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Replies to initial written questions raised by Finance Committee Members in examining the Estimates of Expenditure 2014-15

Director of Bureau : Secretary for Commerce and Economic Development

Session No. : 11

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| CEDB(CIT)233 | 3353 | SIN Chung-kai | 26 | (1) Trade Statistics |
| CEDB(CIT)234 | 4939 | CHAN Ka-lok, Kenneth | 31 | (3) Intellectual Property Rights and Consumer Protection |
| CEDB(CIT)235 | 4948 | CHAN Ka-lok, Kenneth | 31 | (3) Intellectual Property Rights and Consumer Protection |
| CEDB(CIT)236 | 4949 | CHAN Ka-lok, Kenneth | 31 | (3) Intellectual Property Rights and Consumer Protection |
| CEDB(CIT)237 | 4950 | CHAN Ka-lok, Kenneth | 31 | (3) Intellectual Property Rights and Consumer Protection |
| CEDB(CIT)238 | 4955 | CHAN Ka-lok, Kenneth | 31 | (3) Intellectual Property Rights and Consumer Protection |
| CEDB(CIT)239 | 4956 | CHAN Ka-lok, Kenneth | 31 | (3) Intellectual Property Rights and Consumer Protection |
| CEDB(CIT)240 | 4957 | CHAN Ka-lok, Kenneth | 31 | (3) Intellectual Property Rights and Consumer Protection |
| CEDB(CIT)241 | 4958 | CHAN Ka-lok, Kenneth | 31 | (5) Trade Controls |
| CEDB(CIT)242 | 4959 | CHAN Ka-lok, Kenneth | 31 | (5) Trade Controls |
| CEDB(CIT)243 | 4960 | CHAN Ka-lok, Kenneth | 31 | (3) Intellectual Property Rights and Consumer Protection (5) Trade Controls |
| CEDB(CIT)244 | 4988 | CHAN Ka-lok, Kenneth | 31 | (3) Intellectual Property Rights and Consumer Protection |
| CEDB(CIT)245 | 2832 | CHEUNG Wah-fung, Christopher | 31 | (3) Intellectual Property Rights and Consumer Protection |
| CEDB(CIT)246 | 0681 | CHUNG Kwok-pan | 31 | (3) Intellectual Property Rights and Consumer Protection |
| CEDB(CIT)247 | 1152 | IP LAU Suk-yei, Regina | 31 | (3) Intellectual Property Rights and Consumer Protection |
| CEDB(CIT)248 | 2218 | KWOK, Dennis | 31 | (3) Intellectual Property Rights and Consumer Protection |
| CEDB(CIT)249 | 4143 | KWOK Ka-ki | 31 | (3) Intellectual Property Rights and Consumer Protection |
| CEDB(CIT)250 | 4144 | KWOK Ka-ki | 31 | (3) Intellectual Property Rights and Consumer Protection |
| CEDB(CIT)251 | 4146 | KWOK Ka-ki | 31 | (3) Intellectual Property Rights and Consumer Protection |
| CEDB(CIT)252 | 4148 | KWOK Ka-ki | 31 | (3) Intellectual Property Rights and Consumer Protection |
| CEDB(CIT)253 | 4150 | KWOK Ka-ki | 31 | (3) Intellectual Property Rights and Consumer Protection |
| CEDB(CIT)254 | 4152 | KWOK Ka-ki | 31 | (3) Intellectual Property Rights and Consumer Protection |
| CEDB(CIT)255 | 0799 | KWOK Wai-keung | 31 | (3) Intellectual Property Rights and Consumer Protection |
| CEDB(CIT)256 | 5427 | LAM Tai-fai | 31 | (3) Intellectual Property Rights and Consumer Protection |
| CEDB(CIT)257 | 4354 | LEUNG, Kenneth | 31 | (1) Control and Enforcement (5) Trade Controls |
| CEDB(CIT)258 | 3294 | MOK, Charles Peter | 31 | (3) Intellectual Property Rights and Consumer Protection |
| CEDB(CIT)259 | 6249 | MOK, Charles Peter | 31 | (3) Intellectual Property Rights and Consumer Protection |

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| CEDB(CIT)260 | 5411 | WONG Kwok-kin | 31 | (3) Intellectual Property Rights and Consumer Protection |
| CEDB(CIT)261 | 0997 | WONG Ting-kwong | 31 | (3) Intellectual Property Rights and Consumer Protection |
| CEDB(CIT)262 | 2196 | YICK Chi-ming, Frankie | 31 | (1) Control and Enforcement |
| CEDB(CIT)263 | 4996 | WU Chi-wai | 33 | (1) Tourism and Recreational Development |
| CEDB(CIT)264 | 5821 | CHAN Ka-lok, Kenneth | 78 | (1) Statutory Functions |
| CEDB(CIT)265 | 5822 | CHAN Ka-lok, Kenneth | 78 | (2) Protection of Intellectual Property |
| CEDB(CIT)266 | 5823 | CHAN Ka-lok, Kenneth | 78 | (2) Protection of Intellectual Property |
| CEDB(CIT)267 | 5824 | CHAN Ka-lok, Kenneth | 78 | (2) Protection of Intellectual Property |
| CEDB(CIT)268 | 5827 | CHAN Ka-lok, Kenneth | 78 | (2) Protection of Intellectual Property |
| CEDB(CIT)269 | 5828 | CHAN Ka-lok, Kenneth | 78 | (2) Protection of Intellectual Property |
| CEDB(CIT)270 | 5830 | CHAN Ka-lok, Kenneth | 78 | (-) - |
| CEDB(CIT)271 | 0690 | CHUNG Kwok-pan | 78 | (2) Protection of Intellectual Property |
| CEDB(CIT)272 | 2406 | IP LAU Suk-yea, Regina | 78 | (2) Protection of Intellectual Property |
| CEDB(CIT)273 | 3126 | LAU Wai-hing, Emily | 78 | (2) Protection of Intellectual Property |
| CEDB(CIT)274 | 0366 | LEUNG Kwan-yuen, Andrew | 78 | (2) Protection of Intellectual Property |
| CEDB(CIT)275 | 0605 | LIAO Cheung-kong, Martin | 78 | (2) Protection of Intellectual Property |
| CEDB(CIT)276 | 0606 | LIAO Cheung-kong, Martin | 78 | (-) - |
| CEDB(CIT)277 | 2969 | QUAT, Elizabeth | 78 | (1) Statutory Functions |
| CEDB(CIT)278 | 2985 | QUAT, Elizabeth | 78 | (1) Statutory Functions |
| CEDB(CIT)279 | 1678 | SIN Chung-kai | 78 | (2) Protection of Intellectual Property |
| CEDB(CIT)280 | 1038 | WONG Kwok-hing | 78 | (1) Statutory Functions (2) Protection of Intellectual Property |
| CEDB(CIT)281 | 5277 | WONG Yuk-man | 78 | (-) - |
| CEDB(CIT)282 | 0289 | CHAN Wai-yip, Albert | 79 | (-) Investment Promotion |
| CEDB(CIT)283 | 2830 | CHEUNG Wah-fung, Christopher | 79 | (-) Investment Promotion |
| CEDB(CIT)284 | 0321 | CHUNG Kwok-pan | 79 | (-) Investment Promotion |
| CEDB(CIT)285 | 2793 | CHUNG Kwok-pan | 79 | (-) Investment Promotion |
| CEDB(CIT)286 | 2622 | HO Chun-yan, Albert | 79 | (-) Investment Promotion |
| CEDB(CIT)287 | 2623 | HO Chun-yan, Albert | 79 | (-) Investment Promotion |
| CEDB(CIT)288 | 2336 | LAM Kin-fung, Jeffrey | 79 | (-) Investment Promotion |
| CEDB(CIT)289 | 2362 | LAM Kin-fung, Jeffrey | 79 | (-) Investment Promotion |
| CEDB(CIT)290 | 0607 | LIAO Cheung-kong, Martin | 79 | (-) - |
| CEDB(CIT)291 | 1346 | LO Wai-kwok | 79 | (-) Investment Promotion |
| CEDB(CIT)292 | 1397 | MOK, Charles Peter | 79 | (-) Investment Promotion |
| CEDB(CIT)293 | 5278 | WONG Yuk-man | 79 | (-) - |

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| CEDB(CIT)294 | 3738 | CHAN Ka-lok, Kenneth | 168 | (3) Time Standard and Geophysical Services |
| CEDB(CIT)295 | 5672 | FUNG Kin-kee, Frederick | 168 | (1) Weather Services |
| CEDB(CIT)296 | 2624 | HO Chun-yan, Albert | 168 | (1) Weather Services |
| CEDB(CIT)297 | 2418 | IP LAU Suk-ye, Regina | 168 | (1) Weather Services |
| CEDB(CIT)298 | 6333 | KWOK Ka-ki | 168 | (1) Weather Services |
| CEDB(CIT)299 | 6335 | KWOK Ka-ki | 168 | (1) Weather Services |
| CEDB(CIT)300 | 6336 | KWOK Ka-ki | 168 | (1) Weather Services |
| CEDB(CIT)301 | 6337 | KWOK Ka-ki | 168 | (-) - |
| CEDB(CIT)302 | 6338 | KWOK Ka-ki | 168 | (1) Weather Services |
| CEDB(CIT)303 | 6339 | KWOK Ka-ki | 168 | (1) Weather Services |
| CEDB(CIT)304 | 6661 | LEUNG Kwok-hung | 168 | (3) Time Standard and Geophysical Services |
| CEDB(CIT)305 | 0916 | LEUNG Mei-fun, Priscilla | 168 | (3) Time Standard and Geophysical Services |
| CEDB(CIT)306 | 2978 | QUAT, Elizabeth | 168 | (1) Weather Services |
| CEDB(CIT)307 | 2979 | QUAT, Elizabeth | 168 | (3) Time Standard and Geophysical Services |
| CEDB(CIT)308 | 5269 | WONG Yuk-man | 168 | (-) - |
| CEDB(CIT)309 | 5339 | CHAN Wai-yip, Albert | 181 | (1) Commercial Relations |
| CEDB(CIT)310 | 5340 | CHAN Wai-yip, Albert | 181 | (1) Commercial Relations |
| CEDB(CIT)311 | 5342 | CHAN Wai-yip, Albert | 181 | (1) Commercial Relations |
| CEDB(CIT)312 | 5344 | CHAN Wai-yip, Albert | 181 | (1) Commercial Relations |
| CEDB(CIT)313 | 5345 | CHAN Wai-yip, Albert | 181 | (1) Commercial Relations |
| CEDB(CIT)314 | 5347 | CHAN Wai-yip, Albert | 181 | (1) Commercial Relations |
| CEDB(CIT)315 | 0317 | CHUNG Kwok-pan | 181 | (1) Commercial Relations |
| CEDB(CIT)316 | 0318 | CHUNG Kwok-pan | 181 | (2) Trade Support and Facilitation |
| CEDB(CIT)317 | 0319 | CHUNG Kwok-pan | 181 | (3) Support for Small and Medium Enterprises and Industries |
| CEDB(CIT)318 | 2795 | CHUNG Kwok-pan | 181 | (3) Support for Small and Medium Enterprises and Industries |
| CEDB(CIT)319 | 2796 | CHUNG Kwok-pan | 181 | (3) Support for Small and Medium Enterprises and Industries |
| CEDB(CIT)320 | 2249 | KWOK, Dennis | 181 | (3) Support for Small and Medium Enterprises and Industries |
| CEDB(CIT)321 | 4353 | LEUNG, Kenneth | 181 | (2) Trade Support and Facilitation |
| CEDB(CIT)322 | 0369 | LEUNG Kwan-yuen, Andrew | 181 | (1) Commercial Relations |
| CEDB(CIT)323 | 0370 | LEUNG Kwan-yuen, Andrew | 181 | (2) Trade Support and Facilitation |
| CEDB(CIT)324 | 2391 | LEUNG Mei-fun, Priscilla | 181 | (3) Support for Small and Medium Enterprises and Industries |
| CEDB(CIT)325 | 0619 | LIAO Cheung-kong, Martin | 181 | (2) Trade Support and Facilitation |
| CEDB(CIT)326 | 0620 | LIAO Cheung-kong, Martin | 181 | (3) Support for Small and Medium Enterprises and Industries |
| CEDB(CIT)327 | 2490 | LIAO Cheung-kong, Martin | 181 | (3) Support for Small and Medium Enterprises and Industries |
| CEDB(CIT)328 | 1343 | LO Wai-kwok | 181 | (3) Support for Small and Medium Enterprises and Industries |
| CEDB(CIT)329 | 1680 | SIN Chung-kai | 181 | (2) Trade Support and Facilitation |
| CEDB(CIT)330 | 1095 | TIEN Pei-chun, James | 181 | (1) Commercial Relations |
| CEDB(CIT)331 | 1096 | TIEN Pei-chun, James | 181 | (2) Trade Support and Facilitation |
| CEDB(CIT)332 | 1097 | TIEN Pei-chun, James | 181 | (2) Trade Support and Facilitation |

| Reply Serial No. | Question Serial No. | Name of Member | Head | Programme |
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| CEDB(CIT)333 | 1155 | TIEN Pei-chun, James | 181 | (1) Commercial Relations |
| CEDB(CIT)334 | 2548 | TIEN Pei-chun, James | 181 | (3) Support for Small and Medium Enterprises and Industries |
| CEDB(CIT)335 | 2549 | TIEN Pei-chun, James | 181 | (3) Support for Small and Medium Enterprises and Industries |
| CEDB(CIT)336 | 2550 | TIEN Pei-chun, James | 181 | (3) Support for Small and Medium Enterprises and Industries |
| CEDB(CIT)337 | 1119 | WONG Ting-kwong | 181 | (3) Support for Small and Medium Enterprises and Industries |
| CEDB(CIT)338 | 1120 | WONG Ting-kwong | 181 | (3) Support for Small and Medium Enterprises and Industries |
| CEDB(CIT)339 | 2917 | WONG Ting-kwong | 181 | (3) Support for Small and Medium Enterprises and Industries |
| CEDB(CIT)340 | 5454 | WONG Ting-kwong | 181 | (1) Commercial Relations |
| CEDB(CIT)341 | 5294 | WONG Yuk-man | 181 | (-) - |
| CEDB(CIT)342 | 6602 | LEUNG Kwok-hung | 152 | (2) Commerce and Industry |

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0983)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 41):

The Government recently pointed out that it would well divert the tourists and study the feasibility of providing suitable attractions for the choice of tourists in all 18 districts of Hong Kong. In this respect, will the Government advise:

- (a) the funds and manpower allocated in the past three years to improve community facilities so as to increase the number of tourists;
- (b) whether funds and manpower have been reserved for the work to divert tourists in the next three years? If yes, what are the details? If no, what are the reasons?
- (c) whether funds and manpower have been reserved for studies and consultations on diverting tourists in the next three years? If yes, what are the details? If no, what are the reasons?

