For discussion on 15 November 2011

Legislative Council Panel on Commerce and Industry

Progress Report of the Hong Kong Council for Testing and Certification

PURPOSE

This paper –

- (a) updates Members of the work of the Hong Kong Council for Testing and Certification (HKCTC) in promoting testing and certification services; and
- (b) seeks Members' support to retain a supernumerary Administrative Officer Staff Grade C (AOSGC) (D2) post, designated as Secretary-General (Testing and Certification) (SG(TC)) in the Innovation and Technology Commission (ITC), from 16 March 2012 to 31 March 2014.

BACKGROUND

- 2. In September 2009, Government established HKCTC, with the secretariat support provided by ITC, to advise on the overall development strategy and initiatives for promoting the growth of the testing and certification industry.
- 3. In April 2010, Government accepted the three-year market-oriented development plan for the testing and certification industry submitted by HKCTC. HKCTC recommended Government to adopt a dual approach making improvements on the general front whilst putting focused efforts on specific trades with particular potentials. We last briefed Members on the

progress of implementing the industry development plan at the Panel meeting on 17 May 2011.

4. We would like to report the latest work of HKCTC since our last report.

HIGHLIGHTS OF MAJOR PROGRESS

Improvements to Accreditation Service

- 5. The accreditation service provided by ITC's Hong Kong Accreditation Service (HKAS) is the cornerstone for the development of the testing and certification industry. To enable the industry to cope with service expansion, HKAS has introduced three new accreditation services since May (i.e. our last report to the Panel):
 - (a) testing for the US Energy Star product certification program;
 - (b) certification of occupational health and safety management system to OHSAS 18001 standard; and
 - (c) testing for phthalate plasticisers.

HKAS also plans to launch the accreditation service for certification of information security management system to ISO 27001 standard in November 2011.

- 6. Through joining mutual recognition arrangements (MRAs) administered by international and regional accreditation co-operation bodies, the accreditation granted by HKAS to testing and certification organisations is recognised by over 80 accreditation bodies in about 65 economies, including Hong Kong's major trading partners.
- 7. Recently, HKAS succeeded in expanding the scope of its MRAs with the Pacific Accreditation Cooperation (PAC) and the International Accreditation Forum (IAF) to cover environmental management system (EMS) certification and product certification. This has significantly improved the worldwide acceptance of EMS and product certificates granted by local

certification bodies accredited by HKAS. The expansion of the MRA scope to product certification also allows local accredited certification bodies to provide services for overseas product certification programs that require accreditation by IAF MRA partners (e.g. US Energy Star product certification program).

8. To raise the international profile of HKAS, Hong Kong will host the Annual Meeting of PAC in June 2012. Accreditation bodies from more than 30 economies are expected to participate in the event.

Enhancement to Factors of Production

Manpower

- 9. HKCTC, the relevant Government departments and public bodies (e.g. Vocational Training Council, HKAS) have been organising technical seminars/workshops/short courses to raise the technical expertise of practitioners in the industry. Since April 2011, more than 45 such training events have been organised.
- 10. High professional integrity of our practitioners has always been well recognised as one of the major competitive edges of Hong Kong's testing and certification industry. To uphold this edge, the Independent Commission Against Corruption (ICAC) developed a "Corruption Prevention Guide for Testing and Certification Industry" which provides tailor-made internal control measures for the industry. HKCTC and ICAC will work closely to promote the Guide on 3 November 2011, HKCTC and ICAC together launched the Guide at the Ethical Management Seminar for Testing and Certification Industry. To complement this initiative, HKAS plans to require all accredited organisations to develop and implement a code of conduct accordingly.

Capital and Technology

11. HKCTC and ITC have been encouraging wider use of the Innovation and Technology Fund (ITF) for research and development (R&D) of new testing technologies. Two ITF projects, one on the development of a low-cost detector for deteriorated food and the other on the development of a

DNA-based method to identify Chinese herbal medicines, have been approved since April 2011. Another nine applications for funding research work in testing and certification are now being processed.

