKETO in London rendered redundant when their posts were made redundant due to reorganisation exercises between 1986 and 1996. Redundancy payment is paid to the officers concerned until their normal retirement age of 60 or death, whichever is the earlier. The local staff involved for the years 2001-02, 2002-03 and 2003-04 are as follows:

- | | | |
|----|---------|--|
| a) | 2001-02 | 3 Senior Executive Officers
1 Executive Officer
1 Senior Information Officer |
| b) | 2002-03 | 2 Senior Executive Officers
1 Executive Officer
1 Senior Information Officer |
| c) | 2003-04 | 1 Senior Executive Officer
1 Executive Officer
1 Senior Information Officer |

2. The increase of provision in 2003-04 is due to the less favourable exchange rate in 2003-04. At present, there are 8 Hong Kong based staff and 14 locally engaged staff in the London Office. For 2003-04, no staff will be made redundant.

Name in block letters	<u>MISS DENISE YUE</u>
Post Title	<u>Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)</u>
Date	<u>19.3.2003</u>

(TRANSLATION)

Examination of Estimates of Expenditure 2003-04

Reply Serial No.

CITB(CI)020

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

Question Serial No.

0482

Head : 96 Government Secretariat : Subhead
Hong Kong Economic and Trade Offices (No. & title) :

Programme : (3) Investment Promotion

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question : According to the Government's estimates in investment promotion, the number of projects completed and pursuable new leads in 2003 will be 76 and 150 respectively. Will the Government inform this Council of the breakdown of these projects by respective Hong Kong Economic and Trade Offices (HKETOs) and the operating cost of each HKETO over the past three years and in the coming year?

Asked by : Hon. CHAN Kam-lam

Reply :

The breakdown by Hong Kong Economic and Trade Offices (HKETOs) in respect of "projects completed" and "pursuable new leads" under Investment Promotion in 2003 is as follows :

Performance Indicators	Hong Kong Economic and Trade Offices						
	Brussels	Guangdong	London	New York	San Francisco	Tokyo	Total
projects completed	21	13	8	13	13	8	76
projects pursued - pursuable new leads	41	25	17	25	25	17	150

2. The breakdown of operating cost of each ETO in the past 3 years and the coming year is listed below. Only a small portion of the provision is used on Investment Promotion.

	ETO (HK\$ M) (See notes)											
	Brussels	Geneva	Guangdong	London	New York	San Francisco	Singapore	Sydney	Tokyo	Toronto	Washington	Total
2000-01 (actual)	28.4	23.8	-	34.3	25.9	20.6	12.7	18.8	34.7	15.2	28.6	243.0
2001-02 (actual)	25.9	22.3	0.4	33.8	25.7	20.9	12.4	14.1	33.1	13.3	29.8	231.7
2002-03 (revised estimates)	27.6	23.0	30.0	35.0	26.5	20.0	12.5	14.0	31.0	12.5	36.0	268.1
2003-04 (estimates)	30.2	23.7	24.1	35.5	27.0	20.3	13.6	14.8	31.3	13.7	36.7	270.9

(Notes : (i) The Hong Kong Economic and Trade Office in Guangdong was formally established in July 2002.
(ii) The sum included items under Capital Account.)

Name in block letters

MISS DENISE YUE

Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

Post Title

Date

19.3.2003

Examination of Estimates of Expenditure 2003-04

Reply Serial No.

CITB(CI)021

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

Question Serial No.

0677

Head: 96 Government Secretariat : Subhead
Hong Kong Economic and Trade Offices (No. & title) :

Programme : (3) Investment Promotion

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question : In 2003-04, the estimated expenditure for the Hong Kong Economic and Trade Offices on "Investment Promotion" will increase by 11.5% compared with 2002-03. Please give details of the estimated expenditure.

Asked by : Hon. HUI Cheung-ching

Reply :

The Hong Kong Economic and Trade Offices (HKETOs) promote inward investments to Hong Kong by publicising the attraction of Hong Kong as a business centre and by providing advice and assistance to companies in the formulation and implementation of their plans to invest in Hong Kong.

The HKETOs will continue to work together with Invest Hong Kong under a more targeted approach to encourage and attract overseas companies to invest in Hong Kong and thereby introduce to Hong Kong new and improved products, services, design processes and management techniques, and create more job opportunities in Hong Kong. They will continue to provide assistance to investors interested in establishing a business presence in Hong Kong. For 2003-04, HKETOs will strengthen investment promotion support, particularly in the Mainland and Europe.

For 2003-04, provision for investment promotion under Head 96 will amount to \$52.4 m comprising -

	<u>\$ m</u>
a) Personal Emoluments	22.8
b) Departmental Expenses and Publicity	29.6
	<hr/> 52.4
	<hr/> <hr/>

Name in block letters

MISS DENISE YUE

Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

Post Title

Date

18.3.2003

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

Head: 96 Government Secretariat : Subhead
Hong Kong Economic and Trade Offices (No. & title) :

Programme : (3) Investment Promotion

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question : Does the Government have any plans to abolish or merge some of the Hong Kong Economic and Trade Offices in the next few years? If yes, what is the estimated implication on the expenditure and staff establishment of the offices? If no, what are the reasons?

Asked by : Hon. HO Chun-yan, Albert

Reply :

We are reviewing the deployment of resources to Hong Kong Economic and Trade Offices (ETOs) with a view to identifying efficiency saving measures without adversely affecting the operation of the ETOs. We have no plan to close or merge any of the ETOs for the time being.

Name in block letters

MISS DENISE YUE

Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

Post Title

Date

18.3.2003

(TRANSLATION)

Examination of Estimates of Expenditure 2003-04

Reply Serial No.

CITB(CI)023

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

Question Serial No.

1025

Head: 96 Government Secretariat : Subhead 000 Operational Expenses
Hong Kong Economic and Trade Offices (No. & title) :

Programme :

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question : How many members of staff were employed on non-civil service contract terms and what was the amount of expenses incurred in 2002-03? Are there any plans to increase or reduce the number of non-civil service contract staff to be recruited in 2003-04? If yes, what are the reasons for this, and what is the number of non-civil service contract staff involved and the amount of expenses incurred?

Asked by : Hon. LEE Cheuk-yan

Reply :

For 2002-03, Hong Kong Economic and Trade Offices engaged 15 non-civil service contract (NCSC) staff at a cost of \$6.2 m. For 2003-04, the no. of NCSC staff will be 16 at an estimated cost of \$7.0 m. The increase in provision is due to the employment of one additional staff, payment of contract gratuity to a number of staff, and the less favourable exchange rate used for 2003-04.

Name in block letters

MISS DENISE YUE

Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

Post Title

Date

18.3.2003

(TRANSLATION)

Examination of Estimates of Expenditure 2003-04

Reply Serial No.

CITB(CI)024

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

Question Serial No.

1204

Head: 96 Government Secretariat : Subhead
Hong Kong Economic and Trade Offices (No. & title) :
Programme : (3) Investment Promotion

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question : The indicators such as “companies visited to encourage inward investment” and their estimates are not set out because such indicators have been replaced by a new set of indicators from January 2002. Please provide this Council with the details of the new set of indicators. When will the new indicators and the relevant estimates be announced?

Asked by : Hon. CHAN Yuen-han

Reply :

The new indicators introduced from January 2002 are -

- (a) projects pursued (pursuable new leads);
- (b) projects pursued (projects generated from after care service);
- (c) projects completed.

They are shown under paragraph 12 of the Estimates.

2. The new set of performance indicators is a more appropriate reflection of the objectives and results of the collective investment promotion efforts in the Invest Hong Kong and the Hong Kong Economic and Trade Offices. Also, this is to align the performance indicators of the Investment Promotion Programme with those of the Invest Hong Kong, the performance indicators of which were introduced in 2001.

Name in block letters

MISS DENISE YUE

Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

Post Title

Date

19.3.2003

(TRANSLATION)

Examination of Estimates of Expenditure 2003-04

Reply Serial No.

CITB(CI)025

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

Question Serial No.

1510

Head: 96 Government Secretariat : Subhead 000 Operational Expenses
Hong Kong Economic and Trade Offices (No. & title) :

Programme :

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question : Please provide details of the salary adjustment for the locally engaged staff of the Hong Kong Economic and Trade Offices.

Asked by : Hon. MA Fung-kwok

Reply :

The annual pay adjustment mechanisms for various Hong Kong Economic and Trade Offices (HKETOs) are as follows -

- (a) adopting the annual pay adjustment for the local civil service as the basis for pay adjustment in HKETOs in Washington, New York, San Francisco, London, Tokyo, Toronto, Singapore and Sydney;
- (b) adopting the annual adjustment of the World Customs Organisation for HKETO in Brussels; and
- (c) adopting the annual adjustment in line with the World Trade Organisation for HKETO in Geneva.