Asked by: Hon. CHAN Han-pan

Reply:

The Tourism Commission (TC) has been maintaining close liaison with the tourism sector, including the Travel Industry Council of Hong Kong and operators of tourist attractions, as well as listening to their views and reviewing in a timely manner the general ancillary facilities in major tourist districts. We endeavour to help ensure that the tourist facilities and services provided in these districts could meet visitors' needs and expectations. In addition, the TC will co-ordinate with relevant departments in keeping in view and examining whether the existing supporting facilities are effective and adequate. The TC will, in conjunction with the relevant departments, make appropriate adjustments and improvements if necessary.

Apart from promoting major tourist attractions to visitors, the TC, in collaboration with the Hong Kong Tourism Board (HKTB), also encourages visitors to explore, visit and spend in different districts, so as to broaden the overall economic benefits brought about by the tourism industry to Hong Kong. In recent years, the HKTB has made use of different channels, including the Internet, social media, smartphone applications with augmented reality technology, pamphlets, etc., to promote a number of themed routes bundling various attractions in different districts. Examples

include “Travel Through Time” of Central and Sheung Wan, “Evolution of a Fishing Village” of Shau Kei Wan, “A Popular Temple and a City Transformed” of Wong Tai Sin and Kowloon City, Yuen Long Ping Shan Heritage Trail, Fanling Lung Yeuk Tau Heritage Trail, etc.

To better utilise the tourism resources of each district and to encourage visitors to gain an in-depth and comprehensive understanding of the specialties and local living culture of various districts, the HKTB will strengthen the promotion of attractions in different districts in 2014-15, including setting up a dedicated webpage in a progressive manner to showcase various tourism offerings in the 18 districts. The webpage will feature unique historical attractions and buildings, living culture, dining delights, themed shopping streets and specialty markets, etc., so as to offer more choices to visitors.

The HKTB will also continue to encourage the travel trade to develop new and attractive themed tours taking visitors to explore and spend at different districts through the New Tour Product Development Scheme (the Scheme). As at the end of 2013, the Scheme has subsidised 12 themed tours, including the “Sham Shui Po Foodie Tour” which takes visitors on a local culinary journey, the “Six Senses Heritage Experience” which features a cycling tour in Yuen Long and a big bowl feast in the walled village. In 2014-15, the HKTB will continue to run the Scheme and encourage the travel trade to unleash their creativity and utilise the tourism resources of different districts.

The TC, the relevant departments and the HKTB carry out the above work with existing resources. No additional expenses and manpower are incurred.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3786)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 289):

In 2014-15, will the Administration conduct any study, planning or public consultation in respect of any plan to construct additional convention and exhibition facilities? If yes, what are the specific plan, work schedule and estimated expenditure?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

The convention and exhibition industries are important to the economic development of Hong Kong. The Government adopted the recommendation of the Working Group on Convention and Exhibition Industries and Tourism under the Economic Development Commission and commissioned a consultancy study in early 2014 to assess the demand for convention and exhibition facilities in Hong Kong in the coming 15 years, taking into account the situation in Hong Kong and the global and regional developments of the convention and exhibition industries. The consultancy fee is about \$3,300,000. The consultancy study is expected to be completed in around mid 2014. The Government will announce the result of the consultancy study after its completion at an appropriate juncture.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)003****(Question Serial No. 3787)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 290):

What was the Hong Kong Trade Development Council (HKTDC)'s share in the convention and exhibition market (including the overall market share and the market share during peak seasons) over the past 3 years? In view of its market share, will the Government review the role of HKTDC in the convention and exhibition industry? If yes, what are the specific work plan, schedule and estimated expenditure? If not, what are the reasons?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

The number of local exhibitions organised by the Hong Kong Trade Development Council (HKTDC), the number of exhibitions held in Hong Kong and the percentages of the local exhibitions organised by HKTDC among the total number of exhibitions held in Hong Kong over the past three years (i.e. 2011 to 2013) are tabulated as follows:

| Year | No. of local exhibitions organised by HKTDC | No. of exhibitions held in Hong Kong (*) | Percentage of local exhibitions organised by HKTDC among the total no. of exhibitions held in Hong Kong |
|-------------|--|---|--|
| 2011 | 35 | 111 | 32% |
| 2012 | 35 | 107 | 33% |
| 2013 | 35 | Not Applicable | Not Applicable |

(*): From the annual survey of the exhibition industry in Hong Kong announced by the Hong Kong Exhibition and Convention Industry Association (HKECIA), which reveals information on the large scale exhibitions (i.e. "trade" and "trade and consumer" exhibitions with a gross area of over 2 000 square metres) held in Hong Kong from January to December each year. The result of the annual survey announced by HKECIA has not specified the dates when the exhibitions were held. Therefore, we cannot provide the relevant comparison during peak seasons. As HKECIA has not yet announced the result of annual survey for 2013, we are not able to provide the figures for 2013 at this stage.

As regards conventions, the number of large-scale local conventions (i.e. with about 400 participants or more) held by HKTDC over the past three years is 9 in 2011, 12 in 2012 and 10 in 2013. We do not have statistics on the total number of conventions held in Hong Kong each year.

HKTDC was established under the Hong Kong Trade Development Council Ordinance (Cap. 1114). Its functions are to promote, assist and develop Hong Kong's trade with places outside Hong Kong, with particular reference to exports; and to make such recommendations to the Government as it sees fit in relation to any measures which it considers would achieve an increase in Hong Kong's trade. Organisation of local exhibitions and conventions is one of the very effective ways to promote Hong Kong products and services to local and overseas buyers. Local small and medium enterprises (SMEs) can meet with buyers from all over the world without having to leave Hong Kong, thus enhancing the effectiveness of their promotional activities. HKTDC has fulfilled its functions and has been assisting a lot of Hong Kong companies especially SMEs to expand their markets and promote their goods and services. Therefore, we do not see the need to review the role of HKTDC in the exhibition and convention industries in the 2014-15 financial year.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)004****(Question Serial No. 3811)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 291):

As regards the financial position of the Hong Kong Trade Development Council (HKTDC), would the Administration advise of the following:

- a) the total revenues, government subventions, surpluses and reserve levels of the HKTDC in the past 5 years? and
- b) having taken account of the current financial position of the HKTDC, whether the Government will review its funding mode and funding level and adjust the amount of subvention to the HKTDC based on the outcome of the review? If yes, what are the relevant action plan and timetable, as well as estimated expenditure? If no, what are the reasons?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

The amount of Government subvention to the Hong Kong Trade Development Council (HKTDC), HKTDC's total income, surplus and reserve level in the past five financial years (i.e. from 2009-10 to 2013-14) are listed below:-

| | Financial Year (\$ million) | | | | |
|---------------------------------------|------------------------------------|----------------|----------------|----------------|----------------|
| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
| Government Subvention to HKTDC | 371 | 375 | 378 | 384 | 390 |
| HKTDC's | | | | | |
| - Total Income | 2,232 | 2,392 | 2,434 | 2,499 | 2,684* |
| - Surplus | 31 | 103 | 50 | 72 | 22* |
| - Reserve Level | 1,012 | 1,097 | 1,099 | 1,120 | 1,142* |

Note: * are the estimated figures.

The Government reviews the subvention for HKTDC from time to time. Currently, the subvention to HKTDC is determined having regard to the Government's financial position, HKTDC's funding requirements, new demands for trade-related services, inflation/deflation situation, and by way of reference to the total amount of trade declaration charges received in the preceding year.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3812)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (4) Posts, Competition Policy and Consumer Protection

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 3812):

In 2014-2015, what public education and publicity initiatives will be taken by the Bureau for promoting the implementation of the Competition Ordinance and the work of the Competition Commission? Please list the specific plan, content, timetable and estimated expenditure for these initiatives.

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

In 2014-15, the priority of the Competition Commission (Commission) is to conduct consultation on various documents required to be prepared under the Competition Ordinance (the Ordinance), including guidelines on the competition rules, complaint handling and investigations. The Commission has engaged legal consultants to advise on the preparation of these documents required for the commencement of the Ordinance. The Commission's plan is to conduct promotion of the Ordinance, and engage members of the public and various sectors on what the Commission should take into account when formulating the guidelines. The Commission expects that such promotion and discussions will enhance public understanding of the Ordinance, enable small and medium enterprises and other sectors to have a better grasp of the provisions of the Ordinance and their implementation details, as well as to facilitate their making of necessary preparation for the full implementation of the Ordinance.

The Commission also plans to discuss with the business community on how to develop risk management systems, good practices and internal controls as tools to achieve compliance with the Ordinance and the guidelines.

The Commission plans to start the relevant work in the first half of 2014 and, depending on work progress, consult the Legislative Council on the relevant documents before end of 2014. With the establishment of the Commission in 2013, the provision earmarked for the Commission under Programme (4) have been reassigned to the new Programme (9). The Government's proposed allocation for the Commission in 2014-15 under the new Programme (9) is \$83.9 million. The Commission's estimated budget for 2014-15 includes a budgetary item of \$6.2 million for publicity expenses, but the figure does not include staff costs or other general expenses which cannot be separately itemised.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3813)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (4) Posts, Competition Policy and Consumer Protection

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 742):

Over the years, there have been calls for the Government to review the functions and terms of reference of the Consumer Council ("CC"). Will the Government do so in 2014-15? If yes, what are the specific plan, work schedule and estimated expenditure with regard to the review? If not, what are the reasons?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

Under the Consumer Council Ordinance, the Consumer Council (CC)'s functions include collecting, receiving and disseminating information concerning goods and services; handling consumer complaints about goods and services and giving advice to them; taking such action as it thinks justified by information in its possession, including tendering advice to the Government; and encouraging businesses and professional associations to establish codes of practice to regulate the activities of their members.

The CC is committed to discharging the above functions and safeguarding consumer interests. The work involved includes conducting different product tests, studies and surveys to ensure product quality and safety; forestalling and conciliating disputes between consumers and traders; collaborating with law enforcement agencies in combating unfair trade practices; implementing consumer publicity and education programmes to promote sustainable consumption and empower consumers to protect themselves; providing advice to the Government in different aspects including combating unfair trade practices and promoting fair competition etc.; and encouraging different business associations to establish relevant codes. The Consumer Legal Action Fund provides consumers with access to legal remedies by providing legal assistance and financial support, particularly for cases involving significant public interest and injustice.

The CC's efforts and efficacy in safeguarding consumer interests and establishing a fair, safe and sustainable consumption environment have been widely recognized. The CC will continue to seek improvements in discharging its duties.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 3814)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (5) Subvention: Consumer Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 295):

With regard to the Consumer Legal Action Fund ("CLAF") of the Consumer Council, what were the number of assisted cases, the total amount of assistance granted and the balance of the CLAF in each of the past 3 years? Will the Government consider making an injection to the CLAF? If yes, what are the details? If not, what are the reasons?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

The number of cases with assistance granted, the amount of assistance granted and the balance of the Consumer Legal Action Fund (CLAF) in the past three years are set out below:

| <u>Year</u> | <u>Number of Cases with Assistance Granted</u> | <u>Amount of Assistance Granted (HK\$)</u> | <u>Balance of CLAF (HK\$)</u> |
|--|--|--|-----------------------------------|
| 2013 - 2014 (as at 31 December 2013) | 3 | 70,900 (yet to be audited) | 17,770,000 (yet to be audited) |
| 2012 - 2013 | 3* | 202,540 | 17,645,902 |
| 2011 - 2012 | 1 | 404,000 | 17,820,228 |

* Note: One of the applicants withdrew the application, so no financial assistance was granted for the case.

The Government injected \$10 million into the CLAF upon its establishment in 1994, and injected an additional \$10 million into it in May 2010. The Government will maintain close liaison with the CLAF's trustee (i.e. the Consumer Council) in continuing to monitor the CLAF's financial position, so as to ensure that sufficient resources are available under the CLAF to assist meritorious cases.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)008****(Question Serial No. 3815)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 296):

Regarding the operation of the Mega Events Fund (MEF), would the Bureau inform this Committee of:

- a) details of the events sponsored by the MEF in 2013-14, including the dates, nature, funding amount, total expenditure, number of participants, number of tourists attracted and income and expenditure of the events;
- b) details of the events to be sponsored by the MEF in 2014-15, including the nature, projected number of participants, dates and estimated funding amount of the events. Please list out the information by individual events.

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

a) The details of the Mega Events Fund (MEF) supported events in 2013-14 are as follows:

| Project title | Organizer | Nature | Date of event | Number of participants (Number of participating visitors) | Project budget | Funding ceiling^{Note} |
|-------------------------------------|--|--|----------------------|--|-----------------------|---------------------------------------|
| Hong Kong Dragon Boat Carnival 2013 | Hong Kong China Dragon Boat Association Hong Kong Tourism Board | Traditional cultural activity with strong sports element | 21-23 June 2013 | 233 844 (65 724) | \$19.96 million | \$5.3 million |

| Project title | Organizer | Nature | Date of event | Number of participants (Number of participating visitors) | Project budget | Funding ceiling^{Note} |
|--|--|-------------------------------|----------------------|--|-----------------------|---------------------------------------|
| Manchester United Asia Tour 2013 (Hong Kong Leg) | Kitchee Foundation Limited | Soccer exhibition match | 29 July 2013 | 40 354 (8 140) (expected) | \$33.46 million | \$8 million |
| Dragon and Lion Dance Extravaganza 2014 | Hong Kong Dragon and Lion Festival Preparatory Committee | Traditional cultural activity | 1 January 2014 | 65 100 (15 030) (expected) | \$4.36 million | \$1.5 million |

Note : The basic funding principle of the MEF is that the total Government contribution (including the MEF funding) must not exceed 50% of the total cost of the event.

Under the Tier-two scheme, should the MEF supported events generate a surplus, the organizers are required to return any unspent funds and operating surplus generated from the events to the Government. Amount of the refund is up to the ceiling of the approved funding for the respective events. The organizers may also apply to the MEF Assessment Committee for retaining the operating surplus generated from a Tier-two event for the sole purpose of organizing the same event in the following year in Hong Kong. If the events could not break even eventually, the organizers concerned are responsible for the deficits arising from the event.

b) The details of the MEF supported events in 2014-15 are as follows:

| Project title | Organizer | Nature | Date of event | Number of participants (Number of participating visitors) | Project budget | Funding ceiling^{Note} |
|-------------------------------------|--|--|----------------------|--|-----------------------|---------------------------------------|
| Hong Kong Dragon Boat Carnival 2014 | Hong Kong China Dragon Boat Association Hong Kong Tourism Board | Traditional cultural activity with strong sports element | 6-8 June 2014 | 240 431 (66 041) (expected) | \$20.39 million | \$5.5 million |

Note : The basic funding principle of the MEF is that the total Government contribution (including the MEF funding) must not exceed 50% of the total cost of the event.