- 12. The Hong Kong Productivity Council (HKPC) and the Hong Kong Science Park have laboratory facilities and equipment that are available for shared use by private testing organisations. By making use of these shared facilities, testing organisations will not need to make huge capital investment if their business volume for the relevant tests is not high.
- 13. In August 2011, HKPC set up a new electromagnetic compatibility (EMC) anechoic chamber with \$9.9M funding from Government. The new chamber enables local testing organisations to test products according to the latest EMC requirements in the European market.
- 14. Last year, HKCTC worked with HKPC to arrange a seminar cum laboratory tour to introduce HKPC's shared facilities to the testing and certification industry. As the response was encouraging, HKCTC also organised a similar seminar cum tour to the Hong Kong Science Park in September 2011 for the industry to get acquainted with advanced facilities for various testing, e.g. materials analysis, wireless communications, semi-conductor lighting etc.

Land

15. The position remains largely the same as our last report in May 2011, i.e. the stock in industrial and commercial premises in Hong Kong should generally be able to cope with the demand of the testing and certification industry. HKCTC will continue to closely monitor the situation.

Focused Effort on Specific Trades

16. HKCTC has identified good opportunities to promote the use of testing and certification services in the following four selected trades:

- (a) Chinese medicines;
- (b) construction materials;
- (c) food; and
- (d) jewellery.

(a) Chinese medicines

- 17. HKCTC is supporting the industry to build up technical capability to authenticate Chinese herbal medicines by microscopic examination and physicochemical methods according to the Hong Kong Chinese Materia Medica Standards (HKCMMS). HKCTC is now organising an inter-laboratory comparison exercise so that testing laboratories can assess their technical competence by comparing testing results with other laboratories. Participation in inter-laboratory comparison is required if testing laboratories want to apply for accreditation on authentication of Chinese medicines from HKAS in due course.
- 18. HKCTC has also invited universities to consider providing short courses to equip practitioners in testing laboratories with the necessary technical skills in authentication of Chinese medicines.

(b) Construction Materials

- 19. To upgrade the quality of its buildings and set an example for the local construction industry, the Housing Authority is taking the lead in requiring product certification for fire rated doors, panel wall partitions, cement products, tile adhesive, ceramic tiles, repair mortar and aluminum window by phases. HKAS has already accredited four certification bodies to provide product certification services for the first four types of construction materials and is processing accreditation applications from certification bodies to provide product certification services for ceramic tiles and repair mortar. A certification scheme for aluminum windows is now being developed by the Hong Kong Institute of Steel Construction. HKAS is ready to accept application for accreditation from certification bodies to provide certification according to the scheme once it is finalised.
- 20. With the availability of more certified construction materials in the

market, HKCTC would like to promote wider acceptance of product certification in both public and private construction projects. As a start, HKCTC plans to focus such efforts on introducing the concept and benefits of product certification to professionals and practitioners in the construction industry. In this connection, HKAS has made presentations to the Hong Kong Institute of Architects and the Hong Kong Construction Association and is exploring more presentation opportunities with other stakeholders in the industry, such as the Construction Industry Council. HKCTC has also planned a seminar for professionals and practitioners in the construction industry and the testing and certification industry on 23 November 2011. Experts from Australia, United Kingdom, Singapore and the Mainland are invited to share their experience in introducing product certification.

(c) Food

- 21. The Hong Kong Polytechnic University will develop an HACCP¹-based food hygiene management certification system aiming at local catering industry with funding support from the General Support Programme of ITF. The new certification system will give special attention to the needs of small and medium enterprises to facilitate their adoption. The project is supported by major trade associations and players in both the catering industry and the testing and certification industry. Upon the development of the certification system in end 2012/early 2013, accredited certification bodies will be able to provide certification services for catering establishments based on the system. HKCTC will work with the testing and certification industry to promote the certification service.
- 22. With the support of ITF, the Chinese University of Hong Kong has been developing authentication of selected high-valued food (e.g. abalone, dried scallop and bird's nest) through DNA sequences analysis since March 2011. The project has initially identified the relevant DNAs that may characterise the authenticity of the selected food products. Next stage will involve DNA sequencing and validation. Upon the completion of the project in end 2012, a database will be developed. Private testing laboratories with DNA sequencing equipment will be able to provide authentication services for the selected food based on DNA information in the database.