2. For HKETO in Guangdong, the local staff are arranged through hire of service following the general hiring practice for foreign entities operating in Guangzhou.

Name in block letters

MISS DENISE YUE

Permanent Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

Post Title

Date

19.3.2003

(TRANSLATION)

Examination of Estimates of Expenditure 2003-04

Reply Serial No.

CITB(CI)026

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

Question Serial No.

1511

Head: 96 Government Secretariat : Subhead 000 Operational Expense
Hong Kong Economic and Trade Offices (No. & title) :

Programme :

Controlling Officer : Permanent Secretary for Commerce, Industry and Technology
(Commerce and Industry)

Director of Bureau: Secretary for Commerce, Industry and Technology

Question : An estimated provision of \$350,000 is set aside as payment to redundant locally engaged staff of the Hong Kong Economic and Trade Office (HKETO) in London in 2003-04. At present, what is the number of locally engaged staff in London still considered redundant? In the past few years, how many locally engaged staff had been laid off under the redundancy package? What is the expected time of completion of the whole exercise?

Asked by : Hon. MA Fung-kwok

Reply :

Owing to the reorganisation exercises between 1986 and 1996, 27 locally engaged staff of the London Office were made redundant. Redundant payment is payable until such staff reach the retirement age of 60 or die, whichever is the earlier. At present, redundant payment is paid to 3 ex-London Office staff. We expect that payment is no longer necessary by March 2010 when the last redundant staff reaches the retirement age.

Name in block letters	MISS DENISE YUE
Post Title	Permanent Secretary for Commerce, Industry and Technology (Commerce and Industry)
Date	19.3.2003

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)027

Question Serial No.

0492

Head : 31 Customs and Excise Department Subhead(No. & title) :

Programme : (5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology

Question : Would the Government inform this Council:

In the coming year, the Customs will delete 10 posts to reduce expenditure by \$2.8 m. However, the department will also need to assume its enforcement responsibility for the Chemical Weapons Convention and the "Kimberley Process" certification scheme in the same year. Will redeployment of internal resources or additional manpower be required to cope with the workload? If additional manpower is required, what will be the establishment and expenditure involved?

Asked by : Hon. CHAN Kam-lam

Reply :

The department has already secured additional resources to carry out the enforcement work arising from the implementation of the Chemical Weapons Convention. It has created / will create a total of six posts in the Trade Controls Officer Grade, namely, one Senior Trade Controls Officer, three Trade Controls officers and two Assistant Trade Controls Officers to discharge the new duties. The total expenditure involved is estimated to be \$2.16 m.

The Kimberley Process Certification Scheme has been implemented since 2 January 2003. One Trade Controls Officer and one Assistant Trade Controls Officer have been re-deployed from internal resources to take up the relevant enforcement work.

Name in block letters

RAYMOND H C WONG

Post Title

Commissioner of Customs and Excise

Date

19.3.2003

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)028

Question Serial No.

0493

Head : 31 Customs and Excise Department Subhead(No. & title) :

Programme : (1) Control and Enforcement

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology/
Secretary for Security/Secretary for Financial Services and the Treasury

Question : Would the Government inform this Council:
What is the organisation structure of the Ports and Maritime Command after combining the Ship Search and Cargo Command and the Marine Enforcement Division? Will adjustment be made to the number of manpower and the rank structure of the staff? What is the estimated expenditure savings upon the merger?

Asked by : Hon. CHAN Kam-lam

Reply :

The new Ports and Maritime Command (PMC), which was revamped from the merging of the former Ship Search and Cargo Command (SSCC) and the former Marine Enforcement Division of the Marine and Land Enforcement Command (MLEC), comprises two main Groups – the Marine Enforcement Group and the Ports Control Group. The Marine Enforcement Group consists of the Marine Enforcement Division, the Marine Strike and Support Division and the Joint Police/Customs Anti-Smuggling Task Force (ASTF) while the Ports Control Group consists of the Harbour and River Trade Division, the Container Terminals Division, the Cargo Research Division and the Office Management and Support Unit.

The PMC is now fully responsible for –

- (a) patrolling Hong Kong waters for the detection, interception and suppression of smuggling activities in and out of the territory by vessels;
- (b) searching and rummaging vessels berthed in Hong Kong waters;
- (c) Customs clearance and examination of sea-borne cargoes and surface postal parcels;
- (d) Customs clearance of vessel crews and passengers; and
- (e) combating smuggling activities on sea in co-operation with the Police through the ASTF.

The setting up of the PMC was effected through internal redeployment of 406 posts from SSCC and 333 posts from MLEC to achieve a full functional alignment of those formations in the department for combating smuggling activities at sea. The reorganisation is basically a cost-neutral exercise. There are no changes to the rank structure of staff concerned as a result of the redeployment.

Name in block letters RAYMOND H C WONG

Post Title Commissioner of Customs and Excise

Date 19.3.2003

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)029

Question Serial No.

0459

Head : 31 Customs and Excise Department Subhead (No. & title) : 000 Operational Expenses

Programme :

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology/
Secretary for Security/Secretary for Financial Services and the Treasury/
Secretary for Economic Development and Labour

Question : What is the reason for the increase in the estimated job-related allowances under personal emoluments to \$9,292,000 for 2003-04?

Asked by : Hon. CHAN Yuen-han

Reply :

To better reflect their nature and purpose, various types of job-related allowances previously included under "Allowances" are grouped under "Job-related allowances" in 2003-04. The increase in the provision for "Job-related allowances" for the department in 2003-04 is mainly due to this reason.

Name in block letters RAYMOND H C WONG

Post Title Commissioner of Customs and Excise

Date 19.3.2003

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)030

Question Serial No.

0460

Head : 31 Customs and Excise Department Subhead(No. & title) : 000 Operational Expenses

Programme :

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology/
Secretary for Security/Secretary for Financial Services and the Treasury/
Secretary for Economic Development and Labour

Question :

There is no Mandatory Provident Fund (MPF) contribution in the personnel related expenses for the past few years, but there is an estimate of \$487,000 for that in 2003-04. What is the reason for this new contribution? What are the number and the posts of the staff who benefit from the MPF contribution? Are these staff provided with the MPF contribution because they are newly appointed or because the contract terms of the original staff have been amended?

Asked by : Hon. CHAN Yuen-han

Reply :

Before 2003-04, the Government's Mandatory Provident Fund (MPF) contributions for civil servants have been centrally paid from Head 120 Pensions. Starting from 2003-04, such contributions will be paid from the votes of individual bureaux/departments concerned. The provision of \$487,000 included in the C&ED's 2003-04 Draft Estimates reflects the MPF contribution for eligible officers in the department. As at 1.3.2003, the number of MPF takers in C&ED is as follows -

(a) officers employed under new civil service entry terms introduced in 2000:

Rank	No.
Inspector of Customs & Excise	14
Customs Officer	1
Executive Officer II	4
Assistant Supplies Officer	2
Accounting Officer II	1
Total :	22

(b) officers on agreement terms (they are officers who have retired and have been re-employed) :

Rank	No.
Assistant Commissioner of Customs & Excise	1
Chief Superintendent of Customs & Excise	1
Senior Superintendent of Customs & Excise	3
Assistant Superintendent of Customs & Excise	2
Senior Principal Trade Controls Officer	1
Principal Trade Controls Officer	1
Senior Trade Controls Officer	1
Chief Customs Officer	8
Senior Customs Officer	6
Assistant Clerical Officer	1
Total :	25

Name in block letters RAYMOND H C WONG

Post Title Commissioner of Customs and Excise

Date 19.3.2003

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)031

Question Serial No.

1181

Head : 31 Customs and Excise Department Subhead(No. & title) : 000 Personal Emoluments
(Job-related Allowances and
Personnel-related Expenses)

Programme : (1) Control and Enforcement
(2) Anti-narcotics Investigation
(3) Intellectual Property Rights and Consumer Protection
(4) Revenue Protection and Collection
(5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology/
Secretary for Security/Secretary for Financial Services and the Treasury/
Secretary for Economic Development and Labour

Question :

According to the estimate for 2003-04, the required provision under the Job-related Allowances and Personnel-related Expenses is \$9,292,000, representing an increase of 723% over the revised estimate of \$1,128,000 for 2002-03. Please give details of the allowances and the expenditures. Please also give reasons for the drastic increase.