We plan to invite a fourth round of applications under the MEF Tier-2 scheme in mid 2014. We expect that more mega events will be receiving support from the MEF. The number of mega events receiving the MEF's funding support, as well as their respective nature and funding amount, etc. will depend on the number of applications received and how many of them can successfully pass the assessment.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 3816)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 297):

Last year, the English Premier League club Manchester United, under the sponsorship of the Mega Events Fund (MEF), played a football match in Hong Kong. Many soccer fans said that many tickets had been reserved by the sponsors of the match. In case the MEF sponsors such popular events again in future, will a restriction on the proportion of tickets open for sale be incorporated in the conditions for sponsorship so as to allow more people to participate in these international events? If yes, what are the details? If no, what are the reasons?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

Due to the difference in size, nature and budget of each event supported by the Mega Events Fund (MEF), we do not consider it appropriate to lay down a broad rule on the proportion of tickets that should be made available for local sale that applies to all events. In fact, we have been requiring the organizers of mega events to open the events to the public, and over half of the MEF supported events (including the Hong Kong Dragon Boat Carnival, the Dragon and Lion Dance Extravaganza and the Hong Kong Well-wishing Festival) are free events. The MEF Assessment Committee (AC) will, having regard to the circumstances of individual events, impose additional requirements, such as specifying or adjusting upward the number of tickets required to be made available for public sale in respect of certain events. The funding agreement between the Government and the organizers sets out the obligations of the parties, as well as the detailed funding terms and conditions and control provisions. The AC and the MEF Secretariat will monitor the event organization process to ensure that the events are staged in line with the aim of the MEF as well as other related requirements.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0642)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 16):

How many applications for the BUD Fund have been approved so far? How much funding is involved? How many approved projects have been completed? Will supplementary provision be sought in 2014-15?

Asked by: Hon. CHAN Kam-lam

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched on 25 June 2012. Up to the end of February 2014, 192¹ and 37 applications have been approved under the Enterprise Support Programme and the Organisation Support Programme of the BUD Fund respectively. The total amount of funding approved is about \$205 million. 6 and 5 projects have been completed under the Enterprise Support Programme and the Organisation Support Programme respectively.

We have no plan to seek supplementary provision for the BUD Fund in 2014-15.

¹ Excluding 13 applications that were granted conditional approval. The final approval of such applications and the amount of grants will be subject to further information submitted by the applicants.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1081)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 18):

It is pointed out in the Budget that: "The hotel project at the Murray Building site has been successfully tendered. Upon commissioning, this hotel, together with the Ocean Hotel in the Ocean Park and the third hotel in the Hong Kong Disneyland, will provide altogether over 1 500 rooms ." What are the respective allocations reserved by the Government for the construction of these three hotels?

Asked by: Hon. CHAN Kam-lam

Reply:

The Murray Building site was included in the 2013-14 Land Sale Programme and sold by public tender in November 2013 for conversion into a hotel. This project will be undertaken by the successful tenderer and there is no need for the Government to bear the cost.

Construction of the Ocean Park's Ocean Hotel is expected to commence within this year for completion in 2017. This project will be undertaken by the successful tenderer and there is no need for the Government to bear the cost.

Regarding the third hotel of the Hong Kong Disneyland, the Government proposes to provide a new term loan of \$0.8085 billion to the Hongkong International Theme Parks Limited (HKITP) and convert part of the existing Government loan of \$1.7 billion to the ordinary share capital of the HKITP.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)012****(Question Serial No. 1082)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 19):

The Budget Speech noted that “the terminal building and the first berth of the Kai Tak Cruise Terminal came into operation last June. Cruise lines and passengers have found the Terminal’s facilities and services satisfactory. With construction works now in the final stage, the second berth is planned to be commissioned this year.” Please advise the respective total number of cruise vessels that have berthed at the Cruise Terminal, cruise passengers that have gone ashore, and cruise vessels that have made berthing reservations for the coming year since the terminal building and the first berth of the Kai Tak Cruise Terminal commenced operation.

Asked by: Hon. CHAN Kam-lam

Reply:

The numbers of berthing and cruise passenger throughput of the Kai Tak Cruise Terminal (the “Terminal”) are listed below:

| Year | Number of Berthing | Cruise Passenger Throughput |
|----------------------|---------------------------|------------------------------------|
| 2013 (June-December) | 9 | 46,000 |
| 2014 | 26 | About 130,000 (estimate) |

The estimated cruise passenger throughput for 2014 is based on the maximum passenger carrying capacities of the cruise vessels, which may be different from the actual figures. Since the commissioning of the Terminal, many cruise companies have expressed interest in berthing at the Terminal as they draw up the cruise schedules for the coming years. We anticipate that there will be a steady increase in the number of berthing reservations and cruise passenger throughput.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)013****(Question Serial No. 1083)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 20):

In the Budget, it is stated that the Administration will “provide additional funding of \$50 million to the Hong Kong Tourism Board in the coming two years to strengthen even further its popular events, such as the Wine and Dine Festival, the New Year Countdown Celebrations and the Chinese New Year Night Parade. One way to do so is to introduce 3D projection mapping technology to help showcase the magnificent night view of the Victoria Harbour during mega events.” What were the expenditures incurred on the Wine and Dine Festival, the New Year Countdown Celebrations and the Chinese New Year Night Parade respectively over the past five years? How much resources have been earmarked for the purchase and installation of the 3D projection mapping technology devices?

Asked by: Hon. CHAN Kam-lam

Reply:

The expenditures incurred by the Hong Kong Tourism Board (HKTB) for the Wine and Dine Month, the New Year Countdown Celebrations and the Chinese New Year Celebrations over the past 5 years are shown below:

| Year | Wine and Dine Month (including the Wine and Dine Festival) | New Year Countdown Celebrations | Chinese New Year Celebrations (including the Chinese New Year Night Parade) |
|---------|--|---------------------------------|---|
| 2009-10 | \$17 million | \$6 million | \$20 million |
| 2010-11 | \$23 million | \$8 million | \$19 million |
| 2011-12 | \$25 million | \$8 million | \$19 million |
| 2012-13 | \$33 million | \$12 million | \$20 million |
| 2013-14 | \$39 million | \$14 million | \$21 million |

In addition, we will provide additional funding of \$50 million to the HKTB in 2014-15 and 2015-16 to strengthen even further its popular mega events, including the Wine and Dine Festival, the New Year Countdown Celebrations and the Chinese New Year Night Parade. In 2014-15, the additional funding will be spent mainly on introducing the 3D projection mapping show during mega events, including engaging professional contractors to design the show, renting and installing relevant equipment and devices, and other costs related to the production and staging of the show.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1084)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 21):

In the past five years, how many trade shows were held at its Design Gallery in Beijing and Guangzhou respectively by the Hong Kong Trade Development Council? How many Hong Kong enterprises have participated in these trade shows?

Asked by: Hon. CHAN Kam-lam

Reply:

The Hong Kong Trade Development Council (HKTDC) opened Design Gallery shops at the Oriental Plaza in Beijing and the Tee Mall in Guangzhou in June 2009 and July 2012 respectively, to provide platforms for Hong Kong enterprises, particularly small and medium enterprises to showcase their products and build up greater awareness of Hong Kong brands in the Mainland. In the past five years, the HKTDC has organised a total of 25 short-term promotional or sales activities in Beijing and Guangzhou to promote the brand name of Design Gallery and its products, as well as Hong Kong's innovative designs. More than 270 Hong Kong brands have participated in these events.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)015

(Question Serial No. 5587)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 79):

Will the Hong Kong Trade Development Council set up any new overseas offices in 2014-15? If yes, how many offices will be set up and where will they be located?

Asked by: Hon. CHAN Kam-lam

Reply:

The Hong Kong Trade Development Council (HKTDC) plans to upgrade its current consultant office in Jakarta of Indonesia to an overseas office, and set up a new consultant office in New Delhi of India in 2014-15. HKTDC hopes that these offices will support it to launch more promotional activities in the emerging Asian markets, and help Hong Kong companies expand their businesses in the region.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0246)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 1):

Please advise this Committee:

1. How much provision has been allocated for the operational expenditure of the Economic Development Commission in 2014-15?
2. What is the staff establishment of the Economic Development Commission in 2014-15 and the corresponding estimated expenditure on salary provision?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

Secretariat support for the Economic Development Commission (EDC) and two of its Working Groups (namely, the Working Group on Convention and Exhibition Industries and Tourism and the Working Group on Manufacturing Industries, Innovative Technology, and Cultural and Creative Industries) is provided by the Commerce and Economic Development Bureau. The relevant work is handled by existing manpower and an additional Senior Administrative Officer post (involving an annual additional expenditure of about \$1.15 million) created in April 2013. Other expenditure involved in providing secretariat support is absorbed by this Bureau's existing resources. It is difficult to quantify it separately. Secretariat support for the EDC's other two Working Groups (namely, the Working Group on Transportation and the Working Group on Professional Services) is provided by the Transport and Housing Bureau and the Development Bureau respectively.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0273)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (1) Director of Bureau's Office

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 30):

Will the Administration inform this Council of the following for 2014-15:

(1) What is the estimated expenditure on the salary for Secretary for Commerce and Economic Development, the Under Secretary for Commerce and Economic Development and the Political Assistant to Secretary for Commerce and Economic Development respectively?

(2) What is the estimated expenditure on entertainment expenses within Hong Kong for the Office of the Secretary for Commerce and Economic Development?

(3) What is the estimated expenditure on officials' duty visits and study tours overseas and to the Mainland for the Office of the Secretary for Commerce and Economic Development?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

(1) For budgetary purposes, the provisions for the salary in respect of the positions of Secretary for Commerce and Economic Development, the Under Secretary for Commerce and Economic Development and the Political Assistant to Secretary for Commerce and Economic Development for 2014-15 are \$3.38 million, \$2.2 million and \$1.18 million respectively.

(2) We have earmarked \$70,000 under the departmental entertainment vote in 2014-15 for the Director of Bureau's office on entertainment within Hong Kong.

(3) We have earmarked \$1.2 million in 2014-15 for the Director of Bureau's office on officials' duty visits outside Hong Kong.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0274)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (000) Operational expenses

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 31):

What are the operational expenses, staffing and estimated expenditure on the emoluments involved under this programme in 2014-15?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

In 2014-15, the estimated operating expenditure of the Tourism Commission under the Commerce, Industry and Tourism Branch under Programme (6) is \$208.2 million. The staff establishment is 65 and the estimated expenditure on emoluments is \$51.8 million.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5318)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 75):

Under "Matters Requiring Special Attention in 2014-15" of this Programme, the Administration has indicated that it will continue to support the further development of wine-related business in Hong Kong. In this regard, would the Administration please inform this Committee of the following:

- (a) What will be the respective expenditure incurred for the operating expenses, staff establishment and estimated salaries in 2014-15?
- (b) Has the Administration assessed whether the above task could alleviate the disparity between the rich and the poor? If yes, what are the details? If no, what are the reasons?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

The exemption of wine duty in 2008 tapped the potential of wine-related businesses and benefitted the economy. Hong Kong has since then become a regional wine trading and distribution hub, as well as the largest wine auction centre in the world. The boom in wine trade has contributed to the growth of related businesses such as logistics, exhibition, catering and education, creating job opportunities.

We deploy existing manpower and resources to promote wine-related businesses. The related expenditure is subsumed under the establishment of and provision for this Branch. It is difficult to quantify such expenditure separately.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)020****(Question Serial No. 5355)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 112):

Please provide details of the government fleet under your purview:

| | Number | Operational expenses for 2013 | Estimated operational expenses for 2014-15 |
|----------------------------|--------|-------------------------------|--|
| VIP Car | | | |
| Large Saloon Car (Grade A) | | | |
| Large Saloon Car (Grade B) | | | |

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

Details of the government fleet for use by officers in Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) are as follows-

| | Number | Operational expenses for 2013-14* (\$) | Estimated operational expenses for 2014-15 (\$) |
|----------------------------|--------|--|---|
| VIP Car | 0 | - | - |
| Large Saloon Car (Grade A) | 2 | 348,000 | 380,000 |
| Large Saloon Car (Grade B) | 1 | 54,000 | 59,000 |

* expenses up to end February 2014.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1951)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 74):

Paragraph 101 of the Budget Speech mentions about “earmarking \$50 million to support retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity”. Then it is stated in paragraph 107 that the Government will allocate \$130 million for the implementation of the recommendations of the Task Force on Manpower Development of the Retail Industry. Please explain in detail why two sums of provision have been earmarked for the retail industry simultaneously. Will this give rise to any duplication of resources?

Asked by: Hon. CHAN Yuen-han

Reply:

In the Budget Speech 2014-15, the Financial Secretary has announced acceptance of the recommendations of the Task Force on Manpower Development of the Retail Industry and pursuit of the following implementation measures –

- (a) supporting retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity;
- (b) assisting the Vocational Training Council in strengthening vocational education and training with reference to the Specifications of Competency Standards for the Retail Industry (which was newly drawn up under the Qualifications Framework), including running retail courses through a professional institution and launching pilot courses combining classroom learning and work placement;
- (c) working with the industry to enhance the image of the trade; and
- (d) providing targeted recruitment and employment services and organising large-scale and district-based job fairs dedicated to the retail industry.

The Government has allocated \$130 million to add to existing resources to take forward the above measures (Budget Speech Paragraph 107).

Item (a) involves \$50 million, with small and medium enterprises (SMEs) of the retail industry as the target of the funding support, and is thus also mentioned in the part of the Budget Speech that sets out various support measures for SMEs (i.e. Paragraph 101).

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1902)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 211):

According to the Assessment Report on Hong Kong's Capacity to Receive Tourists, the tourism industry brings considerable economic benefits to Hong Kong (accounting for 4.5% of our Gross Domestic Product ("GDP")) and offers 230 000 direct employment opportunities. It is also mentioned in the Report that the spending of Individual Visit Scheme ("IVS") visitors in 2012 alone has generated \$26.1 billion in value addedness (accounting for 1.3% of our GDP) and over 110 000 jobs. Please explain how does the Administration distinguish the revenue generated from Mainland visitors and among which, the contribution from inbound IVS visitors?

Asked by: Hon. CHEUNG Chiu-hung, Fernando

Reply:

The Hong Kong Tourism Board engages professional market research companies to conduct the "Departing Visitor Survey" regularly at different boundary control points. The target respondents for the survey include visitors from all source markets, including Mainland visitors travelling under the Individual Visit Scheme. The scope of the survey includes visitors' place of residence, type of passport, and spending patterns during their stay in Hong Kong, on the basis of which estimates such as visitors' per capita spending, etc. are derived.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5916)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 151):

Please inform this Committee of the financial position of the Mega Events Fund (MEF). Has any MEF-supported event ploughed back its surplus into the Fund?

Asked by: Hon. CHEUNG Chiu-hung, Fernando

Reply:

The Mega Events Fund (MEF) was established in 2009 following the funding approval of the Finance Committee (FC) of the Legislative Council (LegCo). Since its inception, nine rounds of applications have been invited and a total maximum sum of \$97 million has been granted to support 24 mega events. FC of LegCo approved in 2012 to allocate \$150 million for extending the operation of the MEF for 5 years and to modify the MEF into a two-tier system. By end February 2014, the MEF has an uncommitted balance of some \$104 million.