¹ HACCP – the Hazard Analysis Critical Control Point System

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(d) Jewellery

- 23. HKCTC has sponsored the Gemmological Association of Hong Kong (GAHK) to develop a consolidated set of standard testing methods for kosmochlor and omphacite. This will supplement the existing standard testing methods for jadeite jade so that a complete set of standard testing methods will be available for all three types of Fei Cui. The initiative is strongly supported by the Customs and Excise Department. GAHK has conducted researches into various testing methods adopted by the trade and is now consolidating and drafting a standing testing method based on its findings. At the next stage, GAHK will carry out testing using Fei Cui samples to validate and fine tune the testing methods. A pilot will also be conducted by a laboratory to seek accreditation from HKAS. Experience from the accreditation exercise will be used to finalise the testing methods. The standard testing methods for kosmochlor and omphacite are expected to be available for use by the testing industry and the jewellery trade in late 2012.
- 24. HKCTC has stepped up the promotion of Hong Kong's existing accredited testing services for jadeite jade and diamond. We have worked together with the jewellery trade and the testing industry in producing a pamphlet for distribution to retail shops through trade associations. The pamphlets will be made available for visitors at entry points in Hong Kong. We have also produced stickers for retail shops to indicate that they could arrange for the issue of testing reports from accredited laboratories. Separately, both the Hong Kong Tourism Board and the Hong Kong Consumer Council also provide information on how to locate testing laboratories for gemstones at their websites.

Mainland Market

25. Under the Supplement VII to the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) signed in 2010, testing laboratories in Hong Kong are allowed to co-operate with designated Mainland organisations in testing products for the China Compulsory Certification (CCC) System on a pilot basis. This applies to four types of products (viz. toys, circuit installation, information technology equipment and lighting apparatus)

processed in Hong Kong. Such testing laboratories have to be accredited by HKAS as capable of performing tests for the relevant products. As of October 2011, HKAS has accredited one testing laboratory as capable of performing CCC testing for toys and is processing seven other applications.

- 26. In August 2011, the Mainland agreed to extend the coverage of the pilot from four types of products to all 23 types of products under the CCC System that are processed in Hong Kong. This reflects further acceptance of Hong Kong's testing and certification results by the Mainland. ITC is now discussing with the Certification and Accreditation Administration of the Mainland (CNCA) on the implementation timetable and details.
- 27. When the Vice-Minister of the General Administration of Quality Supervision, Inspection and Quarantine cum Chief Administrator of CNCA, Mr SUN Dawei, visited Hong Kong in late October 2011, we took the opportunity to brief him on the latest development of Hong Kong's testing and certification industry. Mr SUN also met with members of HKCTC and visited local testing and certification organisations to get a better understanding about the services provided in Hong Kong.

Promotion of Services

- 28. HKCTC, HKAS and the Hong Kong Trade Development Council (HKTDC) have continued to work together to promote the branding of "Tested in Hong Kong, Certified in Hong Kong" to potential service users both locally and outside Hong Kong through HKTDC's platforms.
- 29. In 2011-12, we plan to set up promotional booths in 17 local trade fairs. HKTDC will also help display materials to promote Hong Kong's testing and certification services in Hong Kong Pavilion organised by HKTDC in 13 trade fairs outside Hong Kong.

Annex A

30. Snapshots on the work of HKCTC since May 2011 are *at Annex A*.

To sustain the work done hitherto, we propose to extend the post of SG(TC) from 16 March 2012 to 31 March 2014.

EXTENSION OF THE POST OF SG(TC)

Annex B

31. A dedicated team has been set up in ITC to provide support to HKCTC and serve as its secretariat. The organisation chart of the Secretariat is at *Annex B*. The Secretariat is headed by SG(TC), a supernumerary AOSGC post approved by the Finance Committee (vide EC(2009-10)14) for a period of two years from 16 March 2010 to 15 March 2012. SG(TC)'s current job description is at *Annex C*.