Asked by : Hon. CHEUNG Man-kwong

Reply :

The 2002-03 Revised Estimate for "Job-related allowances" comprises the following items –

		\$
(a)	Extraneous Duties Allowance	8,000
(b)	Shift Duty Allowance	880,000
(c)	On-call Duty Allowance	240,000
		<hr/> 1,128,000 <hr/>

To better reflect their nature and purpose, various types of job-related allowances previously included under "Allowances" are grouped under "Job-related allowances" in 2003-04, thus causing an increase in 2003-04 as follows -

		\$
*	(a) Typhoon and Rain Storm Warning Allowances	40,000
*	(b) Detective Allowances	2,203,000
*	(c) Extra Duties Allowance for the Disciplined Services	2,778,000
*	(d) Extra Duties Allowance for the Disciplined Services (Marine)	3,308,000
	(e) Extraneous Duties Allowance	10,000
	(f) Shift Duty Allowance	953,000
		<hr/> 9,292,000 <hr/>

- * Items to be transferred to “Job-related allowances” from “Allowances” in 2003-04. On the other hand, provision for “On-call Duty Allowances” is transferred from “Job-related allowances” to “Allowances”. This item is therefore not listed.

Name in block letters	<u>RAYMOND H C WONG</u>
Post Title	<u>Commissioner of Customs and Excise</u>
Date	<u>19.3.2003</u>

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)032

Question Serial No.

1389

Head : 31 Customs and Excise Department Subhead (No. & title) : 103 Rewards and Special Services

Programme : (1) Control and Enforcement
(2) Anti-narcotics Investigation
(3) Intellectual Property Rights and Consumer Protection
(4) Revenue Protection and Collection
(5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology/
Secretary for Security/Secretary for Financial Services and the Treasury/
Secretary for Economic Development and Labour

Question : Is there any special monitoring mechanism in place to supervise the use of the provision for Rewards and Special Services under subhead 103?

Asked by : Hon. CHEUNG Man-kwong

Reply :

Customs has comprehensive rules governing the use of the "Rewards and Special Services" Fund (RSSF). Periodic surprise inspections of expenses under the RSSF are carried out by officers at the level of Assistant Commissioner and above. The Director of Audit also carries out audits on RSSF expenditure.

Name in block letters RAYMOND H C WONG

Post Title Commissioner of Customs and Excise

Date 19.3.2003

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)033

Question Serial No.

1446

Head : 31 Customs and Excise Department Subhead(No. & title) : 000 Operational Expenses

Programme : (1) Control and Enforcement
(2) Anti-narcotics Investigation
(3) Intellectual Property Rights and Consumer Protection
(4) Revenue Protection and Collection
(5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology/
Secretary for Security/Secretary for Financial Services and the Treasury/
Secretary for Economic Development and Labour

Question : What are the reasons for the substantial increase of the Job-related Allowances when compared to this year?

Asked by : Hon. CHEUNG Man-kwong

Reply :

To better reflect their nature and purpose, various types of job-related allowances previously included under "Allowances" are grouped under "Job-related allowances" in 2003-04. The increase in the provision for "Job-related allowances" for the department in 2003-04 is mainly due to this reason.

Name in block letters RAYMOND H C WONG

Post Title Commissioner of Customs and Excise

Date 19.3.2003

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)034

Question Serial No.

0385

Head : 31 Customs and Excise Department Subhead(No. & title) :

- Programme : (1) Control and Enforcement
(2) Anti-narcotics Investigation
(3) Intellectual Property Rights and Consumer Protection
(4) Revenue Protection and Collection
(5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology/
Secretary for Security/Secretary for Financial Services and the Treasury/
Secretary for Economic Development and Labour

Question : In regard to the deletion of 74 non-directorate posts in the Customs and Excise Department in the coming financial year, will the Government inform this Council :

- (1) How many frontline enforcement officers will be included in the reduction of manpower?
(2) How to ensure that the reduction of manpower will not lead to a drop in the crime detection rate?

Asked by : Hon. EU Yuet-mee, Audrey

Reply :

- (1) In 2003-04, the Customs and Excise Department will create 43 new posts, including 20 posts transferred from the Information Technology Services Department and 23 posts for manning new Customs facilities at the Container Terminal No. 9. At the same time, the department will delete 117 posts, including 73 posts for delivery of efficiency savings and 44 posts in the Anti-Illicit Cigarette Task Force (AICTF), resulting in a net deletion of 74 posts. The 44 posts of AICTF are time-limited posts created for three years from 2000-01 to 2002-03 for the department to combat illicit cigarette peddling activities at street level. Excluding the 44 posts of AICTF, only 18 posts to be deleted are related to frontline enforcement work.
- (2) Despite the deletion of the 44 time-limited posts of AICTF, the department will continue to conduct territory-wide large scale operations against illicit cigarettes frequently through flexible deployment and pooling of manpower resources from various formations. Moreover, the department will strengthen intelligence collection and analysis on illicit cigarette activities so that it can deploy resources on focused targets to increase the effectiveness of enforcement actions. For the remaining 18 posts to be deleted, as most of them are vacant posts, the impact on front-line enforcement work will be minimal.

Name in block letters RAYMOND H C WONG

Post Title Commissioner of Customs and Excise

Date 19.3.2003

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)035

Question Serial No.

0386

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, Industry and Technology

Question :

The Government stressed that enforcement against copyright piracy would be strengthened in 2003-04. However, the Customs had lowered the indicators in respect of the number of intellectual property rights investigations and spot checks on optical disc factories for the same financial year. In this connection, would the Government inform this Council:

- 1) What is the reason for lowering the indicators?
- 2) What measures, besides investigations, have been taken by the Customs to combat copyright piracy?

Asked by : Hon. EU Yuet-mee, Audrey

Reply :

- (1) The estimated number of intellectual property rights (IPR) investigations in 2002 was 14 092, but we actually conducted 14 220 investigations. Our enforcement actions have successfully contained the piracy and counterfeiting activities at the manufacturing and retailing levels. In early 2003, the number of shops selling pirated discs has reduced as compared with 2002. For this reason, we have slightly adjusted the estimated number of IPR investigations in 2003 to 14 000.

The estimate of spot checks on optical disc factories is a target set for planning our work in 2003, taking into account a number of factors including the staff resources available for the job, the number of optical disc factories and the risk assessment of possible engagement of licensed factories in replicating pirated optical discs. In 2001 and 2002, the actual number of spot checks conducted was higher than the estimated number (i.e. the target for each of the two years) because of the change in the risk assessment during the period, and we considered that there was a need to conduct more spot checks than the set target. For 2003, although we continue to set the target at 300, we will increase the number of spot checks if such a need arises.

- (2) Apart from investigation, other measures taken by the Customs to fight copyright piracy include –
 - strengthening intelligence collection and analysis to enable the Customs to formulate effective enforcement strategies;
 - strengthening liaison with the IPR industry and related enforcement agencies, both local and overseas, to cooperate in the fight against piracy activities, particularly cross-boundary activities;

- assisting in the review of IPR laws to make them more effective in combating piracy; and
- participating in public awareness and education programmes for the protection of IPR to reduce demands for pirated goods.

Name in block letters RAYMOND H C WONG

Post Title Commissioner of Customs and Excise

Date 19.3.2003

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)036

Question Serial No.

1228

Head : 31 Customs and Excise Department Subhead(No. & title) : 000 Operational Expenses

Programme : (1) Control and Enforcement
(2) Anti-narcotics Investigation
(3) Intellectual Property Rights and Consumer Protection
(4) Revenue Protection and Collection
(5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology/
Secretary for Security/Secretary for Financial Services and the Treasury/
Secretary for Economic Development and Labour

Question : It was mentioned in the document that the estimates under Programme (1) and Programme (3) will both be increased due to the "salary increments for staff". Also, the estimates under all the Programmes will be decreased due to the deletion of posts. In this connection, would the Government inform this Council:

- (a) What are the number and ranks of staff involved in the "salary increments for staff"? What is the amount involved in 2003-04?
- (b) Is there any room for the department to absorb the increased expenditure arising from the salary increments by cutting manpower and provide the same and better services with less resources at the same time?
- (c) What are the actual savings from the civil service pay cut in 2002-03? Have these offset part of the expenses mentioned in (a) above?
- (d) What ranks of officers are involved in the deletion of posts? What are the savings achieved

Asked by : Hon. IP Kwok-him

Reply :

- (a) In 2003-04, there will be 2 312 officers at various grades eligible for salary increments which amount to about \$11.79 m.
- (b) The department will continue to explore ways to identify savings through re-organisation of work priorities, re-engineering of work, outsourcing and more effective resources management.
- (c) The department saved about \$19.56 m by the civil service pay cut in 2002-03 and the amount has been deducted from the revised estimate for 2002-03. Part of the savings has been offset by the expenditure incurred in paragraph (a).