Before the extension of the operation of the MEF in 2012, two events generated a surplus and a total sum of around \$1.3 million was returned to the Government accordingly. Under the modified Tier-2 scheme, should the MEF supported events generate a surplus, the organizers are required to return any unspent funds and operating surplus generated from the events to the Government. Amount of the refund is up to the ceiling of the approved funding for the respective events. The organizers may also apply to the MEF Assessment Committee (AC) for retaining the operating surplus generated from a Tier-two event for the sole purpose of organizing the same event in the following year in Hong Kong. In this connection, the organizers of two events were approved by the MEF AC to retain the surplus of a total sum of some \$0.4 million generated from the respective events for organizing the same events in the following year in Hong Kong.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 6092)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 201):

As stated by the Financial Secretary, an additional funding of \$50 million will be provided to the HKTB in the coming 2 years to strengthen even further its popular events, such as the Wine and Dine Festival, the New Year Countdown Celebrations and the Chinese New Year Night Parade, including the 3D projection mapping technology. Would the Administration inform this Committee of:

- A. the percentage each mega event accounts for out of the \$50 million.
- B. the estimate for the 3D projection mapping technology and other new elements.

Asked by: Hon. CHEUNG Kwok-che

Reply:

In 2014-15 and 2015-16, we will provide additional funding of \$25 million each year for the Hong Kong Tourism Board (HKTB) to strengthen even further its popular mega events, including the Wine and Dine Festival, the New Year Countdown Celebrations and the Chinese New Year Night Parade. In 2014-15, the proposed additional funding will be spent mainly on introducing the 3D projection mapping show during mega events, including engaging professional contractors to design the show, renting and installing relevant equipment and devices, and other costs related to the production and staging of the show.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)025****(Question Serial No. 6398)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-)

Programme: Not Specified

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 68):

In respect of the advisory and statutory bodies under the purview of the Commerce and Economic Development Bureau, please provide the name, functions and number of members with a breakdown by gender and age (below 30, 30 and above) of each of these bodies. Please also provide their total expenditure for the past 5 years.

Asked by: Hon. CHEUNG Kwok-che

Reply:

At present, there are 24 Advisory and Statutory Bodies (ASBs) under the purview of the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) (CITB). The responsibilities of these ASBs are set out below.

| Name of Body | Responsibility |
|---|--|
| Hong Kong Tourism Board | To promote Hong Kong globally as a leading international city in Asia and a world class tourist destination. |
| The Board of the Ocean Park Corporation | The Board of the Ocean Park Corporation is the governing and executive body of the Ocean Park Corporation and, as such, shall perform all the functions imposed on the Corporation and may exercise all the powers conferred on the Corporation by the Ocean Park Corporation Ordinance. |
| Tourism Strategy Group | To consider and make recommendations to the Government in respect of tourism development from a strategic perspective. |
| Advisory Committee on Cruise Industry | To advise the Government on measures enhancing the development of Hong Kong as a regional cruise hub. |

| Name of Body | Responsibility |
|--|---|
| Advisory Committee on Travel Agents | <p>According to section 8 of the Travel Agents Ordinance (Cap.218) (“this Ordinance”), its functions are:</p> <p>(a) to advise the Chief Executive on such matters relating to the administration of this Ordinance or the carrying on of the business of a travel agent as the Chief Executive may refer to the Committee;</p> <p>(b) to advise the Chief Executive on such matters as the Committee may consider to be in the interests of –</p> <p>(i) travel agents; and</p> <p>(ii) persons using the services of travel agents; and</p> <p>(c) to perform such other duties as are imposed or other powers as are conferred on it this Ordinance or as may be prescribed or which it may lawfully exercise.</p> |
| Travel Industry Compensation Fund Management Board | To hold, manage and apply the Travel Industry Compensation Fund in accordance with Part IIIA of the Travel Agents Ordinance (Cap.218). |
| Consumer Council | To protect and promote the interests of consumers of goods and services. |
| Management Committee of Consumer Legal Action Fund | To assist the Consumer Council in managing the Consumer Legal Action Fund and determining the eligibility of applications seeking assistance from the Fund. |
| Appeal Board Panel (Consumer Goods Safety Ordinance) | To hear appeals against the decisions or actions of the Commissioner of Customs and Excise under the ordinance. |
| Appeal Board Panel (Toys and Children’s Products Safety Ordinance) | To hear appeals against the decisions or actions of the Commissioner of Customs and Excise under the ordinance. |
| Programme Management Committee, Enterprise Support Programme of the Dedicated Fund on Branding, Upgrading and Domestic Sales | To advise and make recommendations to the Government on the overall implementation of the Enterprise Support Programme of the Dedicated Fund on Branding, Upgrading and Domestic Sales, including issues relating to the vetting of applications and the implementation of approved projects, etc. |
| Vetting Committee of the Professional Services Development Assistance Scheme | To advise the Government on the assessment criteria of the scheme; to examine individual project proposals and advise the Government on whether they should be funded; and to monitor funded projects. |
| Hong Kong Trade Development Council | To promote, assist and develop Hong Kong's trade with places outside Hong Kong, with particular reference to exports; and to make such recommendations to the Government as it sees fit in relation to any measures which it considers would achieve an increase in Hong Kong's trade. |
| Advisory Board of the Hong Kong Export Credit Insurance Corporation | To advise the Hong Kong Export Credit Insurance Corporation in the conduct of its business. |

| Name of Body | Responsibility |
|--|---|
| Competition Commission | <ul style="list-style-type: none"> (a) To investigate conduct that may contravene the competition rules and enforce the provisions of the Competition Ordinance; (b) To promote public understanding of the value of competition and how the Competition Ordinance promotes competition; (c) To promote the adoption by undertakings carrying on business in Hong Kong of appropriate internal controls and risk management systems, to ensure their compliance with the Competition Ordinance; (d) To advise the Government on competition matters in Hong Kong and outside Hong Kong; (e) To conduct market studies into matters affecting competition in markets in Hong Kong; and (f) To promote research into and the development of skills in relation to the legal, economic and policy aspects of competition law in Hong Kong. |
| Copyright Tribunal | The Copyright Tribunal has jurisdiction to hear and determine proceedings which are specified by sections 173 and 233(1) of the Copyright Ordinance (Cap. 528). |
| Certification Co-ordination Committee | <ul style="list-style-type: none"> (a) To standardise and co-ordinate the practices of Trade and Industry Department and the Government Approved Certification Organisations (GACOs) in certification matters; and (b) To advise the Director-General of Trade and Industry on any matter relating to the operation of the Hong Kong Certification System, with a view to maintaining and enhancing the integrity of the system. |
| Hong Kong Committee for Pacific Economic Cooperation | To advise the Government on matters relating to the participation of Hong Kong, China in the Pacific Economic Cooperation Council (PECC) and to coordinate the input of Hong Kong, China to the Council. |
| Review Body on Bid Challenges | To consider challenges by suppliers against alleged breaches of the World Trade Organization Agreement on Government Procurement or Chapter 12 of the Hong Kong, China – New Zealand Closer Economic Partnership Agreement (CEP Agreement) by procuring entities. |
| Small and Medium Enterprises Committee | To advise the Chief Executive on issues affecting the development of small and medium enterprises in Hong Kong and to suggest measures to support and facilitate their development and growth. |
| Textiles Advisory Board | To advise the Secretary for Commerce and Economic Development on any matter, other than labour matters, which affects the textiles and garment industries. |

| Name of Body | Responsibility |
|---|---|
| Trade and Industry Advisory Board | To advise the Secretary for Commerce and Economic Development on matters affecting Hong Kong's trade (other than trade in textiles and garments) and industry. |
| Vetting Committee of the SME Development Fund and the Dedicated Fund on Branding, Upgrading and Domestic Sales (Organisation Support Programme) | To advise and make recommendations to the Director-General of Trade and Industry on matters relating to the SME Development Fund and the Dedicated Fund on Branding, Upgrading and Domestic Sales (Organisation Support Programme). |
| General Committee (GC) of the Federation of Hong Kong Industries (FHKI) | <p>The objectives of FHKI are:</p> <ul style="list-style-type: none"> (a) to promote and foster the interests of Hong Kong's industrial and business communities; (b) to promote trade, investment, technological advancement, manpower development, and business opportunities in Hong Kong; and (c) to represent business's views and advise the government on policies and legislation which affect business. |

The above ASBs have a total of 281 government appointed non-official members, 68 per cent of whom are male and 32 per cent are female. All the members are at or above the age of 30.

Among the ASBs above, the following bodies receive government subvention. The total allocation from April 2009 to March 2014 is as follows :

| Name of Body | Allocation (\$) |
|--|---------------------------------|
| Consumer Council | 408 million |
| Competition Commission (established in 2013) | 88 million |
| Hong Kong Tourism Board | 2,649 million |
| Hong Kong Trade Development Council | 1,897 million |
| Management Committee of Consumer Legal Action Fund | Injected \$10 million (2010-11) |

For the remaining ASBs, the expenditure of the secretariat and other expenses have been subsumed under the overall expenditure of CITB, relevant department or ASB. It is difficult to quantify them separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 6466)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (4) Posts, Competition Policy and Consumer Protection

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 237):

Currently, local people and visitors are restricted from taking formula products for infants and young children out of Hong Kong in order to ensure that there is an adequate supply of powdered formula for local parents and to curb parallel trading activities. The restriction was criticized by certain people and economists for undermining our free economy, being intrusive and tarnishing Hong Kong's reputation. Please advise whether the Administration will step up monitoring the advertisements of formula products' suppliers that make exaggerated efficacy claims. If yes, how will the work be implemented? If not, what are the reasons?

Asked by: Hon. CHEUNG Kwok-che

Reply:

The Trade Descriptions Ordinance prohibits applying false trade descriptions to goods, the scope of which covers advertisements of goods (including powdered formula). As the enforcement agency, the Customs and Excise Department will, taking into account the facts and evidence of individual cases, investigate into suspected contravention.

In addition, the Department of Health has set up the Taskforce on Hong Kong Code of Marketing of Breastmilk Substitutes to develop the Hong Kong Code of Marketing and Quality of Formula Milk and Related Products, and Food Products for Infants & Young Children ("the Hong Kong Code"). The Hong Kong Code aims to contribute to the protection of breastfeeding and provision of safe and adequate nutrition for infants and young children, based on adequate and unbiased information and through appropriate marketing. The public consultation of the draft Hong Kong Code has closed. The Government will announce the result of the public consultation and the way forward of the Hong Kong Code in due course.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2824)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (4) Posts, Competition Policy and Consumer Protection

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 12):

Why is there such a drastic reduction of 56.2% in the estimate provision for Programme (4) of Head 152 in 2014-15, as compared with the revised provision for 2013-14? How much of the estimate provision is allocated for supporting the work of the Competition Commission and Competition Tribunal? Will the substantial reduction in the expenditure estimate affect the promotion work for the competition policies?

Asked by: Hon. CHEUNG Wah-fung, Christopher

Reply:

With the establishment of the Competition Commission (Commission) in 2013, we have reassigned the provision earmarked for the Commission under Programme (4) to the new Programme (9). Under the new Programme (9), the estimated provision for the Commission's operation in 2014-15 is \$83.9 million.

The estimated provision for 2014-15 under Programme (4) is \$11.3 million (56.2%) lower than the revised estimate for 2013-14. This is mainly due to the exclusion of provisions for the salary and allowance of the government officers seconded to the Commission and the accommodation cost for the Commission's temporary office, which are not required in 2014-15.

As regards the Competition Tribunal (Tribunal), the Judiciary has included in its draft estimates for 2014-15 under Head 80 an estimated provision of about \$21 million for the recurrent expenditure of the Tribunal.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2825)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 13):

The estimate provision for 2014-15 under Programme (6) of Head 152 will increase by 12.2%, as compared with the revised provision for 2013-14. How much of the additional resources will be used for publicity to visitors under the Individual Visit Scheme (IVS) and what will be the themes of such publicity work? In particular, what measures will be taken to alleviate the conflict between the IVS visitors and the Hong Kong people?

Asked by: Hon. CHEUNG Wah-fung, Christopher

Reply:

The Hong Kong Tourism Board (HKTB) is responsible for promoting Hong Kong globally as a leading international city in Asia and a world-class tourist destination. The HKTB's estimated total marketing budget for 2014-15 is \$330.6 million, over half of which (about \$166.7 million) will be used for promotions in visitor source markets, with a focus on attracting overnight visitors. Among these, the proportion of promotion resources allocated to the international markets will increase from 70% in 2013-14 to 75% in 2014-15. On the other hand, the proportion of promotion resources allocated to the Mainland market will reduce from 30% to 25%, most of which will be allocated to the non-Guangdong areas to attract overnight visitors.

We will strengthen promotion of attractions in different districts so as to offer more choices to visitors and to help alleviate congestion at traditionally popular areas. We will also make greater efforts to enhance our capacity to receive tourists on various fronts, and endeavour to balance the impact of the tourism sector on economic development and the livelihood of our community. On the other hand, the HKTB will continue to promote our hospitality culture and, through the internet and publicity materials, advise tourists on the points to note when travelling in Hong Kong so as to deepen their understanding of Hong Kong's society.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 5492)**

| | | | |
|---------------------------------------|--|------|-----------------|
| <u>Head:</u> | 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) | | |
| <u>Subhead (No. & title):</u> | (-) Not Specified | | |
| <u>Programme:</u> | (2) Commerce and Industry | | |
| <u>Controlling Officer:</u> | Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG) | | |
| <u>Director of Bureau:</u> | Secretary for Commerce and Economic Development | | |
| <u>This question originates from:</u> | Estimates on Expenditure Volume | Page | (if applicable) |

Question (Member Question No. 66):

Please provide details in relation to the task of continuing to support the further development of wine-related businesses in Hong Kong, including specific measures, manpower deployment and the expenditure required. What were the annual volumes of wine being imported and exported, their respective value and the changes in such figures for the past 3 years, i.e. 2011-12, 2012-13 and 2013-14? How many people were engaged in wine-related business and what were the changes in such figures during the same period? How would the Administration assess the impact of the prevailing global economic environment on Hong Kong's position as a wine distribution centre?

Asked by: Hon. CHEUNG Yu-yan, Tommy

Reply:

Details of our efforts in 2014-15 to support the further development of wine-related businesses are given below –

- (a) trade and investment promotion: this Branch co-ordinates the organisation and promotion work of relevant agencies, including promotion events such as the Wine and Dine Festival and the International Wine and Spirits Fair. The Hong Kong Trade Development Council will further assist the industry in capitalising on potential markets not only on the Mainland but also those in the region. We will also assist the Hong Kong Quality Assurance Agency (HKQAA) in promoting on the Mainland its newly launched wine registration scheme, to underline Hong Kong traders' credibility and our role as a regional wine trading hub;
- (b) clearance facilitation: the Customs and Excise Department (C&ED) has obtained the in-principle agreement of Mainland Customs to relax the existing facilitation scheme for wines imported from Hong Kong. The relaxation gives Hong Kong registered exporters the flexibility in choosing their Mainland business partners. We will promote the scheme to the industry when details are confirmed;

- (c) manpower training and education: we conducted for the first time a manpower survey for the wine industry in 2013-14. The results will soon be disseminated after compilation to provide the latest market information to the industry and training providers, assisting them to run wine-related courses that satisfy the industry's needs;
- (d) combating counterfeit wine: C&ED's specialised investigation team will not only continue to ally with the industry to cooperate on intelligence collection and market monitoring, but also strengthen liaison with Mainland Customs with a dedicated intelligence exchange channel; and
- (e) wine storage: we will continue to assist the HKQAA in promoting its scheme for accrediting wine storage facilities. We will also take part in the Development Bureau's feasibility study on the long-term strategy for cavern development and explore the feasibility of providing for housing wine cellars in rock caverns.