Annex C

- 32. SG(TC) is the key officer leading the Secretariat in coordinating the testing and certification industry, relevant government departments and public bodies to implement HKCTC's three-year industry development plan. As testing and certification is one of the six economic areas that has been identified for further promotion in Hong Kong, the SG(TC) post is required to provide continued support to HKCTC beyond the expiry of the post on 15 March 2012.
- 33. On the general front, SG(TC) will have to assist the testing and certification industry in ensuring adequate manpower supply, e.g. by increasing students' awareness and understanding of the industry through career talks and internship opportunities, coordinating trainings for practitioners to enhance their technical expertise, etc. SG(TC) will continue to encourage R&D projects on new testing technologies by introducing ITF to the industry through various means, e.g. seminars and HKAS newsletters. Given the rapid changes in the global economic environment, it will also be necessary for SG(TG) to keep close contact with the industry to gauge their views on how to cope with the challenges.
- 34. For the selected trades, SG(TC) is required to continue to follow up on the initiatives being taken forward by HKCTC, including supporting the testing and certification industry to build up expertise in authentication of Chinese herbal medicines, promote wider acceptance of product certification for construction materials, introducing a HACCP-based food hygiene management certification system for the local catering industry and the development of a consolidated set of standard testing methods for two types of jade. Moreover, SG(TC) will need to support HKCTC to start working with the testing and certification industry and stakeholders in the environmental

protection and the information and communications technologies trades to explore opportunities for new testing and certification services.

- 35. HKCTC was set up in September 2009. It formulated a three-year industry development plan in March 2010 which will end in March 2013. By that time, SG(TC) will have to support HKCTC in conducting a comprehensive review on the progress made and formulating a plan to further support the industry, including the long term role and functions of HKCTC based on the experience after more than three years of operation.
- 36. Given the substantive policy content and the complexities of the duties involved, we propose to retain the post of SG(TC) at the rank of AOSGC from 16 March 2012 to 31 March 2014 to undertake the tasks described above. The proposed job descriptions of SG(TC) are at *Annex D*. ITC will review the need for retaining the SG(TC) post for a longer period or on a permanent basis upon HKCTC's comprehensive review of its long term role.

Alternatives Considered

37. We have critically examined whether the existing directorate officers at D2 and above in ITC can be redeployed to undertake the tasks. However, all these directorate officers are already fully engaged in their respective portfolios, in particular taking into account that ITC is also tasked to promote the development of the innovation and technology industry, also one of the six economic areas. The coming major tasks include the further review and enhancement to ITF, promotion of the use of ITF in the public sector, monitoring the development of Science Park Phase 3, stepping up technology collaboration with the Mainland and revitalisation of Industrial Estates. It is therefore operationally not feasible for the existing directorate officers in ITC to take up the additional duties of SG(TC) which are highly demanding.

FINANCIAL IMPLICATIONS

38. The proposed retention of the supernumerary AOSGC post will require

Annex D

an additional notional annual salary cost at mid-point of \$1,611,600. The additional full annual average staff cost, including salaries and staff on-cost, is \$2,104,200.

39. We have reflected the required provisions in the Estimates of 2011-12 and will include the necessary provision in the Draft Estimates of subsequent years to meet the cost of the proposal.

ADVICE SOUGHT

- 40. Members are invited to
 - (a) note the latest work of HKCTC; and
 - (b) support the retention of the supernumerary AOSGC post from 16 March 2012 to 31 March 2014 to lead the Secretariat for HKCTC. Subject to Members' views, we will submit the proposal to the Establishment Subcommittee of the Finance Committee for consideration.