- (d) In 2003-04, the department will create 43 new posts, including 20 posts transferred from the Information Technology Services Department and 23 funded new posts for manning new Customs facilities at the Container Terminal No. 9. 73 posts will be deleted for delivery of efficiency savings and 44 time-limited posts in the Anti-Illicit Cigarette Task Force (AICTF) will lapse, resulting in a net deletion of 74 posts. The posts to be deleted comprise the following ranks -

Senior Superintendent of Customs & Excise
Superintendent of Customs & Excise
Assistant Superintendent of Customs & Excise
Senior Inspector of Customs & Excise
Inspector of Customs & Excise
Chief Customs Officer
Senior Customs Officer
Customs Officer
Assistant Trade Controls Officer
Senior Executive Officer
Executive Officer I
Assistant Clerical Officer
Typist
Launch Master
Launch Assistant

The net savings in salary arising from the net deletion of the 74 posts is about \$16 m a year.

Name in block letters	<u>RAYMOND H C WONG</u>
Post Title	<u>Commissioner of Customs and Excise</u>
Date	<u>20.3.2003</u>

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)037

Question Serial No.

1239

Head : 31 Customs and Excise Department Subhead(No. & title) : 000 Operational Expenses

Programme : (1) Control and Enforcement
(2) Anti-narcotics Investigation
(3) Intellectual Property Rights and Consumer Protection
(4) Revenue Protection and Collection
(5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology/
Secretary for Security/Secretary for Financial Services and the Treasury/
Secretary for Economic Development and Labour

Question : Under Subhead 000, "Job-related Allowances" increases from last year's \$1,128,000 to the estimated \$9,292,000, representing an 7-fold increase. "General Departmental Expenses" increases from last year's \$188,101,000 to the estimated \$217,307,000, representing an increase of \$29,206,000 or 15.5%. Regarding this, would the Government inform this Council:

- (a) What are the reasons for and the nature of the increase of allowances? Please provide in table form the amounts by reasons or nature.
- (b) What are the reasons for the increase of departmental expenditures? Please provide in table form the amounts by reasons.
- (c) Regarding the aforesaid increased expenditures, will the C&ED study the trimming of working procedures and reduction of expenditures or redeploy other resources to enhance efficiency? If not, why not?

Asked by : Hon. IP Kwok-him

Reply :

- (a) To better reflect their nature and purpose, various types of job-related allowances previously included under "Allowances" are grouped under "Job-related allowances" in 2003-04. The increase in the provision for "Job-related allowances" for the department in 2003-04 is mainly due to this reason.

The various types of job-related allowances transferred from "Allowances" to "Job-related allowances" in 2003-04 are -

	\$
(i) Typhoon and Rain Storm Warning Allowances	40,000
(ii) Detective Allowances	2,203,000
(iii) Extra Duties Allowance for the Disciplined Services	2,778,000
(iv) Extra Duties Allowance for the Disciplined Services (Marine)	3,308,000
	<u>8,329,000</u>

(b) The increase in the general departmental expenses of about \$29 m in 2003-04 is mainly due to the additional recurrent expenses required for the new projects / services of the department. These include -

	<u>\$M</u>
(i) maintenance expenses of plant and equipment and related operational expenses for the expanded Lok Ma Chau Boundary Crossing – Phase II	17.6
(ii) operational expenses for the Electronic Data Interchange System for Cargo Manifest to be introduced in April 2003	8.0
(iii) operational expenses for various new projects including Container Terminal No. 9, CCTV systems at various seizures stores and four new high speed pursuit crafts	2.5

(c) The department will continue to explore ways to identify savings to offset part of the financial impact arising from the increase in operational expenses through re-organisation of work priorities, reduction in the number of posts following re-distribution of duties and more effective resources management.

Name in block letters	<u>RAYMOND H C WONG</u>
Post Title	<u>Commissioner of Customs and Excise</u>
Date	<u>19.3.2003</u>

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)038

Question Serial No.

1523

Head : 31 Customs and Excise Department Subhead(No. & title) :

Programme : (1) Control and Enforcement

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology/
Secretary for Security/Secretary for Financial Services and the Treasury

Question : The C&ED deletes 49 posts in respect of control and enforcement. Please list the ranks of these posts and explain whether most of the posts deleted are junior Customs officer posts but not those of senior Customs officers.

Asked by : Hon. LAU Wai-hing, Emily

Reply :

The 49 posts to be deleted under Programme (1) belong to the following ranks –

<u>Grade</u>	<u>Rank</u>	<u>Posts to be deleted</u>
Inspector/Superintendent of Customs & Excise Grade	Senior Inspector of Customs & Excise	1
	Inspector of Customs & Excise	1
Customs Officer Grade	Senior Customs Officer	6
	Customs Officer	10
General and Common Grades	Senior Executive Officer	1
	Executive Officer I	3
	Assistant Clerical Officer	1
	Clerical Assistant	1
	Typist	1
	Launch Master	8
	Launch Assistant	16

The posts to be deleted include senior, middle and junior ranks. Most of these posts are involved in providing supporting services and not for front-line operational duties.

Name in block letters RAYMOND H C WONG

Post Title Commissioner of Customs and Excise

Date 19.3.2003

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)039

Question Serial No.

1277

Head : 31 Customs and Excise Department Subhead(No. & title) : 000 Operational Expenses

Programme : (1) Control and Enforcement
(2) Anti-narcotics Investigation
(3) Intellectual Property Rights and Consumer Protection
(4) Revenue Protection and Collection
(5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology/
Secretary for Security/Secretary for Financial Services and the Treasury/
Secretary for Economic Development and Labour

Question : Please provide the number of non-civil service contract staff employed and the level of expenditure involved in 2002-03. Are there any plans to employ more or less non-civil service contract staff in 2003-04? If so, what are the reasons? And what will be the number of staff and the level of expenditure involved?

Asked by : Hon. LEE Cheuk-yan

Reply :

As at 1.3.2003, there were 67 non-civil service contract (NCSC) staff in the department. The expenditure involved in 2002-03 is about \$6,000,000. The department has at present no concrete plan to employ more or less NCSC staff in 2003-04. The number of NCSC staff to be employed will depend on service need.

Name in block letters RAYMOND H C WONG

Post Title Commissioner of Customs and Excise

Date 19.3.2003

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)040

Question Serial No.

0136

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, Industry and Technology

Question :

In Matters Requiring Special Attention in 2003-04 –

- (a) The Customs and Excise Department will continue to conduct spot checks on optical disc mastering and replication factories to guard against manufacture of pirated optical discs and stampers. However, the estimated number of spot checks in 2003 is 10% less than that in 2001 and 2002. What is the reason? Will the decrease in spot checks pose any impact on the prevention of manufacturing pirated optical discs and stampers? And
- (b) What are the details of and the provision for providing support to frontline enforcement officers in tackling internet piracy and other computer crime problem?

Asked by : Hon. MA Fung-kwok

Reply :

- (a) The estimate of spot checks on optical disc factories is a target set for planning our work in 2003, taking into account a number of factors including the staff resources available for the job, the number of optical disc factories and the risk assessment of possible engagement of licensed factories in replicating pirated optical discs. In 2001 and 2002, the actual number of spot checks conducted was higher than the estimated number (i.e. the target for each of the two years) because of the change in the risk assessment during the period, and we considered that there was a need to conduct more spot checks than the set target. For 2003, although we continue to set the target at 300, we will increase the number of spot checks if such a need arises.
- (b) Of the various kinds of computer crime, Customs handle only internet piracy cases. We established a 7-member Anti-Internet-Piracy Team in December 1999 dedicated to this enforcement work. The department provides the following supporting services to frontline officers engaged in combating internet piracy -
- (i) Technical Support

The department has established the Computer Analysis and Response Team (CART) to render technical support to front-line officers on the handling of computer evidence. There is no separate establishment for CART. The team is basically formed by recruiting officers serving on other duties to do the job on a part-time basis according to operational needs. The department will deploy existing training resources to improve the knowledge and technical skills of members of the CART through further training.

(ii) Computer Forensic Examination

The department has set up a Computer Forensic Laboratory to assist front-line officers in forensic computing, and the retrieval of computer evidence. An amount of \$4 m was allocated in 2001-02 for the setting up of the Computer Forensic Laboratory. The Laboratory is managed by one Senior Inspector and two Chief Customs Officers and the related staff cost is about \$1.28 m per annum.