We cope with the workload arising from the implementation of the above measures through re-deployment of existing resources. The related expenditure is subsumed under the establishment of and provision for this Branch. It is difficult to quantify such expenditure separately. Regarding the Wine and Dine Festival and the International Wine and Spirits Fair mentioned in (a) above, the costs are met through government subvention, charging of fees and commercial sponsorship.

According to the Census & Statistics Department, the wine trading figures from 2011-12 to 2013-14 are as follows:

Imports

| Year | Total Value (\$ hundred million) | Year-on-year Change | Total Volume (ten million litre) | Year-on-year Change |
|-----------------------------|--|------------------------|-------------------------------------|------------------------|
| 2013-14 (up to Jan 2014) | 67 | +0.5% | 4.4 | -1.3% |
| 2012-13 | 80 | -14.8% | 5.1 | +4.6% |
| 2011-12 | 94 | +16.6% | 4.8 | +16.4% |

Re-exports

| Year | Total Value (\$ hundred million) | Year-on-year Change | Total Volume (ten million litre) | Year-on-year Change |
|-----------------------------|--|------------------------|-------------------------------------|------------------------|
| 2013-14 (up to Jan 2014) | 14 | -1.2% | 1.6 | 0% |
| 2012-13 | 16 | -23.9% | 1.9 | -1.6% |
| 2011-12 | 20 | +39% | 1.9 | +45.3% |

We keep a close watch on the market outlook. According to the forecast of the International Wine & Spirit Research (an internationally renowned wine research body), China's consumption of wine may grow by 39.6% between 2012 and 2016. This represents the fastest growth rate among all countries. In view of this growing trend of the Mainland in the medium to long term, Hong Kong is expected to continue its role as the regional wine trading and distribution hub.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0029)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 1):

Under Matters Requiring Special Attention in 2014-15, the Commerce, Industry and Tourism Branch will strengthen efforts to promote the business advantages of Hong Kong in the Mainland, Taiwan and ASEAN as well as to attract more multinational companies to set up regional or global operations in Hong Kong. Please advise this Committee on the expenditure involved in the relevant work in 2013-14 and the effectiveness. How much provision will be made for the above work in the coming year? In what regions will the promotion efforts be strengthened? Please advise on the figures and work progress of each region.

Asked by: Hon. CHUNG Kwok-pan

Reply:

In 2014-15, Invest Hong Kong (InvestHK) will conduct marketing campaigns, seminars and investment promotion visits to attract and assist more companies from the Mainland, Taiwan and the Association of Southeast Asia Nations (ASEAN) to set up or expand their business operations in Hong Kong. For the Mainland market, InvestHK will continue to organise investment promotion seminars in the high-growth Mainland cities including Chongqing, Yinchuan, Nanchang, Wuhan, Nanjing, Quanzhou, Kunming, Wuxi, Xiamen and Xian, in collaboration with the Mainland authorities and business associations, to promote Hong Kong as an ideal platform for Mainland companies to go global.

As regards the Taiwan market, InvestHK will continue to reach out to a wide spectrum of Taiwan companies to provide them with the necessary support in setting up or expanding their operations in Hong Kong. InvestHK will strengthen its partnership with the Taiwan business community and organise seminars and conduct investment promotion visits in various Taiwan cities, with the support of its Investment Promotion Unit in the Hong Kong Economic, Trade and Cultural Office in Taiwan. InvestHK will also maintain close liaison with the Taiwan business community in Hong Kong and offer aftercare services to facilitate the expansion of their business.

For the ASEAN markets, InvestHK will strengthen its promotion efforts in 2014-15 through conducting investment promotion visits in target markets, including Singapore, Thailand, Indonesia and Malaysia, to promote Hong Kong's business advantages and to attract more companies in setting up business in Hong Kong. InvestHK will also organise other investment promotion events, including local networking receptions, inviting the participation of representatives from companies, consulates and chambers of commerce from the target ASEAN markets. To better support the investment promotion work in the ASEAN markets, InvestHK has strengthened its staffing complement in the investment promotion unit at the Economic and Trade Office in Singapore in early 2014.

The estimated actual expenditure incurred in 2013-14 and the estimated expenditure in 2014-15 for conducting investment promotion activities in the Mainland, Taiwan and ASEAN markets are as follows:

| Market | Estimated Actual Expenditure in 2013-14 (HK\$ million) | Estimated Expenditure in 2014-15 (HK\$ million) |
|---------------|---|--|
| Mainland | 6 | 6 |
| Taiwan | 1 | 1 |
| ASEAN | 0.6 | 0.6 |
| Total | 7.6 | 7.6 |

These figures do not include staff cost or general marketing and promotion expenses which cannot be separately itemised.

In 2013, InvestHK completed a total of 71 investment projects from the Mainland, 7 from Taiwan and 8 from ASEAN. InvestHK has raised its target for 2014 to complete 72 investment projects from the Mainland, 11 from Taiwan and 14 from ASEAN.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)031

(Question Serial No. 0068)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 4):

1. It is mentioned under Matters Requiring Special Attention in 2013-14 that the Commerce, Industry and Tourism Branch will “continue to assist the trade to adjust to changes in Mainland’s policy on processing trade through industrial restructuring and upgrading, relocating their operations and opening up new markets”. How effective was the related work in the past year? What was the expenditure involved? Please list the industries that the Administration has helped restructure and upgrade, as well as the operations relocated and new markets opened up. What has the Administration done for the textiles and clothing industries, and how much has been injected into this?
2. Why is the item, “continue to assist the trade to adjust to changes in Mainland’s policy on processing trade through industrial restructuring and upgrading, relocating their operations and opening up new markets”, removed from the list of Matters Requiring Special Attention in 2014-15? With it reworded as “continue to maintain close communication with the Mainland authorities and assist the trade to adjust to changes in Mainland’s policies on processing trade”, does it mean that the Administration no longer supports industrial restructuring and upgrading? If not, what new plans are there to help traditional or pillar industries restructure and upgrade? For example, what specific measures will the Administration put in place to assist the textiles and clothing industries?

Asked by: Hon. CHUNG Kwok-pan

Reply:

In 2013-14, the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau encouraged and assisted Hong Kong enterprises of various industries (including the textile and clothing industry) in upgrading and restructuring, relocating their operations and opening up new markets so as to adjust to changes in the Mainland’s policy on processing trade through the following work:

- maintaining close dialogue with the trade through various channels, so as to understand the trade’s concerns and views; and maintaining close liaison with the Mainland authorities at various levels (including through the Hong Kong/Guangdong Expert Group on the

Restructuring and Upgrading of the Processing Trade) to relay to them the trade's views and to discuss with them support measures for the trade;

- disseminating information to Hong Kong enterprises by means of circulars and newsletters, and organising activities such as symposiums and seminars through the Trade and Industry Department (TID) and our Mainland Offices to enhance the trade's understanding of the Mainland's new policies, legislation and business environment. TID's website includes a dedicated page on economic and trade information of the Mainland, with hyperlinks to the economic and trade websites of about 200 Mainland authorities. This platform facilitates Hong Kong enterprises in getting access to economic and trade information of the Mainland;
- organising promotional activities and trade fairs and organising delegations to visit the Mainland through the Hong Kong Trade Development Council (HKTDC), with a view to enhancing the trade's understanding of Mainland policies and market development;
- providing Hong Kong enterprises with support services on technological upgrading, management improvement, branding and market development, etc., and Mainland market information through the HKTDC and the Hong Kong Productivity Council, etc.;
- with regard to financial support, assisting small and medium enterprises (SMEs) through the on-going "SME Funding Schemes" in areas such as market promotion, acquisition of equipment, upgrading of operational and technical skills, business restructuring and relocation;
- continuing to implement the Dedicated Fund on Branding, Upgrading and Domestic Sales launched on 25 June 2012 to provide funding support to individual enterprises and non-profit-making organisations, so as to assist enterprises in enhancing their competitiveness and facilitating their business development in the Mainland and capturing the vast opportunities arising from the National 12th Five-year Plan;
- arranging trade missions led by the Chief Executive to Chongqing, Guangxi and Fujian in September 2013, November 2013 and January 2014 respectively to deepen the trade's understanding about the latest developments and investment opportunities in Mainland cities and facilitate exchanges and cooperation between Hong Kong and local enterprises;
- arranging our Mainland Offices to collaborate with trade associations and other organisations to organise "Hong Kong Week" promotional events in the Mainland in order to promote Hong Kong products and services, with a view to assisting Hong Kong enterprises in building up their brand image and exploring the domestic market; and
- through the expansion of the network of Design Gallery shops in the Mainland by the HKTDC, providing platforms for Hong Kong enterprises, particularly SMEs, to showcase their products and build up greater awareness of Hong Kong brands in the Mainland.

The Mainland authorities have responded positively to many proposals of the Government and the trade. Various facilitation and support measures have been launched, including the implementation of "restructuring without stopping production", "consolidated tax return for multiple domestic sales" and streamlining procedures for outward processing.

According to the latest figures provided by the Guangdong Provincial Government, there were about 11 000 enterprises engaged in processing trade (which are not legal persons) as at the end of 2012, of which 7 128 have successfully been restructured into one of the three types of foreign-funded enterprises (about 90% of them are Hong Kong enterprises).

In 2014-15, we will continue to implement the above measures to support Hong Kong enterprises (including those from the textile and clothing industry) operating in the Mainland, and assist the trade to adjust to changes in the Mainland's policy on processing trade through industrial restructuring and upgrading, relocating their operations and opening up new markets, etc.

The manpower and expenditure of the above-mentioned work have been subsumed within the establishment and provision for this Bureau and relevant departments and organisations. It is difficult to quantify them separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No.0069)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-)

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 3):

As mentioned under Matters Requiring Special Attention in 2014-15, the Commerce, Industry and Tourism Branch will continue to monitor developments on various regional economic integration initiatives and explore opportunities for Hong Kong's participation. Please advise what efforts were made in this area in 2013-14. What opportunities did the Administration identify for Hong Kong? What was the expenditure involved? How much public funds will be spent in this area in 2014-15? Are there any specific work plans?

Asked by: Hon. CHUNG Kwok-pan

Reply:

The Government has been actively participating in regional economic cooperation to strengthen trade and economic relations between Hong Kong and our major trade partners in the region, to ensure that Hong Kong can participate in economic integration in the region, and to bring new opportunities and room for development for Hong Kong enterprises. The major work involves two fronts: (1) regional economic cooperation; and (2) free trade agreements (FTAs) and economic and trade arrangements.

(1) Regional Economic Cooperation

On the regional economic cooperation front, Hong Kong has been actively participating in the Asia-Pacific Economic Cooperation (APEC) to promote broader cooperation in the Asia-Pacific region. Trade between Hong Kong and other member economies of APEC accounts for some 80% of Hong Kong's external trade. APEC has provided an excellent platform for Hong Kong to collaborate with other member economies on various trade and economic issues in the region.

APEC's primary goal is to achieve trade and investment liberalisation and facilitation for economic cooperation and growth. Hong Kong has been maintaining close economic relations with APEC member economies. Any measure which can further improve the business environment and facilitate trade and investment in the region will bring about opportunities for Hong Kong.

As far as trade facilitation is concerned, APEC's relevant work in this area such as simplifying customs procedures, enhancing business mobility through the APEC Business Travel Card, promoting electronic commerce and establishing mutual recognition arrangements for telecommunications, electrical and electronic equipment, etc. can help improve the region's business environment by saving business costs and time.

Moreover, Hong Kong also participates actively in the work of the Pacific Economic Cooperation Council (PECC). PECC serves as a forum for regional cooperation and policy coordination. It promotes trade and investment activities as well as economic development in the Pacific region through research and policy discussion. Participants to the PECC include government officials, businessmen and academics.

In 2014-15, we will continue to actively participate in the work of the regional cooperation organisations.

(2) FTAs and Economic and Trade Arrangements

The Hong Kong, China – New Zealand Closer Economic Partnership Agreement (CEP Agreement), which entered into force on 1 January 2011, has been implemented smoothly. In 2013-14, we reviewed the implementation of CEP Agreement together with New Zealand and formulated work plans to conduct the general review of the CEP Agreement and the review on trade in services. In 2014-15, we will continue to enhance the bilateral economic and trade relations between Hong Kong and New Zealand as well as implement the liberalisation measures on trade in goods and services to promote trade and economic cooperation between the two places.

The Association of Southeast Asian Nations (ASEAN) is the second largest trading partner as well as the fourth largest partner in trade in services of Hong Kong. In April 2013, Hong Kong agreed with ASEAN to pursue a Hong Kong-ASEAN FTA. The FTA will facilitate Hong Kong businessmen and investors to further explore the Southeast Asian markets and enhance trade and investment flows between Hong Kong and ASEAN. It is also in line with our goal of promoting regional economic integration. ASEAN and Hong Kong held the first ASEAN Senior Economic Officials – Hong Kong Consultation Meeting in July 2013. At present, we are actively preparing for the formal negotiations which will commence shortly this year.

We will continue to explore possibilities of forging FTAs with other economies in the region and will closely monitor the development of plurilateral FTAs in the region. Should there be suitable opportunities that would be beneficial to Hong Kong, we will positively consider acceding to such initiatives at an appropriate timing.

Since Hong Kong signed the economic and trade cooperation arrangements with Malaysia and Thailand in 2009 and 2013 respectively, we have been facilitating and promoting bilateral economic cooperation in various areas with Malaysia and Thailand to further strengthen the economic ties between Hong Kong and the two countries. In 2014-15, we will continue to take forward various initiatives in accordance with the above arrangements. We will also continue to discuss with interested trading partners to strengthen trade and economic cooperation for promoting regional integration.

The work relating to regional economic integration is part of the overall work of commercial relations and the relevant expenditure has been subsumed under the overall estimated expenditure of Commerce and Economic Development Bureau and Trade and Industry Department. It is difficult to account for the manpower and financial resources separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0070)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 5):

The 2014-15 estimated provision for commerce and industry is \$180.4 million, representing an increase of 12.6% (or an increase of 7.6% over the original estimate for 2013-14). In what aspects of work will the increased provision be used? What are the details?