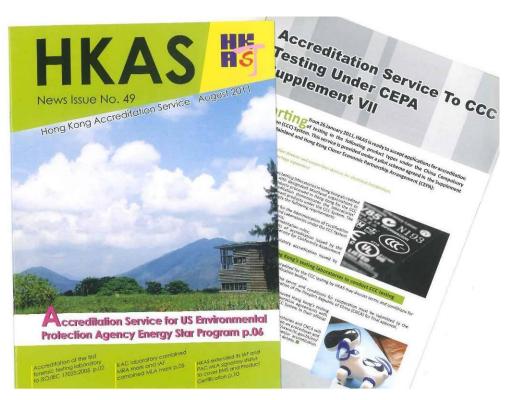
Innovation and Technology Commission November 2011

Annex A

Snapshots of Various Supports to the Testing and Certification Industry

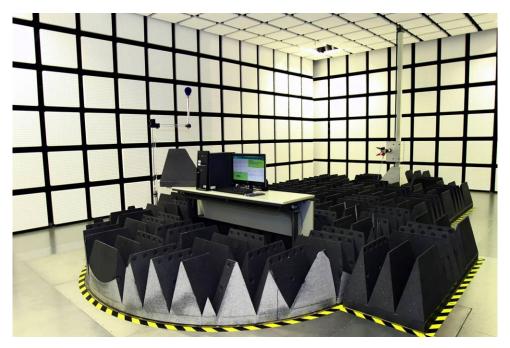


Seminar for Practitioners



Newsletters of Hong Kong Accreditation Service

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New Electromagnetic Compatibility Testing Chamber at Hong Kong Productivity Council



Promotion at Local Trade Fairs



<u>Promotion through Hong Kong Trade Development Council's</u>
<u>Booths in Overseas Trade Fairs</u>



Promotional Pamphlets

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Website of Consumer Council Providing Information on Hong Kong's Jewellery Testing Services



Newspaper Advertorial

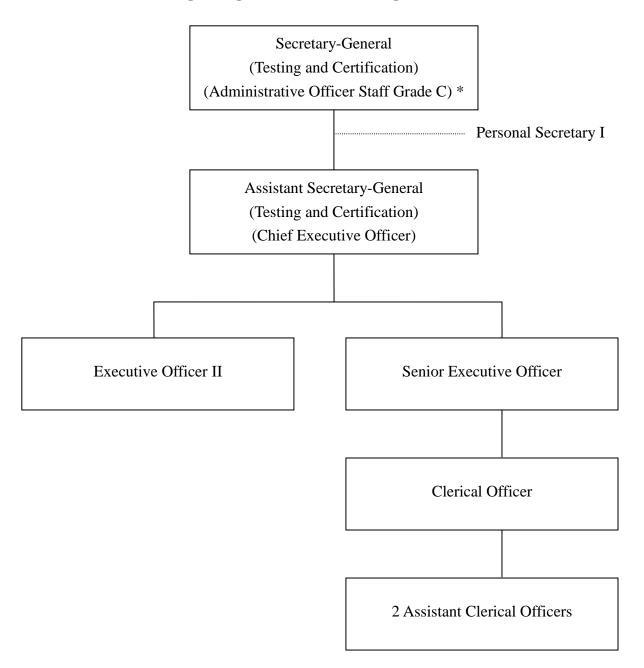
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Annex B

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



^{*} Supernumerary post to be lapsed after 15 March 2012.

Annex C

Existing Job Description

Secretary-General (Testing and Certification)

Rank : Administrative Officer Staff Grade C (D2)

Responsible to: Deputy Commissioner for Innovation and Technology

Main Duties and Responsibilities :-

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

Annex D

Proposed Job Description

Secretary-General (Testing and Certification)

Rank : Administrative Officer Staff Grade C (D2)

Responsible to: Deputy Commissioner for Innovation and Technology

Main Duties and Responsibilities :-

- (a) to head the Secretariat for the Hong Kong Council for Testing and Certification (HKCTC) and provide secretariat support to the HKCTC on the implementation of the first three-year development plan for the industry, which would include:
 - (i) on the general front to implement measures to enhance the various factors of production;
 - (ii) in respect of specific trades with good potential to work with parties concerned to bring concept to reality; and
 - (iii) promotion of Hong Kong's testing and certification services in the Mainland and overseas.
- (b) to assist HKCTC in reviewing the progress made in its first three-year industry development plan and formulating a new plan to promote further development of the industry
- (c) to assist HKCTC in advising the Government on the long-term role of the Council;
- (d) to liaise with the Mainland authorities with a view to drawing up areas of cooperation so as to bring benefits to both sides;
- (e) to oversee the administration of the Secretariat.