Name in block letters	<u>RAYMOND H C WONG</u>
Post Title	<u>Commissioner of Customs and Excise</u>
Date	<u>19.3.2003</u>

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)041

Question Serial No.

0177

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, Industry and Technology

Question : The Customs and Excise Department will redeploy 10 posts and resources to strengthen the supporting services for intellectual property rights protection.

- (a) What are the details of the supporting services? What kinds of property rights are covered?
What is the estimated expenditure incurred?
- (b) What are the details of the original duties of the 10 posts to be redeployed ?

Asked by : Hon. SIN Chung-kai

Reply :

- (a) The 10 posts to be redeployed to strengthen the supporting services for intellectual property rights protection include -

<u>Formation</u>	<u>No. of posts and details</u>
Intellectual Property Investigation Bureau (IPIB)	• Four Customs Officer Grade staff will be deployed to man the 24-hour arms cage of the IPIB and to provide administrative support services to the formation. Since front-line officers of the IPIB are required to carry arms in the course of performing IPR enforcement work, the establishment of the arms cage and the creation of these additional posts will reduce the time taken by officers to hand/take over such arms, thus enhancing the formation's overall work efficiency.
Special Task Force	• Six Clerical Assistants will be deployed to the Special Task Force to perform office and clerical duties which include the preparation of reports and case statistics.

The salary cost for the above 10 posts is around \$1.8 m per year.

- (b) The above 10 posts will be redeployed from various formations of the department. Such redeployment for strengthening the enforcement of intellectual property protection is made possible by efficiency savings achieved through the re-engineering of work in these formations.

Name in block letters RAYMOND H C WONG

Post Title Commissioner of Customs and Excise

Date 19.3.2003

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)045

Question Serial No.

1418

Head : 31 Customs and Excise Department Subhead(No. & title) :

Programme: (1) Control and Enforcement

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology/
Secretary for Security/Secretary for Financial Services and the Treasury

- Question : (a) What are the breakdown figures and total provision for the establishment and ranks in the Technical Services Division for 2003-04?
(b) Please list in detail the work of the Technical Services Division in 2003-04. What kinds of technical services it has provided?

Asked by : Hon. TO Kun-sun, James

Reply :

- (a) We do not have a "Technical Services Division". However, under our Customs Drug Investigation Bureau, we have a Technical Support Team (TST) to provide logistics and routine technical support services, such as servicing and maintenance of operational equipment. A breakdown of the establishment of the TST by rank is as follows -

<u>Rank</u>	<u>Establishment</u>
Inspector	1
Chief Customs Officer	1
Senior Customs Officer	1
Customs Officer	13
Total	16

The salary provision for the TST in 2003-04 is \$3.5 m.

- (b) The question is not directly relevant as we do not have a "Technical Services Division".

Name in block letters RAYMOND H C WONG

Post Title Commissioner of Customs and Excise

Date 19.3.2003

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)046

Question Serial No.

1419

Head : 31 Customs and Excise Department Subhead(No. & title) : 103 Rewards and Special Services

Programme : (1) Control and Enforcement
(2) Anti-narcotics Investigation
(3) Intellectual Property Rights and Consumer Protection
(4) Revenue Protection and Collection
(5) Trade Controls

Controlling Officer : Commissioner of Customs and Excise

Director of Bureau : Secretary for Commerce, Industry and Technology/
Secretary for Security/Secretary for Financial Services and the Treasury/
Secretary for Economic Development and Labour

Question : (a) What are the actual or estimated expenditures and number of payments on rewards and on special services under this subhead in 2001-02, 2002-03 and 2003-04 respectively? What are the purposes of rewards? What are the purposes of special services payments? What are the differences between them and are they interchangeable? Are rewards for the arrest of offenders included in the items of rewards or special services payments or a separate estimated item?
(b) What was the actual number of persons granted with rewards under this subhead in 2001-02 and 2002-03, what was the corresponding number of persons granted with special services payments?
(c) What were the number of the cases and the offences in the cases involving the actual expenditures under this subhead in 2001-02 and 2002-03?
(d) What were the actual numbers of persons granted with rewards for the arrest of offenders under this subhead in 2001-02 and 2002-03? What were the expenditures? How many cases were involved? What were the highest and the lowest one-off reward payments in the last two years?

Asked by : Hon. TO Kun-sun, James

Reply :

(a), (b) and (c) There were 30 and 27 reward payments in 2001-02 and 2002-03 respectively. It is not possible to estimate the number of reward payments in 2003-04.

Rewards are paid to informers who provide information leading to discovery of offences with seizures of offending goods and/or arrests. Special services payments are made in relation to covert operations. The two expenditure items are within the same subhead, and funds are transferable between them if necessary.

Expenditure under subhead 103 "Rewards and Special Services" includes payments of rewards, special services and operational expenses incurred in covert operations, including anti-narcotics, anti-illicit fuel and cigarettes, and anti-piracy operations. The actual expenditure under this subhead in 2001-02 and 2002-03 (up to 19 March 2003) is \$7,473,000 and \$6,649,000 respectively. The estimate for 2003-04 is \$8 m. As subhead 103 provides funding for covert operations and intelligence gathering, it would not be appropriate to reveal expenditure details under this subhead.

(d) We do not have rewards for the arrest of offenders.

Name in block letters	<u>RAYMOND H C WONG</u>
Post Title	<u>Commissioner of Customs and Excise</u>
Date	<u>20.3.2003</u>

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)047

Question Serial No.

0483

Head : 78 Intellectual Property Department Subhead (No. & title) :

Programme : (1) Statutory Functions

Controlling Officer : Director of Intellectual Property

Director of Bureau : Secretary for Commerce, Industry and Technology

Question : What was the increased cashflow requirement for the outsourcing of non-core services in the past three years? Besides, please provide in details the services to be outsourced in the future and the savings to be achieved in terms of manpower and other resources. What arrangements will be made for the surplus staff?

Asked by : Hon. CHAN Kam-lam

Reply :

The cashflow for outsourcing of non-core services in the past three years was as follows -

<u>2000-01</u> \$'000	<u>2001-02</u> \$'000	<u>2002-03</u> (revised estimate) \$'000
92	4,359	24,799

The outsourcing contract commenced in December 2001. The cashflow in 2001-02 was mainly for the payment of service charges for (i) front and back office operations; and (ii) IT maintenance and support. Increased cashflow was required in 2002-03 for the development and phased delivery of the new computer systems required for supporting the trade mark, registered design and patent registration systems.

We do not have any plan to outsource other services at present.

Name in block letters MR STEPHEN SELBY

Post Title Director of Intellectual Property

Date 19.3.2003

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)048

Question Serial No.

0484

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, Industry and Technology

Question :

Please account for the progress of the setting up of the intellectual property protection information database. What is the estimated expenditure in 2003-04?

Asked by : Hon. CHAN Kam-lam

Reply :

Informal agreement has been reached among Guangdong Province, Macao SAR and HKSAR on the initial design of the website for the database. The website will be set up upon formal agreement of the final design.

The estimated cost in 2003-04 is about \$60,000 which will cover the cost for the hardware and software of the server, website design and installation.

Name in block letters MR STEPHEN SELBY
Post Title Director of Intellectual Property
Date 19.3.2003

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)049

Question Serial No.

0485

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, Industry and Technology

Question :

What are the budgets for the SME seminar with Trade Development Council and the workshop for SMEs in Guangdong respectively? What is the actual amount to be borne by the Intellectual Property Department after deducting the funding provided by the United Nations Development Programme?

Asked by : Hon. CHAN Kam-lam

Reply :

The expenditure for the SME seminar borne by Intellectual Property Department was \$92,210. It was organised jointly with Trade Development Council on 18 February 2003 in Hong Kong.

We separately organised a seminar in Guangzhou on 13 March 2003, jointly with the Intellectual Property Office of Guangzhou Municipality, for the SMEs in Guangzhou and Hong Kong. The expenditure borne by Intellectual Property Department was \$39,980.

Under the United Nations Development Programme (UNDP), three staff were sponsored to undertake a fact-finding study in Guangdong Province. The expenditure incurred was \$7,014 which was fully covered by the UNDP funding without further expenditure by Intellectual Property Department.

Name in block letters

MR STEPHEN SELBY

Post Title

Director of Intellectual Property

Date

19.3.2003

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)050

Question Serial No.

1300

Head : 78 Intellectual Property Department Subhead: 000 Operational Expenses
(No. & title)

Programme :

Controlling Officer : Director of Intellectual Property

Director of Bureau : Secretary for Commerce, Industry and Technology

Question :

Please provide the number of non-civil service contract staff employed and the level of expenditure involved in 2002-03. Are there any plans to employ more or less non-civil service contract staff in 2003-04? If so, what are the reasons? And what will be the number of staff and the level of expenditure involved?