Asked by: Hon. CHUNG Kwok-pan

Reply:

Provision for 2014–15 is \$20.2 million (12.6%) higher than the revised estimate for 2013–14. This is mainly due to increased provision for supporting the promotion of intellectual property trading, continued need to support the Economic Development Commission, and increased estimate for the subscription to the World Trade Organization.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)034****(Question Serial No. 0314)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 21):

As indicated in the Matters Requiring Special Attention in 2014-15 under this Programme, the Hong Kong Trade Development Council (HKTDC) will, among others, help build Hong Kong brands in the Mainland market; and capitalise on Mainland's focus on urbanisation and production transformation to deepen the penetration of Hong Kong's service sectors into the Mainland. Please advise this Committee of the concrete plans, estimated provisions, staff establishment and expected effectiveness in this regard. In the 2013-14 Policy Address, the Chief Executive also advocated the development of the Hong Kong brand. What were the expenditure involved and the effectiveness of the relevant work of the HKTDC over the past year?

Asked by: Hon. CHUNG Kwok-pan

Reply:

In 2014-15, the Hong Kong Trade Development Council (HKTDC) has earmarked around \$220 million under the present staff establishment to help Hong Kong enterprises build up sales network in the Mainland through brand building and promotion of Hong Kong products, with a view to assisting them to tap the huge business opportunities in the Mainland market. HKTDC will also help Hong Kong service sectors capitalise on Mainland's focus on urbanisation and production transformation to deepen penetration into the Mainland market. The measures include the following:

- to stage "Style Hong Kong" shows in various Mainland cities (including Nanjing, Wuhan and Daqing) to sell Hong Kong designs and branded products directly to Mainland consumers. Business matching sessions will also be arranged during the shows to allow Hong Kong enterprises to meet and explore the co-operation opportunities with potential business partners;
- to organise exhibitions for specific product sectors in Mainland cities and launch short-term product promotions in suitable department stores;
- to organise Hong Kong enterprises to take part in major Mainland niche sector exhibitions to promote products and services of Hong Kong;

- to open more new Design Gallery shops in major cities in East and West China, and continue to collaborate with department stores in the Mainland to open more “shops-in-shop” in cities such as Shenyang, Chengdu, Chongqing, Beijing and Shanghai;
- to continue to co-operate with Taobao.com to host online Design Gallery at Taobao.com (T-Mall), and to leverage on Mainland’s other online shopping platforms to expand online Design Gallery and help Hong Kong enterprises grasp business opportunities arising from Mainland’s online shopping trend;
- to launch the first large-scale promotion campaign “Building for the Future” to help Hong Kong infrastructure and real estate services companies explore business opportunities in second and third-tier cities, in particular in Shangdong and Jiangsu Provinces; and organise outbound missions for Hong Kong enterprises to meet with relevant government authorities and developers in the Mainland to enhance their understanding of town planning and demands of the cities;
- to organise Mainland delegations to attend the “Asian Logistics and Maritime Conference” in Hong Kong and site visits to key Hong Kong logistics facilities to promote the strengths of Hong Kong as a logistics hub;
- to organise “SmartHK” in Nanjing in June 2014 to promote a wide spectrum of Hong Kong services including design, licensing, information and communications technology, finance, professional services and logistics, etc. to enterprises in Jiangsu Province; “CEO Forum” will be staged concurrently to promote Hong Kong’s services in helping Mainland enterprises transform and upgrade;
- to extend the “Creativity in Business” seminar series to second-tier Mainland cities such as Chongqing, Xiamen and Dalin; and
- to partner with the Ministry of Culture and culture and promotion units of various provincial and municipal governments to co-organise a series of “Hong Kong · Culture and Creativity · Licensing” seminars in Changsha, Beijing and Nanjing and promote licensing as an effective vehicle to help Mainland enterprises move up the value chain.

As regards HKTDC’s work in promoting Hong Kong brand and result in 2013-14, HKTDC staged three “Style Hong Kong” shows in various Mainland cities (including Qingdao, Changchun and Changsha). The total number of exhibitors exceeded 530, and more than 770 business matching sessions were arranged. HKTDC’s relevant expenditure in 2013-14 is around \$60 million.

HKTDC has been actively expanding its Design Gallery networks in the Mainland since last year to provide platforms for Hong Kong enterprises, particularly small and medium enterprises to showcase their products and build up greater awareness of Hong Kong brands in the Mainland. HKTDC opened new Design Gallery shops in Qingdao in August 2013 and in Shanghai in March 2014 respectively. In addition, HKTDC collaborated with department stores in the Mainland to open a series of Design Gallery “shops-in-shop” inside the stores. The first “shop-in-shop” was opened in Shanghai in March 2013. A total of four additional “shops-in-shop” were subsequently opened in Wuhan, Shanghai and Beijing in the rest of 2013. HKTDC’s relevant expenditure in 2013-14 is around \$12 million.

Since their establishment in the Mainland, the Design Gallery shops have attracted the participation of over 250 Hong Kong brands, with products ranging from fashion accessories, jewellery, watches, gifts, houseware and electronic commodities, etc. Many Hong Kong brands have found suitable business partner(s) in the Mainland through the Design Gallery shops and eventually set up their

own outlets in different Mainland cities. As regards electronic platform, HKTDC has co-operated with Taobao.com since 2010 to set up a business to customer website, and more than 340 Hong Kong brands have participated in the platform.

More Hong Kong enterprises are expected to benefit from the above work in 2014-15. The expansion of Design Gallery shops in the Mainland will provide effective support to Hong Kong enterprises in exploring domestic sales.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)035

(Question Serial No. 0315)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 22):

Under this programme, it is stated in the “Matters Requiring Special Attention in 2014-15” that the Hong Kong Trade Development Council will “help Hong Kong companies capitalise on new business opportunities in the Asian and emerging markets and help Hong Kong exporters take advantage of the gradual recovery of the traditional market.” Please inform this Committee of the details of the initiatives to be implemented, the respective estimated provision and staff establishment, as well as the outcome expected to be achieved.

Asked by: Hon. CHUNG Kwok-pan

Reply:

In 2014-15, the Hong Kong Trade Development Council (HKTDC) will help Hong Kong companies explore business opportunities in the Asian and emerging markets with strong consumption power such as ASEAN (Association of Southeast Asian Nations) countries, India, the Middle East, Latin America, Central and Eastern Europe etc.. At the same time, HKTDC will help Hong Kong companies further expand their businesses in traditional markets, in particular Germany, US and Japan.

HKTDC will promote the major export products of Hong Kong in these markets such as electronics, fashion and accessories, watches and clocks, jewellery, gifts and household products etc., as well as the advantages of Hong Kong services industries. For example, HKTDC will organise Hong Kong product exhibitions in these markets, lead Hong Kong companies to participate in large-scale fairs in these markets, arrange inbound and outbound business missions, invite major importers and distributors from these markets to participate in HKTDC's fairs and major conventions in Hong Kong, and organise better business matching and networking activities etc.. Some of the highlighted activities are as follows:

(1) Traditional Markets

- to organise “Think Asia, Think Hong Kong” in Paris of France and Milan of Italy to promote Hong Kong as Asia's global business platform;

- to enhance the image of Hong Kong Pavilions in overseas trade fairs and provide onsite business matching;
- to introduce cost-effective packages to encourage Hong Kong exporters' participation in major trade fairs in US and Germany such as the consumer electronics fair IFA and the computer fair CeBIT in Germany;
- to lead Hong Kong companies to participate in designer-oriented shows, for example, Who's Next in France and Rooms in Japan, and explore mounting Hong Kong Pavilions at major fashion events such as Copenhagen Fashion Week in Denmark to showcase Hong Kong's design capabilities;
- to organise trade missions to help Hong Kong companies explore the business opportunities in niche sectors in traditional markets such as silver market, baby and pets; and
- to organise seminars and workshops to keep Small and Medium enterprises (SMEs) abreast of the latest development in the US, Europe and Japan markets.

(2) Asian and Emerging markets

- to promote Hong Kong brands in co-operation with Indonesian major distributors and e-tailers, and organise trade missions to major cities in Indonesia such as Jakarta and Surabaya;
- to launch the first Hong Kong product exhibition in Ho Chi-minh City and organise sector-specific missions to Ho Chi-minh City and Hanoi;
- to organise Hong Kong companies to participate in large-scale trade fairs in Mumbai of India, and organise sector-specific business missions to help Hong Kong companies explore business opportunities in major cities in India such as Mumbai and New Delhi;
- to mount Lifestyle Expo in Istanbul of Turkey again to promote Hong Kong products and brands, and launch a new zone to feature the winning design products of Hong Kong;
- to expand the scale of the Hong Kong product exhibition in Dubai and mount Hong Kong Pavilions in more trade fairs in Dubai;
- to organise trade missions to Central and Eastern Europe as well as Kazakhstan in Central Asia and step up recruitment of buyers and e-tailers from these markets to HKTDC's fairs in Hong Kong;
- to organise roadshows, seminars and networking events in target markets such as Indonesia, Vietnam, Myanmar and India to promote advantages of Hong Kong services. HKTDC will also organise sector-specific missions such as information technology, infrastructure and construction services, to capitalise on new business opportunities in the developing countries;
- to organise business matching for licensing agents for the 2016 Rio Summer Olympic Games in Brazil;
- to expand HKTDC's database on emerging markets by adding more company profiles of importers, distributors, retailers and e-tailers, beefing up information on potential buyers of Hong Kong products and services in ASEAN markets and encouraging stronger ASEAN participation in HKTDC's signature events and trade fairs; and

- to organise seminars and workshops to update SMEs with the latest developments of the emerging markets and niche sectors.

The above are part of the work covered under Programme (3) to be carried out by HKTDC's existing staff. We do not have separate breakdown of staff establishment and expenditure for each of them. In 2013-14, about 6 000 Hong Kong companies took part in promotional activities organised by the HKTDC in traditional and emerging markets. More Hong Kong companies are expected to join the above promotional activities in 2014-15.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)036****(Question Serial No. 0316)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 23):

As mentioned in Matters Requiring Special Attention in 2014-15 under this Programme, the Commerce, Industry and Tourism Branch will continue efforts in promoting co-operation between Hong Kong and Taiwan on trade, investment and tourism matters. What will be the expenditure involved? Will there be any specific measures? Also, please advise this Committee of the anticipated effectiveness of these efforts.

Asked by: Hon. CHUNG Kwok-pan

Reply:

In 2014-15, the Hong Kong Special Administrative Region Government will continue to actively promote co-operation between Hong Kong and Taiwan in the areas of trade, investment and tourism. Relevant work would include –

- On trade promotion, the Hong Kong Trade Development Council (HKTDC) Taipei Office will continue to promote Hong Kong's services industries, and encourage Taiwan brands to co-operate with Hong Kong companies, in order to leverage on Hong Kong's services platform to tap the overseas and Mainland markets together. In 2014-15, the HKTDC will continue to promote trade ties between Hong Kong and Taiwan through organising different activities such as trade fairs, outbound missions, symposiums, seminars, roadshows and business matching activities, etc. In addition, the HKTDC will put more emphasis on promoting sectors where Hong Kong enjoys advantages, such as brand marketing, arbitration, logistics and licensing, etc. The estimated budget of the HKTDC for trade promotion work targeting Taiwan in 2014-15 is around \$6 million.
- On investment promotion, Invest Hong Kong (InvestHK) will continue to step up its promotional efforts in Taiwan and organise various activities to encourage and assist the Taiwan companies to set up or expand their business in Hong Kong in 2014-15. Through its investment promotion unit at the Hong Kong Economic, Trade and Cultural Office in Taiwan, InvestHK will continue to reach out proactively to a wide spectrum of Taiwan companies and organise seminars and workshops and visit enterprises in different cities in Taiwan in order to promote the business advantages of Hong Kong. InvestHK will also organise networking

reception for the representatives of the Taiwan companies and business associations in Hong Kong, and maintain close liaison with the local Taiwan business community and provide them with aftercare support. The estimated budget of InvestHK for investment promotion work in the Taiwan market in 2014-15 is about \$1 million.

- On tourism, Taiwan is currently Hong Kong's second largest visitor source market. The Hong Kong Tourism Board (HKTB) will continue to strive to attract vacation visitors from Taiwan in 2014-15, and increase resources for promotion in second-tier cities in Taiwan (including Taichung, Kaohsiung and Tainan) having regard to the increase in the number of direct flights to Hong Kong from these cities. The estimated marketing budget of the HKTB for Taiwan in 2014-15 is about \$14.6 million, and the related work will be carried out by the HKTB's Taipei office. In addition, the HKTB will continue to strengthen co-operation with Taiwan to promote the development of cruise tourism in both places. In April 2014, the HKTB will, together with the Taiwan tourism promotion authorities, launch the Asia Cruise Fund which will, in the coming three years, provide financial incentive to international cruise lines for supporting part of their costs in marketing and product development thereby assisting these cruise lines to better promote their cruise products featuring the two ports. This is conducive to encouraging international cruise lines to include Hong Kong and Taiwan in their Asian cruise itineraries, and increasing the number of ship calls covering the two ports. In 2014-15, the HKTB will allocate about \$4 million for the Asia Cruise Fund. The HKTB expects a 5.6% growth in Taiwan overnight visitor arrivals in 2014.

Moreover, the Government will continue to, through the platforms of "Hong Kong-Taiwan Economic and Cultural Co-operation and Promotion Council" and "Hong Kong – Taiwan Business Co-operation Committee" of Hong Kong, and the "Taiwan-Hong Kong Economic and Cultural Co-operation Council" and "Economic Co-operation Committee" of Taiwan, enhance multi-faceted and in-depth exchanges between Hong Kong and Taiwan and strengthen bilateral economic co-operation, with a view to promoting economic and trade development of the Mainland, Hong Kong and Taiwan.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)037

(Question Serial No. 0323)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 16):

The Hong Kong Trade Development Council (HKTDC) has more than 40 offices worldwide, with 13 in the Mainland. Will the HKTDC set up new overseas offices in 2014-15, particularly in emerging markets, to assist Hong Kong small and medium enterprises in tapping business opportunities and expanding their businesses? If yes, how many will be set up and what are the locations of these offices?

Asked by: Hon. CHUNG Kwok-pan

Reply:

The Hong Kong Trade Development Council (HKTDC) plans to upgrade its current consultant office in Jakarta of Indonesia to an overseas office, and set up a new consultant office in New Delhi of India in 2014-15. HKTDC hopes that these offices will support it to launch more promotional activities in the emerging Asian markets, and help Hong Kong companies expand their businesses in the region.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)038

(Question Serial No. 0324)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 18):

The Administration stated in the Matters Requiring Special Attention under this programme in 2013-14 that it would sharpen Hong Kong Trade Development Council (HKTDC)'s capabilities to serve and nurture a new breed of small and medium enterprises (SMEs); strengthen HKTDC's entrepreneurial programme to better support the younger generation of SMEs; help SMEs explore new production areas involving lower cost; assist SMEs to develop their marketing capabilities through database development, enhanced customer service and office network; and develop the HKTDC as a more customer-oriented organisation through proactive outreach programmes for stakeholders and the use of social media tools. Please advise this Committee of the expenditure and results of the above work in the past year, including the new production areas identified with HKTDC's assistance. Will such work continue in 2014-15 and what are the estimated expenditure and expected results?