Asked by : Hon. LEE Cheuk-yan

Reply :

We have employed a total of 44 non-civil service contract (NCSC) staff in 2002-03. Due to resignation or non-renewal of contract upon changes in operational requirement, the number of NCSC staff employed as at 19.3.2003 is reduced to 28. The estimated total expenditure for the year is \$5,511,600.

We estimate that the number of NCSC staff and expenditure in 2003-04 will be similar to that in 2002-03; the exact position will depend on workload arising from trade mark applications and other operational needs.

Name in block letters MR STEPHEN SELBY

Post Title Director of Intellectual Property

Date 19.3.2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CITB(CI)052

Question Serial No.

0035

Head: 79 Invest Hong Kong

Subhead(No. & title):

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion

Director of Bureau: Secretary for Commerce, Industry and Technology

Question :

- (a) The Budget proposed that "to attract more overseas companies to invest in the Greater PRD and to set up office in Hong Kong, the Government will provide additional funding of \$200 m over the coming five years for promotional activities." Invest Hong Kong will co-ordinate such promotions. In this connection, will Invest Hong Kong recruit more staff? If yes, what is the projected annual increase in the number of staff employed? What are the posts to be filled and the employment terms? Will the expenditure on salaries incurred be absorbed by the additional funding of \$200 m or through internal deployment of departmental resources?
- (b) What activities or items on investment promotion will be introduced with the additional provision of \$200 m and what are the details? If a programme has not been drawn up yet for such activities or items, when will the relevant details be announced?

Asked by: Hon. CHAN Yuen-han

Reply:

- (a) To meet the objective of attracting more overseas companies to invest in the Greater PRD and to set up office in Hong Kong, we intend to recruit around 20 additional investment promotion (IP) staff in the head office in 2003 to strengthen our capability to handle more projects arising from the increased investment promotion activities and efforts both overseas and in the Mainland. Given the fact that private sector experience is essential for effective communication with and assisting commercial enterprises, we will continue to employ the new IP staff on non-civil service contract terms. The additional staff cost will be met from within the extra funding of \$200 m. Supporting services generated by the increase in size of the department will be absorbed by the existing resources.
- (b) With additional resources, Invest Hong Kong will be able to broaden its overseas presence to boost investment promotion efforts and improve the research and knowledge management capability which are essential in providing efficient and reliable services to potential investors. We plan to put a detailed proposal to the LegCo Panel on Commerce and Industry in April.

Name in block letters JOHN RUTHERFORD

Post Title Director-General of Investment Promotion (Ag)

Date 19.3.2003

一九九九至二零零一年按主要投資者國家／地區劃分的外來直接投資頭寸、流動及收益
Position, Flow and Income of Inward Direct Investment
by Major Investor Country/Territory, 1999-2001

以市值計算的外來直接投資(十億港元)
 Inward direct investment at market value (HK\$ billion)

主要投資者國家／地區 Major investor country/territory	年底頭寸 Position at end of year			年間流入 Inflow in year			年間收益流出 Income outflow in year		
	1999	2000	2001	1999	2000	2001	1999	2000	2001
總計 Total	3,149.3	3,550.8	3,269.7	190.7	482.6	185.4	197.1	266.3	244.8
中國內地 The mainland of China	814.8	1,112.2	958.1	38.6	110.7	38.5	26.9	36.6	49.4
英屬維爾京群島 British Virgin Islands	924.7	1,131.4	943.6	48.8	238.4	74.7	33.9	50.6	60.3
百慕達 Bermuda	280.6	317.2	315.7	24.6	36.9	9.9	18.6	26.7	17.0
荷蘭 Netherlands	207.0	224.8	199.9	24.3	7.4	-2.3	29.9	33.5	33.9
美國 United States	170.4	161.4	193.7	19.0	18.8	11.8	24.3	36.2	32.1
開曼群島 Cayman Islands	99.3	90.2	119.5	1.3	11.1	10.9	3.5	5.6	3.2
日本 Japan	111.5	113.2	116.6	6.8	25.8	8.5	16.1	25.7	17.9
新加坡 Singapore	143.1	98.2	88.8	5.9	60.0	11.4	6.1	9.8	5.1
英國 United Kingdom	195.8	55.3	45.4	1.9	-41.3	7.2	14.3	14.9	9.3
澳洲 Australia	9.3	32.3	32.0	1.5	-2.1	2.3	0.8	-0.1	1.7
其他 Others	192.7	214.7	256.4	17.9	16.8	12.6	22.7	26.6	15.0

註釋：

Notes:

- 由於進位關係，個別數字之和可能不等於其總數。
Individual figures may not add up exactly to the total due to rounding.
- 國家／地區是指直接來源經濟體系，這分類未必反映最初資金流出的國家／地區。
Country/territory here refers to the immediate source economy. It does not necessarily reflect the country/territory in which the funds are initially mobilised.

一九九九至二零零一年按香港企業集團主要經濟活動劃分的外來直接投資頭寸及流動
Position and Flow of Inward Direct Investment
by Major Economic Activity of Hong Kong Enterprise Groups, 1999-2001

以市值計算的外來直接投資(十億港元)
 Inward direct investment at market value (HK\$ billion)

經濟活動 Economic activity	年底頭寸 Position at end of year			年間流入 Inflow in year		
	1999	2000	2001	1999	2000	2001
總計 Total	3,149.3	3,550.8	3,269.7	190.7	482.6	185.4
投資控股、地產及各項商用服務 Investment holding, real estate and various business services	1,650.8	2,145.9	1,805.5	58.2	326.8	60.5
批發、零售及進出口貿易 Wholesale, retail and import/export trades	366.8	376.0	406.5	19.9	62.8	33.5
銀行及接受存款公司 Banks and deposit-taking companies	297.0	326.1	365.3	47.2	34.8	42.8
銀行及接受存款公司以外的金融機構 Financial institutions other than banks and deposit-taking companies	129.3	131.8	110.9	14.7	20.3	5.7
運輸及有關服務 Transport and related services	71.2	73.5	96.6	3.9	12.1	2.6
通訊 Communications	242.1	59.2	80.6	-0.4	-1.0	37.1
製造業 Manufacturing	99.9	76.1	73.0	15.5	5.0	2.1
保險 Insurance	54.7	61.1	70.1	5.9	3.9	4.0
食肆及酒店 Restaurants and hotels	50.5	47.6	44.4	1.3	3.7	-3.3
建造 Construction	41.2	45.3	42.4	4.2	4.6	5.0
其他活動 Other activities	145.7	208.2	174.3	20.2	9.5	-4.7

註釋：

Notes:

- 由於進位關係，個別數字之和可能不等於其總數。
Individual figures may not add up exactly to the total due to rounding.
- 一個香港企業集團主要包括一間香港母公司，其香港附屬公司、聯營公司及分行。
A Hong Kong Enterprise Group (HKEG) mainly consists of a Hong Kong parent company, its Hong Kong subsidiaries, associates and branches.
- 經濟活動是指整個香港企業集團的主要活動。一個香港企業集團可能經營多類型經濟活動，該集團的經濟活動是按集團的主要業務劃分的。
Economic activity here refers to the major activity of the whole enterprise group in Hong Kong. As a HKEG may be engaged in a wide variety of activities, the economic activity is determined on the basis of the principal line of business of the group.
- 負流入不一定指撤走資金。負流入可指歸還借款予境外聯營公司。
Negative inflow does not necessarily mean equity withdrawal. It may be the result of repayment of loans to non-resident affiliates.

2002 Completed Projects – Analysis by Sector and by ETO offices

Annex III

ETO	Brussels	London	New York	San Francisco	Singapore	Sydney	Tokyo	Toronto	Guangdong	Others*	Total
Sectors											
IT	2	1	2	2	0	1	1	0	0	1	10
Media/ Multimedia	1	0	0	1	0	0	0	0	0	0	2
Telecommunications	3	3	1	3	0	0	1	1	0	0	12
Technology	3	1	2	1	0	0	0	1	0	4	12
Tourism & Entertainment	0	1	0	0	0	0	1	0	0	0	2
Financial Services	5	3	1	2	1	0	0	1	0	0	13
Business & Professional Services	0	4	5	0	1	2	2	0	0	1	15
Transportation	5	1	2	0	0	1	1	1	0	1	12
Trade Related Services	9	4	3	0	1	0	4	0	0	0	21
Others	7	1	3	0	0	0	2	1	4	0	18
Total	35	19	19	9	3	4	12	5	4	7	117

* Projects arising from places not covered by ETOs.