Asked by: Hon. CHUNG Kwok-pan

Reply:

Small and Medium enterprises (SMEs) have all along been the focus of the services of the Hong Kong Trade Development Council (HKTDC). HKTDC also endeavours to nurture start-ups, which have been established for less than three years generally. In 2013-14, more than 150 000 SMEs participated in HKTDC's following activities to provide support for SMEs or start-ups:

- (1) HKTDC implemented the following services to enhance the capabilities of SMEs, in particular the new generation of SMEs:
- organising seminars in collaboration with the Hong Kong Federation of Youth Groups to promote entrepreneurship; and organising the "TDC Trade Ambassador Programme" in collaboration with local tertiary institutes;
 - enhancing the support services provided by the SME Centre such as the advisory services for SMEs as well as the organisation of regular workshops and seminars on entrepreneurship;

- providing SMEs with the latest market intelligence through research reports, digitised Research Portal, electronic newsletters and trade publications; and
 - organising a series of seminars, workshops and training courses for SMEs to enhance their understanding of the latest market information, trade regulations as well as various techniques in penetrating into the Mainland domestic market and brand building.
- (2) To strengthen the entrepreneurial programme and to assist SMEs to develop their marketing capabilities, HKTDC implemented the following measures:
- enhancing its customer database infrastructure, especially information on importers, distributors, retailers and e-tailers in emerging markets, as well as enriching the information database on brands licensors, franchisors and information technology companies in mature markets;
 - opening offices in Nanjing and Chongqing to provide better support for SMEs interested in exploring the markets of the Jiangsu Province and the western part of our country. Moreover, HKTDC has sent a full time staff to work in its Consultant Office in Jakarta of Indonesia;
 - opening new “Design Gallery” shops in Qingdao in August 2013 and in Shanghai in March 2014 respectively. In addition, HKTDC collaborated with department stores in the Mainland to open a series of Design Gallery “shops-in-shop” inside the stores. The first “shop-in-shop” was opened in Shanghai in March 2013. A total of four additional “shops-in-shop” were subsequently opened in Wuhan, Shanghai and Beijing in the rest of 2013.
 - organising two special events for start-ups and SMEs, namely the “Entrepreneurship Day” in May and the “World SME Expo” in December and to provide various business support services for them;
 - offering discounted booths in selected fairs to lower the entry threshold for local start-ups. For example, “Economic Booth” with smaller booth size and “Cubic Showcase” for product display with company information were introduced to enable new enterprises with less resources to participate and promote their products in international fairs. About 200 SMEs have benefited from these initiatives in 2013-14; and
 - introducing the Small-Order Zone in its local trade fairs in response to the small orders purchasing mode for buyers from emerging markets. About 2 100 suppliers have participated in this initiative in 2013-14, which has resulted in around 180 000 business matchings.
- (3) In view of the rising production costs in the Pearl River Delta region, HKTDC provided relevant information to help Hong Kong companies, who were interested in relocating their production bases from the Pearl River Delta to other regions. Major activities included the organisation of trade missions to Myanmar, Indonesia and Vietnam etc., so as to help Hong Kong producers assess the suitability of these places as alternative manufacturing bases.

In 2014-15, HKTDC would continue with the above work to serve SMEs, and will pursue the following work:

- (1) Enhance the competitiveness of Hong Kong SMEs and start-ups in the digital era
 - to help SMEs expand their businesses through the promotional opportunities provided by the new media, for example, to organise workshops for SMEs to gain hands-on skills on professional photo shooting of products, etc.; and
 - to organise a series of seminars to introduce the development and opportunities of e-tailing business.
- (2) Assist SMEs to capitalise on marketing opportunities provided by the new media
 - to encourage SMEs to make use of the DIY platform on hktdc.com to enrich their product profiles on the internet to attract more buyers; and
 - to leverage new media platform to engage more buyers in lifestyle-related brand promotions to create business opportunities for SMEs.
- (3) Develop a comprehensive programme to nurture start-ups
 - to introduce “Mini Deal Flow” to connect start-ups with investors at the “Entrepreneur Day” in each May; to introduce “Entrepreneurship Zone” at the “World SME Expo” in each December to promote start-ups; and to develop a systematic induction programme for start-ups to introduce support services offered by HKTDC and other related associations; and
 - to set up “Start-up Zone” at the HKTDC SME Centre and establish a dedicated resource portal for SMEs and start-ups.
- (4) Strengthen engagement with the general public and major stakeholders leveraging in particular on social media
 - to strengthen HKTDC’s presence on various social media platforms to promote HKTDC’s services and activities to enterprises in Hong Kong, the Mainland and overseas, as well as the general public, and to exchange information with and collect opinions from stakeholders effectively. At present, HKTDC has set up official accounts in major social media platforms including Youtube, Linkein, Facebook, Twitter, Pinterest, Google Plus, Tudou, Youku, Weibo and Weixin, etc.;
 - to mount social engagement campaigns to promote understanding of HKTDC’s work among the local community;
 - to launch a “Media Room” on hktdc.com to facilitate media partners’ access to needed information; and
 - to enhance the design and function of the electronic communication vehicle such that market intelligence and trade promotion content will be presented in a format compatible with different mobile devices.
- (5) HKTDC will organise exploratory missions to Myanmar, Bangladesh, Sri Lanka and Cambodia, as well as Shaoguan and Qingyuan in Guangdong, Guangxi and Hunan etc. to help Hong Kong enterprises understand the business environment and explore the feasibility of setting up manufacturing bases in these places.

The above are part of the work covered under Programme (3) to be carried out by HKTDC's existing staff. We do not have separate breakdown of staff establishment and expenditures for each of them. About 160 000 Hong Kong SMEs are expected to participate in the above activities in 2014-15.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0325)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 19):

It is stated in this programme that the Hong Kong Trade Development Council (HKTDC) promotes Hong Kong as a platform for doing business with Mainland and throughout Asia. What was the effectiveness of the work carried out by the HKTDC in 2013-14 and what was the amount of expenditure involved? Please also advise this Committee whether the HKTDC has any specific plan or strategy in respect of such work in 2014-15? And what are the details of the estimated provision, staff establishment and expected achievements?

Asked by: Hon. CHUNG Kwok-pan

Reply:

The Hong Kong Trade Development Council (HKTDC) has been actively promoting Hong Kong as the leading business services hub in the world, and at the same time highlighting Hong Kong's position as the leading centre for offshore Renminbi business, fund raising and asset management centre, an intellectual property (IP) trading centre, and Asia's lifestyle trendsetter etc.. HKTDC also encourages Mainland and other Asian enterprises to explore global business through various promotional events and its trade fairs in Hong Kong. In 2014-15, HKTDC has set aside around \$260 million for the above-mentioned initiatives. Major initiatives of HKTDC in this aspect in 2014-15 include:

- to promote the unique strengths of Hong Kong's services industries through HKTDC's flagship events including Asian Financial Forum, Hong Kong International Film and TV Market (FILMART), Inno Design Tech Expo, Hong Kong International Licensing Show and Asian Logistics and Maritime Conference;
- to promote Hong Kong as Asia's IP marketplace, in addition to organising the annual Business of IP Asia Forum and setting up Business of IP Zones at 11 HKTDC's local fairs, HKTDC launched a free online exchange portal, Asia IP Exchange Portal, in December last year to promote global IP trading. HKTDC will set up special zone at technology exhibitions in the Mainland to promote Hong Kong's strengths in research and development and IP services as well as encouraging Mainland enterprises to use Hong Kong platform to develop IP business.

HKTDC will also organise promotion activities in countries such as Northern Europe, US, Canada etc. to promote Hong Kong's strengths in IP trading in Asia;

- to partner with Ministry of Commerce of the People's Republic of China and various provincial and municipal governments to co-organise outbound joint investment missions to Europe and North America etc. focusing on technology and brand investment opportunities, and promote Hong Kong services that can help Mainland enterprises "go global";
- to organise seminars and training in Hong Kong and major business hubs in the Mainland to promote Hong Kong services platforms that can help Mainland enterprises find the right partners for cross-boundary investment. Flagship event SmartHK will also promote full range of Hong Kong services that can help Mainland enterprises move up the value chain and "go global";
- to promote Hong Kong as the premier entry point for overseas companies eyeing the Asian market and encourage these companies to use the business platform of Hong Kong and our diversified promotion and support services. HKTDC will organise "Think Asia, Think Hong Kong" in Paris of France and Milan of Italy to promote Hong Kong as Asia's global business platform; and
- to invite more Mainland and overseas buyers, especially those from emerging markets like ASEAN (Association of Southeast Asian Nations) countries to participate in HKTDC's fairs in Hong Kong, and encourage them to utilise Hong Kong exhibitions as a platform to expand businesses and to strengthen the exchange and co-operation among enterprises in the region.

HKTDC organised a variety of activities in 2013-14, such as trade fairs, business missions and product displays, bringing a total of about 800 small and medium enterprises (SMEs) to countries such as Myanmar, India, Indonesia, Malaysia, Vietnam, Poland, Turkey, Russia, United Arab Emirates (UAE), Saudi Arabia, South Africa, Brazil and Mexico for market visits and trade promotion, to help Hong Kong enterprises tap opportunities and expand networks in these markets. In addition, HKTDC organised the first edition of Lifestyle Expo in Istanbul in Turkey in November 2013, bringing over 100 Hong Kong SMEs and designers to promote a variety of their quality products.

The above are part of the work covered under Programme (3) to be carried out by HKTDC's existing staff. We do not have separate breakdown of staff establishment and expenditure for each of them. We expect that more Hong Kong enterprises will benefit from HKTDC's work to be done in 2014-15.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0326)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 20):

The Hong Kong Trade Development Council (HKTDC) provides comprehensive development and training programmes to assist Hong Kong companies penetrating new markets and niche sectors. Please give a detailed account of the work undertaken by the HKTDC in this area, the funding involved and the effectiveness in terms of new markets penetrated and niche sectors identified in 2013-14. What are the work plans, estimated provisions, staff establishment and expected achievements in the next financial year 2014-15? Which industries and new overseas markets will be selected for focused development?

Asked by: Hon. CHUNG Kwok-pan

Reply:

Exploring the Emerging Markets

In 2013-14, the Hong Kong Trade Development Council (HKTDC) assisted Hong Kong companies in developing emerging markets proactively. HKTDC provided small and medium enterprises (SMEs) with the latest market intelligence through its multimedia portal "HKTDC Research" and a number of research publications. It also organised a variety of activities, such as trade fairs, business missions and product displays, bringing a total of about 800 SMEs to countries such as Myanmar, India, Indonesia, Malaysia, Vietnam, Poland, Turkey, Russia, United Arab Emirates (UAE), Saudi Arabia, South Africa, Brazil and Mexico for market visits and trade promotion, to help Hong Kong companies tap opportunities and expand networks in these markets. In addition, HKTDC organised the first edition of Lifestyle Expo in Istanbul in Turkey in November 2013, bringing over 100 Hong Kong SMEs and designers to promote a variety of their quality products. As for promotion of services industry, HKTDC arranged outbound missions to assist different local services industries in exploring emerging markets. For example, HKTDC organised a mission to Bangkok in Thailand for the information technology industry and an infrastructure and real estate services mission to Myanmar in September 2013 etc..

In 2014-15, HKTDC will help Hong Kong companies explore business opportunities in the Asian and emerging markets with strong consumption power such as ASEAN (Association of Southeast Asian Nations) countries, India, the Middle East, Latin America, Central and Eastern Europe etc.. HKTDC will promote the major export products of Hong Kong in these markets such as electronics, fashion and accessories, watches and clocks, jewellery, gifts and household products etc., as well as the advantages of Hong Kong services industries. For example, HKTDC will organise Hong Kong product exhibitions in these markets, lead Hong Kong companies to participate in large-scale fairs in these markets, arrange inbound and outbound business missions, invite major importers and distributors from these markets to participate in HKTDC's fairs and major conventions in Hong Kong, and organise better business matching and networking activities etc.. Some of the highlighted activities are as follows:

- to promote Hong Kong brands in co-operation with Indonesian major distributors and e-tailers, and organise trade missions to major cities in Indonesia such as Jakarta and Surabaya;
- to launch the first Hong Kong product exhibition in Ho Chi-minh City and organise sector-specific missions to Ho Chi-minh City and Hanoi;
- to organise Hong Kong companies to participate in large-scale trade fairs in Mumbai of India, and organise sector-specific business missions to help Hong Kong companies explore business opportunities in major cities in India such as Mumbai and New Delhi;
- to mount Lifestyle Expo in Istanbul of Turkey again to promote Hong Kong products and brands, and launch a new zone to feature the winning design products of Hong Kong;
- to expand the scale of the Hong Kong product exhibition in Dubai and mount Hong Kong Pavilions in more trade fairs in Dubai;
- to organise trade missions to Central and Eastern Europe as well as Kazakhstan in Central Asia and step up recruitment of buyers and e-tailers from these markets to HKTDC's fairs in Hong Kong;
- to organise roadshows, seminars and networking events in target markets such as Indonesia, Vietnam, Myanmar and India to promote advantages of Hong Kong services. HKTDC will also organise sector-specific missions such as information technology, infrastructure and construction services, to capitalise on new business opportunities in the developing countries;
- to organise business matching for licensing agents for the 2016 Rio Summer Olympic Games in Brazil; and
- to expand HKTDC's database on emerging markets by adding more company profiles of importers, distributors, retailers and e-tailers, beefing up information on potential buyers of Hong Kong products and services in ASEAN markets and encouraging stronger ASEAN participation in HKTDC's signature events and trade fairs.

Promoting the Niche Markets

In 2013-14, HKTDC promoted niche sectors such as silver market, green products, pet supplies and baby products proactively. Concrete tasks included arranging a China pet product buying mission and a Canadian eco mission to visit Hong Kong. Outbound-wise, HKTDC organised a mission for Hong Kong eco sector to visit Kawasaki in Japan; a mission to Australia for Hong Kong silver product suppliers; and a mission to Sweden for Hong Kong baby product suppliers. HKTDC also led Hong Kong companies to take part in Kind + Jugend in Cologne in Germany, China International Pet Show in Guangzhou, Global Pet Expo in Orlando in US as well as the green

manufacturing promotional activities in Las Vegas in the US, and Berlin and Hannover in Germany. HKTDC also promoted niche sectors through its trade fairs in Hong Kong, such as Hong Kong Baby Products Fair, Eco Expo Asia and the World of Pet Supplies in Hong Kong Houseware Fair; and the setting up of zones for silver products and green products in related fairs. About 500 Hong Kong companies participated in the above-mentioned activities.

HKTDC has also stepped up its efforts in promoting Hong Kong as an intellectual property (IP) trading platform in recent years. In 2013-14, HKTDC developed Business of IP Asia Forum into a signature event on IP in the region, and forged strategic alliance with overseas partners to enrich and internationalise the content of its IP Portal.