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CITB(CI)055

Question Serial No.

0746

Head: 79 Invest Hong Kong

Subhead(No. & title):

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion

Director of Bureau: Secretary for Commerce, Industry and Technology

Question :

Will Invest Hong Kong set out the number and the related expenses of receptions held for the business community of different countries in Hong Kong last year? How many similar receptions will be held in the coming year and what are the estimated expenses? Are such expenses included in the recurrent account?

Asked by: Hon. HO Chun-yan, Albert

Reply:

Invest Hong Kong organised six community programmes with chambers of commerce of foreign countries in Hong Kong in 2002-03. The total cost was \$0.25 m. For 2003-04, we plan to organise seven similar programmes at a total estimated cost of \$0.28 m. The expenses are met from the Investment promotion (block vote) under Other Non-Recurrent account.

Name in block letters JOHN RUTHERFORD

Post Title Director-General of Investment Promotion (Ag)

Date 19.3.2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CITB(CI)056

Question Serial No.

1143

Head: 79 Invest Hong Kong

Subhead(No. & title):

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion

Director of Bureau: Secretary for Commerce, Industry and Technology

Question :

In face of the pressure of growing competition after China's accession to the World Trade Organisation, the Government ought to strengthen the proactive role and manpower of Invest Hong Kong. What are the reasons for the reduction of provision by 14.5% in 2003-04? Will the Government consider increasing resources in this aspect through internal re-deployment? As a proactive strategy is required for investment-soliciting activities, what is the amount of expenditure spent on inward investment promotion in areas outside Hong Kong?

Asked by: Hon. CHOW LIANG Shuk-yee, Selina

Reply:

The major reason for the drop in 2003-04 draft estimates against the 2002-03 revised estimate is the completion of two capital projects in 2002-03, i.e. the Forbes Global CEO Conference and InvestHK Brand Building Programme. This accounts for around 80% of the drop. The rest is mainly due to reduced operating expenditure to achieve efficiency savings.

The Government has announced in the Budget that an additional \$200 m spread over the next five years will be allocated to Invest Hong Kong to strengthen investment promotion effort. We plan to put a detailed proposal on the use of the additional allocation to the LegCo Panel on Commerce and Industry in April, and to seek Finance Committee's approval for the additional allocation thereafter.

Of the \$67.4 m included in the draft estimates, \$10 m is allocated to investment promotion units based overseas. In addition, staff based in head office in Hong Kong will continue to explore and identify investment promotion opportunities overseas.

Name in block letters JOHN RUTHERFORD

Post Title Director-General of Investment Promotion (Ag)

Date 19.3.2003

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)058

Question Serial No.

0033

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, Industry and Technology

Question:

- (a) In 2002, "factory registration", "outward processing arrangement registration" and "local subcontracting arrangement registration" decrease by 17%, 21% and 16% respectively when compared with last year. What are the reasons? The authority concerned estimates that the number of registration will remain more or less the same, why?
- (b) In 2002, "statutory declarations of antique" issued decreases by 39% when compared with last year. What are the reasons? The authority concerned estimates that the number of declaration issued will remain more or less the same, why?

Asked by: Hon. CHAN Yuen-han

Reply:

- (a) Factory registration (FR) is only required of those manufacturers who wish to apply for Certificates of Hong Kong Origin or Production Notification (for cut-and-sewn garments); those who participate in the Outward Processing Arrangement (OPA) or Local Subcontracting Arrangement (LSA); or those who are exporting restrained textiles and clothing to the EU, USA or Canada market.

The general economic downturn in 2001-2002 has resulted in the shrinkage of overseas buying orders, which led to the decline in FR. Since FR is a prerequisite for manufacturers to participate in the OPA and LSA, similar downward trend has also been reflected in the 2002 figures of OPA and LSA.

On the outlook for 2003, it is expected that the US economy, as the leading economy in the world, should benefit from the US Federal Reserve's loose monetary stance and the Bush Administration's economic stimulus package now underway. A better US economy will help lift the European and East Asian economies, including the Hong Kong economy. On the other hand, given the pressure of war on Iraq which might have ramifications on global economic recovery, we have adopted a prudent approach in our 2003 estimates on the FR, OPA and LSA based on the 2002 actual figures.

- (b) The global economic downturn since the terrorist attack in September 2001 has resulted in a falling demand for antiques in the overseas market in 2002, which led to a drop of 39% in the statutory declarations of antique.

The positive outlook of the world economy in 2003 would be beneficial to the resumption of demand in the global antique market. Yet, given the geo-political uncertainty in the Middle East, we have placed a modest estimate for 2003 based on the 2002 actual figure of statutory declarations of antique.

Name in block letters KEVIN C M HO

Post Title Director-General of Trade and Industry

Date 19.3.2003

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)059

Question Serial No.

0554

Head: 181 Trade and Industry Department

Subhead(No. & title): 000 Operational Expenses

Programme:

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce, Industry and Technology

Question: Please list the post titles, duties and ranks of the seven permanent posts expected to be created in 2003-04.

Asked by: Hon. LI Ka-cheung, Eric

Reply:

A total of nine permanent posts will be created in 2003-04 for the establishment of an Information Technology Management Section (ITMS) in the Trade and Industry Department. They are one Senior Systems Manager, one Systems Manager, four Analyst/Programmer I and three Analyst/Programmer II. Their main duties and responsibilities are to take charge of the overall management, maintenance and development of IT systems as well as the formulation of IT policy for the Department. Creation of these posts is cost-neutral because the creation will be offset by the deletion of similar posts in the Information Technology Services Department.

Apart from the creation of nine posts for the ITMS, one Assistant Clerical Officer post and one Clerical Assistant post will also be deleted in 2003-04 following the transfer of licensing function for imports and exports of pharmaceutical products to the Department of Health.

The net result is the creation of seven permanent posts in 2003-04.

Name in block letters KEVIN C M HO

Post Title Director-General of Trade and Industry

Date 19.3.2003

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)060

Question Serial No.

0831

Head: 181 Trade and Industry Department

Subhead(No. & title):

Programme: (1) Commercial Relations

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce, Industry and Technology

Question: "Close monitoring of developments in the new textiles trade regime in overseas markets after 2004 upon elimination of textiles quotas" is one of the Trade and Industry Department's key activities in 2001-02. Please give details on the progress of this task, and the expenditure and manpower required. What is the Administration's follow-up action on this task in 2002-03 and what is the expenditure required? This same task is also included in "Matters Requiring Special Attention in 2003-04". Please provide details of this task and the job schedule, manpower and expenditure required, and how to assess the effectiveness of this task in promoting Hong Kong's external trade?

Asked by: Hon. LEUNG LAU Yau-fun, Sophie

Reply:

Under the WTO Agreement on Textiles and Clothing, all quota restrictions will be eliminated by 1 January 2005. However, due to the possibility that China-specific safeguard measures might be imposed by some WTO members in 2005 and beyond, it is not clear at this stage whether 2005 will see a completely liberalised regime for the global textiles and clothing trade. To assess the implications on Hong Kong in case any safeguard action is invoked, the Department had examined the pertinent issues with regard to control, trade facilitation, and bilateral/multilateral commercial relations aspects in 2001-02. In 2002-03, we continued to monitor the developments of Hong Kong's major importing markets and commenced work in a number of areas including considering the possible future textiles export control system, identifying the need for any necessary legislative amendments, and planning for computer system modifications. In 2003-04, work on all these fronts will continue. We envisage that bilateral consultations with our trading partners may also be necessary to ascertain their post-2004 specific import requirements.

The Department has employed, on a 2-year contract term, a Trade Consultant in June 2002 to advise on and assist in the formulation of Hong Kong's future textiles export control system. The cost incurred in 2002-03 amounted to about \$697,000, and the estimated cost for 2003-04 would be about \$997,000. Other than that, all workload involved in the development of the possible future control system has been and will continue to be undertaken by existing staff of the Department, in addition to their existing duties.

Given that the textiles and clothing industry remains an important manufacturing sector and export earner for Hong Kong, our work in this area will ensure that Hong Kong-origin textiles and clothing exports can enjoy unrestricted access to the world market after 2004.

Name in block letters KEVIN C M HO

Post Title Director-General of Trade and Industry

Date 19.3.2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CITB(CI)061

Question Serial No.

0836

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, Industry and Technology

Question: Please give details on the work plan for supporting the development of Hong Kong's industries in 2003-04, and the expenditure and manpower required.

Asked by: Hon. LEUNG LAU Yau-fun, Sophie

Reply: The Government is committed to helping Hong Kong industries move up the value chain and enhance competitiveness. In 2003-04, the Department will support the development of Hong Kong industries, in particular the development of SMEs which account for the majority of the establishments in almost all sectors, through the following means:

- (a) we will make further use of the \$7.5 b SME funding schemes to help SMEs in the manufacturing sectors enhance competitiveness. In particular, the SME Loan Guarantee Scheme, the SME Export Marketing Fund, and the SME Training Fund will help individual SMEs enhance productivity, resolve financing needs, expand markets, and upgrade human capital. The SME Development Fund will help industries as a whole or individual sectors enhance overall competitiveness through a wide range of projects. As at to-date, about \$1.4 b has been granted under these schemes, and about \$1 b has been devoted to the manufacturing sectors. In 2003-04, we estimate that more applications will be received under the schemes after the improvement measures to increase the amount of loan guarantees and grants are launched;
- (b) a Steering Committee on the Development of Fashion Industry, chaired by the Secretary for Commerce, Industry and Technology and comprising unofficial members from the fashion-related sectors as well as official members, has been established to address the challenges faced by the industry. The Steering Committee is studying in detail the areas of manpower, industry capabilities, marketing and branding, and infrastructure support, with a view to mapping out an overall development strategy in the direction of developing Hong Kong into a fashion hub in the Asia-Pacific region;
- (c) the Support and Consultation Centre for SMEs will continue to provide support to SMEs in the manufacturing sectors, through the provision of information and advisory services;
- (d) we will continue to run the Mentorship Programme for SMEs to provide SME entrepreneurs with one-on-one free mentorship from accomplished entrepreneurs; and
- (e) we will continue to promote industrial excellence among local manufacturing industries through the Hong Kong Awards for Industry, and help promote the outstanding achievements of Hong Kong industries through various means. For example, we have approved funding under the SME Development Fund to a trade and industrial organisation for producing a TV programme to showcase the achievements of Hong Kong's manufacturing industries. The project will be completed in late 2003.

Given that support for industries is an integrated part of the work of the Department and our SME support programmes, it is not possible for us to work out the exact amount of resources dedicated to industrial support per se in 2003-04.

Apart from the Department, the Commerce, Industry and Technology Bureau, the Innovation and Technology Commission, and various industry support organisations, such as the Hong Kong Productivity Council, the Trade Development Council, the Hong Kong Science and Technology Parks Corporation, the Applied Science and Technology Research Institute, and the Cyberport, are also providing industries with a full range of support.

Name in block letters KEVIN C M HO

Post Title Director-General of Trade and Industry

Date 19.3.2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CITB(CI)062

Question Serial No.

0900

Head: 181 Trade and Industry Department

Subhead(No. & title):

Programme: (1) Commercial Relations

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce, Industry and Technology

Question: Please give details on the plans for enhancing liaison with relevant Mainland authorities to discuss bilateral trade issues, and to reflect the views of Hong Kong traders regarding the trading environment in the Mainland in 2003-04. Are new resources required and what are the details?

Asked by: Hon. TING Woo-shou, Kenneth

Reply:

The Trade and Industry Department is committed to strengthening Hong Kong's ties with the Mainland's central and local authorities responsible for trade and commercial affairs. Our aim is to enhance communication and cooperation with the relevant Mainland authorities with a view to facilitating the development of the most favourable environment for trade and investment between the two places. The contacts and exchanges are mainly achieved through the Mainland and Hong Kong SAR Joint Commission on Commerce and Trade (JC), visits to the Mainland, organization of seminars on Mainland trade issues, etc.

In 2003-04, the Department will continue to support the work of the JC. The Director-General of Trade and Industry is the co-convenor of the Working Group on Trade (WG) established under the JC. Matters for discussion under the WG include trade and trade-related subjects of common interest or concern to the Mainland authorities as well as Hong Kong. Views of Hong Kong businessmen on the Mainland's commerce and trade policies are reflected to the Mainland through the WG channel and meetings. The WG also organizes seminars to facilitate direct dialogue between Hong Kong businessmen and Mainland's trade officials so as to enhance communication. A seminar on outward processing trade is scheduled for the first half of 2003.

The Department also pays visits to the Guangdong Province from time to time to establish and renew working contacts with Guangdong officials responsible for trade and industry matters. Views of Hong Kong businessmen on Guangdong's investment and trade environment are reflected to the Guangdong officials as appropriate. Such visits will continue in 2003-04.

The above activities are carried out with the existing resources of the Department.

Name in block letters KEVIN C M HO

Post Title Director-General of Trade and Industry

Date 19.3.2003

Examination of Estimates of Expenditure 2003-04
**CONTROLLING OFFICER'S REPLY TO
INITIAL WRITTEN QUESTION**

Reply Serial No.

CITB(CI)063

Question Serial No.

0901

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, Industry and Technology

Question : In respect of helping and attracting enterprises which are interested in returning to Hong Kong to set up factories, what is the provision made and what are the measures adopted by the Administration in 2002-03? How successful is the task? Will the Administration continue to implement this task in 2003-04 and what is the estimated provision? What is the expenditure required?

Asked by: Hon. TING Woo-shou, Kenneth

Reply:

Under the principle of free market economy, enterprises will choose locations that best suit their business strategy when deciding where to operate their business and production processes. As a market facilitator, the Government strives to provide an environment that is conducive to the business development in Hong Kong. We do this by promoting innovation and technological advancement, and providing the infrastructure and support services for industries (e.g. the Innovation and Technology Fund, the SME funding schemes, the Science Park, the Cyberport, and the Applied Science and Technology Research Institute). Also, we will continue to leverage on the fundamentals vital to our economic success, such as the rule of law, the free flow of information, a simple tax regime, a low tax rate, and a clean and efficient government, to make Hong Kong an attractive place for doing business.

Given that it calls for the collective efforts of the Government as a whole to create an environment which is conducive to business development, it is not possible for us to work out the exact amount of resources the Government is dedicating to this objective.

Name in block letters KEVIN C M HO

Post Title Director-General of Trade and Industry

Date 19.3.2003

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)064

Question Serial No.

1319

Head: 181 Trade and Industry Department

Subhead(No. & title): 000 Operational Expenses

Programme:

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce, Industry and Technology

Question: Please provide the number of non-civil service contract staff employed and the level of expenditure involved in 2002-03. Are there any plans to employ more or less non-civil service contract staff in 2003-04? If so, what are the reasons? And what will be the number of staff and the level of expenditure involved?

Asked by: Hon. LEE Cheuk-yan

Reply:

We have employed a total of 60 Non-civil Service Contract (NCSC) staff in 2002-03 involving a total expenditure of \$11.5 m. In 2003-04, we plan to employ two more NCSC staff to undertake trade and industry-related duties to meet short-term service need. The estimated annual expenditure required is \$423,000.

Name in block letters KEVIN C M HO

Post Title Director-General of Trade and Industry

Date 19.3.2003

Examination of Estimates of Expenditure 2003-04

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

Reply Serial No.

CITB(CI)065

Question Serial No.

1519

Head: 181 Trade and Industry Department

Subhead(No. & title): 000 Operational Expenses

Programme:

Controlling Officer: Director-General of Trade and Industry

Director of Bureau: Secretary for Commerce, Industry and Technology

Question: The Trade and Industry Department has an establishment of 726 permanent posts, and requests to create 7 new posts in the 2003-04 estimate. Will the Department inform this Council of the duties of the 7 new posts? What are the posts? What is the amount of additional expenditure for salaries and allowances? Whether it is possible to offset the additional expenditure through internal redeployment?

Asked by: Hon. SIN Chung-kai

Reply:

A total of nine permanent posts will be created in 2003-04 for the establishment of an Information Technology Management Section (ITMS) in the Trade and Industry Department. They are one Senior Systems Manager, one Systems Manager, four Analyst/Programmer I and three Analyst/Programmer II. Their main duties and responsibilities are to take charge of the overall management, maintenance and development of IT systems as well as the formulation of IT policy for the Department. The salary provision of these posts amounts to \$4.7 m. Creation of these posts is cost-neutral because the creation will be offset by the deletion of similar posts in the Information Technology Services Department.

Apart from the creation of nine posts for the ITMS, one Assistant Clerical Officer post and one Clerical Assistant post will also be deleted in 2003-04 following the transfer of licensing function for imports and exports of pharmaceutical products to Department of Health. The savings in salary of these two posts is \$0.3 m.

The net result is the creation of seven permanent posts in 2003-04.

Name in block letters KEVIN C M HO

Post Title Director-General of Trade and Industry

Date 19.3.2003