In 2014-15, HKTDC will continue to promote niche sectors through a wide range of activities. Some of the highlights are as follows:

- to organise trade missions to help Hong Kong companies explore the business opportunities in niche sectors such as eco products, silver market, baby and pets. These include China pet supplies buying mission and Canadian environmental industry mission to Hong Kong, Hong Kong pet supplies business mission to Nuremberg and Cologne in Germany, Hong Kong silver market related business mission to Shanghai, Hong Kong baby products business mission to Shanghai and Suzhou, Hong Kong pet supplies business mission to Japan and Korea, Hong Kong silver market related business mission to Scandinavia and Germany as well as Hong Kong environmental industry mission to Kawasaki in Japan;
- to organise Hong Kong companies to take part in major trade fairs in traditional markets tailored for niche sectors. These include Interzoo in Nuremberg in Germany, Kind+Jugend in Cologne in Germany, China International Pet Show in Beijing and Global Pet Expo in Orlando in the US;
- in addition to organising the Business of IP Asia Forum and setting up Business of IP Zones at 11 HKTDC's local fairs, as well as operating the free online exchange portal, Asia IP Exchange Portal, HKTDC will set up special zone at technology exhibitions in the Mainland to promote Hong Kong's strengths in research and development and IP services as well as encouraging Mainland enterprises to use Hong Kong platform to develop IP business. HKTDC will also organise promotion activities in countries such as Northern Europe, the US, Canada etc. to promote Hong Kong's strengths in IP trading in Asia. Moreover, HKTDC will promote Hong Kong as Asia's IP marketplace at fairs and conventions held in Shanwei, Shanghai, Nanjing, Dalin in the Mainland, Taipei, Malaysia and the Netherlands; and
- to organise seminars and workshops to update SMEs with the latest developments of the niche sectors.

The above are part of the work covered under Programme (3) to be carried out by HKTDC's existing staff. We do not have separate breakdown of staff establishment and expenditure for each of them. We expect that more Hong Kong companies will benefit from HKTDC's work to be done in 2014-15.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 0327)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-)

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 2):

Under Matters Requiring Special Attention in 2014-15, it is stated that the Commerce, Industry and Tourism Branch will continue to oversee efforts for seeking better market access and facilitation of trade and investment in the Mainland through the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), and for ensuring effective implementation of measures announced. In this regard, would the Administration please advise the relevant work carried out in 2013-14 and the expenditure involved? What are the action plans and estimated expenditure for 2014-15?

Asked by: Hon. CHUNG Kwok-pan

Reply:

The HKSAR Government is committed to assisting Hong Kong services in accessing the Mainland market through the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), by seeking various preferential and facilitation measures for the trade, lowering the entry threshold and relaxing the scope of services, etc. In August last year, the Mainland and Hong Kong signed Supplement X to CEPA to further strengthen the economic and trade cooperation between the two places. The HKSAR Government will continue to strive to further open up the Mainland market for Hong Kong services sectors by broadening and deepening the scope of liberalisation.

In the mean time, the HKSAR Government also attaches great importance to the effective implementation of CEPA. We have been working closely with the Mainland authorities at central, provincial and municipal levels to address and follow up on problems encountered by Hong Kong enterprises in using CEPA liberalisation measures in the Mainland. Last year, the HKSAR Government and the Ministry of Commerce set up a joint working group to further enhance the mechanism for implementation of CEPA measures. The joint working group convened meetings in June and December respectively in Guangdong and Shanghai to discuss the problems encountered by the trade in using CEPA at provincial and municipal levels and achieved positive outcome. In future, Hong Kong and the Mainland will continue to work closely to assist the trade in making better use of CEPA liberalisation measures and gaining greater access to the Mainland market.

Apart from providing free information and advisory services on CEPA, the Trade and Industry Department (TID) has established a notification mechanism with the Mainland authorities to disseminate information in relation to the promulgation of relevant regulations and implementation details on its CEPA website for the trade's reference.

The CEPA-related work outlined above is carried out by different government agencies. The Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) is responsible for the overall policy on CEPA; TID oversees bilateral discussions on further liberalisation and implementation of liberalisation measures under CEPA; and individual bureaux and departments deal with liberalisation and specific implementation issues in the relevant service sectors. The manpower and financial resources involved in the work are absorbed by relevant bureaux or departments. We do not have information on the actual amount. The work is being taken up by the existing manpower of relevant bureaux or departments. No increase in expenditure is required for the time being.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0665)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 45):

One of the matters of the Hong Kong Tourism Board requiring special attention in 2014-15 is to promote Hong Kong as a leading cruise hub in Asia. Please inform this Committee of the details of the related work and the estimated expenditure and manpower involved.

Asked by: Hon. CHUNG Kwok-pan

Reply:

In 2014-15, the major initiatives of the Hong Kong Tourism Board (HKTB) for promoting cruise tourism include:

- (a) Fostering regional co-operation in promoting cruise tourism
 - (i) Strengthen exchange with neighbouring ports, including those in Taiwan, Hainan and Japan, on ways to enhance the appeal of cruise itineraries in the region and explore the possibility of regional co-operation to promote the attractiveness of regional ports to the cruise industry and international media.
 - (ii) Conduct research to gauge the potentials of different ports in the region as well as consumer patterns in key source markets to facilitate itinerary planning by cruise companies.
 - (iii) Promote Hong Kong's appeal in cruise tourism to the industry and the media extensively through large-scale regional and global cruise industry trade shows and events, such as participating in Cruise Shipping Miami staged in the US in March 2014, and holding Cruise Shipping Asia-Pacific in Hong Kong in November 2014.
- (b) Encouraging cruise lines to include Hong Kong in their itineraries
 - (i) Initiate the "Asia Cruise Fund" with neighbouring ports (such as Taiwan) to encourage international cruise lines to include Hong Kong and other partnering ports in their Asian itineraries through providing financial incentive to international cruise lines for

supporting part of their costs in marketing and product development, thereby assisting international cruise lines to better promote their cruise products featuring Hong Kong and other partnering ports.

- (ii) Conduct joint promotions with the operators of the Kai Tak Cruise Terminal and Ocean Terminal to showcase Hong Kong's capability in receiving cruise vessels.
- (c) Raising consumers' awareness through targeted promotion
- (i) Conduct promotions in various long- and short-haul markets (such as Guangdong and India) targeting young professionals, families and seniors. In particular, the HKTB will promote Meetings, Incentive Travels, Conventions and Exhibitions-cruise in India and, in partnership with airlines and cruise lines, promote fly-cruise in the long-haul markets.
 - (ii) Actively promote Hong Kong's appeal as a cruise destination to consumers through market promotions, public relations and digital channels (such as DiscoverHongKong.com, key travel portals and social media).

The HKTB's estimated budget for promoting cruise tourism in 2014-15 is \$16.2 million. Initiatives in this area will be carried out by the HKTB's Cruise Department and relevant worldwide offices.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0668)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 51):

Under this Programme, one of the major tasks of the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) (CITB) is to formulate policies to support small and medium enterprises (SMEs). Please advise this Committee of the policy measures the CITB introduced to support SMEs in the past year and provide a breakdown of the expenditure involved. Please also advise on the measures to be taken by the CITB in 2014-15 to support SMEs and the respective expenditure involved.

Asked by: Hon. CHUNG Kwok-pan

Reply:

The Government attaches great importance to the development of SMEs. We review the various support measures from time to time in order to provide adequate and timely support to SMEs.

The existing measures and new initiatives implemented by the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) to support SMEs in 2013-14 and 2014-15 and their relevant expenditure are as follows:

- (1) The Hong Kong Mortgage Corporation Limited (HKMC) launched the special concessionary measures under its existing SME Financing Guarantee Scheme (SFGS) on 31 May 2012 to provide 80% loan guarantees at concessionary fee rates. The Government provides a total loan guarantee commitment of \$100 billion. As at the end of February 2014, the HKMC has received over 9 300 applications and approved over 8 300 applications, involving a total loan amount of about \$35.1 billion and a total guarantee amount of about \$28.1 billion. The special concessionary measures are time-limited special measures. The original application period was 9 months, which was later extended for one year up to the end of February 2014. In the light of the prevailing uncertain external economic environment, the Government has further extended the application period of the special concessionary measures for one more year up to the end of February 2015 to continue to assist enterprises in obtaining financing in the commercial lending market. Extension of the application period does not involve additional government resources.

- (2) The Hong Kong Export Credit Insurance Corporation (ECIC) has launched a "Small Business Policy" (SBP) scheme for Hong Kong enterprises with an annual business turnover of less than \$50 million since 1 March 2013, providing exporters with more flexibility in taking out insurance cover. Within two years from 1 March 2013, SBP policyholders will enjoy waiver of the annual policy fee and up to 20 per cent premium discount. As at 28 February 2014, the ECIC has approved 791 applications with the value of total insured business amounting to over \$1.4 billion. In 2014-15, the ECIC will continue to launch the SBP scheme. This measure is launched within the ECIC's overall budget, and does not involve Government resources.
- (3) The Government has earmarked \$50 million to support retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity. This would help manage manpower demand of the retail industry.
- (4) The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched on 25 June 2012 to provide funding support to Hong Kong enterprises and non-profit-distributing organisations to assist enterprises in enhancing their competitiveness and facilitating their business development in the Mainland. Up to the end of February 2014, 192¹ and 37 applications have been approved under the Enterprise Support Programme and the Organisation Support Programme of the BUD Fund respectively. The total amount of funding approved is about \$205 million. 6 and 5 projects have been completed under the Enterprise Support Programme and the Organisation Support Programme respectively. We will continue to implement the BUD Fund in 2014-15. Provision for the BUD Fund is provided under Programme (3) Support for Small and Medium Enterprises and Industries of Head 181 Trade and Industry Department. The estimated expenditure of the BUD Fund in 2014-15 is \$107.4 million.
- (5) The Hong Kong Trade Development Council (HKTDC) has been actively expanding its Design Gallery network in the Mainland since last year to provide platforms for Hong Kong enterprises, particularly small and medium enterprises to showcase their products and build up greater awareness of Hong Kong brands in the Mainland. The HKTDC opened new Design Gallery shops in Qingdao in August 2013 and in Shanghai in March 2014 respectively. In addition, the HKTDC collaborated with department stores in the Mainland to open a series of Design Gallery "shops-in-shop" inside the stores. The first "shop-in-shop" was opened in Shanghai in March 2013. A total of four additional "shops-in-shop" were subsequently opened in Wuhan, Shanghai and Beijing in the rest of 2013. The HKTDC's relevant expenditure in 2013-14 is around \$12 million. In 2014-15, the HKTDC plans to open more new Design Gallery shops in major cities in East and West China, and continue to collaborate with department stores in the Mainland to open more "shops-in-shop" in cities such as Shenyang, Chengdu, Chongqing, Beijing and Shanghai. The HKTDC's relevant budget in 2014-15 is around \$15 million.
- (6) The Trade and Industry Department will continue to assist small and medium enterprises in obtaining finance, exploring markets and enhancing the overall competitiveness through the three existing SME funding schemes, namely the SME Loan Guarantee Scheme (SGS), the SME Export Marketing Fund (EMF) and the SME Development Fund (SDF) under Programme (3) Support for Small and Medium Enterprises and Industries of Head 181. In order to further assist SMEs in exploring export market opportunities, the Government has further increased the cumulative grant ceiling per SME under the EMF from \$150,000 to 200,000 with effect from 10 June 2013, subject to the meeting of relevant additional requirements, with a view to encouraging SMEs to participate in new export promotion activities. In 2013, a total of around \$1.35 billion loan guarantees were issued under the SGS, and grants of around \$251 million and \$24.7 million were approved under the EMF and the

SDF respectively. In 2014, it is estimated that a total of around \$1.35 billion loan guarantees would be issued under the SGS, and grants of around \$280 million and \$24.7 million would be approved under the EMF and the SDF respectively.

¹ Excluding 13 applications that were granted conditional approval. The final approval of such applications and the amount of grants will be subject to further information submitted by the applicants.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 0670)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (9) Subvention: Competition Commission

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 53):

What is the progress of the preparation work undertaken by the Competition Commission for implementing the Competition Ordinance (the Ordinance) under this programme? What is the estimated expenditure for the preparation work in 2014-15? What promotion work will be conducted by the Administration in 2014-15 to help the public, especially the proprietors of small and medium enterprises (SMEs), better understand the Ordinance? What will be the expenditure and implementation timetable of the promotion work? How will the Administration assist the business sector, especially the SMEs, in preparing for the full implementation of the Ordinance?

Asked by: Hon. CHUNG Kwok-pan

Reply:

Since the appointment of Members to the Competition Commission (Commission) took effect in May 2013, the Commission has worked to set up its internal procedures, its financial and administrative systems, as well as launched recruitment for the Chief Executive Officer and other staff members. To facilitate its work, the Commission has established a Staff Committee and a Finance and Administration Committee. A Government team has been seconded to the Commission to support its initial work before recruitment of its own staff. The Commission has initiated the first round of recruitment since September 2013, with global recruitment conducted for the top executives including the Chief Executive Officer, and local recruitment for staff of all tiers. The first round recruitment has almost been completed and most of the new recruits are expected to report duty gradually in the first half of 2014.

In 2014-15, the Commission's priority is to conduct consultation on various documents required to be prepared under the Competition Ordinance (the Ordinance), including guidelines on the competition rules, complaint handling and investigations. The Commission has engaged legal consultants to advise on the preparation of these documents required for the commencement of the Ordinance. The Commission's plan is to conduct promotion of the Ordinance, and engage members of the public and various sectors on what the Commission should take into account when formulating the guidelines. The Commission expects that such promotion and discussions will enhance public understanding of the Ordinance, enable SMEs and other sectors to have a better grasp of the provisions of the Ordinance and their implementation details, as well as to facilitate

their making of necessary preparation for the full implementation of the Ordinance.

The Commission also plans to discuss with the business community on how to develop risk management systems, good practices and internal controls as tools to achieve compliance with the Ordinance and the guidelines.

The Commission plans to start the relevant work in the first half of 2014 and, depending on work progress, consult the Legislative Council on the relevant documents before end of 2014. The Government's proposed allocation for the Commission in 2014-15 is \$83.9 million. The Commission's estimated budget for 2014-15 includes a budgetary item of \$6.2 million for publicity expenses, but the figure does not include staff costs or other general expenses which cannot be separately itemised.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0671)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 54):

The Financial Secretary said in paragraph 102 of the 2014-15 Budget Speech, "We do have a good number of industries with potential for development. I have received many proposals from various organisations as well as Members of this Council on how to promote sectors with development potential, an example being a centre for retail and wholesale fashion businesses at the district level. I am supportive of such proactive and self-initiated efforts of the industry. Government will render appropriate assistance to industries with potential for further development." Please inform this Committee of how the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) will assist industries with potential in 2014-15? What are the specific policy initiatives? How much expenditure will be allocated to these industries, in particular to the fashion business mentioned in the Budget Speech?

Asked by: Hon. CHUNG Kwok-pan

Reply:

The Economic Development Commission (EDC) established by the Chief Executive in January 2013 is providing visionary direction and advice to the Government on the overall strategy and policy to broaden Hong Kong's economic base and to enhance Hong Kong's economic growth and development; and in particular, is exploring and identifying growth sectors or clusters of sectors which present opportunities for Hong Kong's further economic growth, and will recommend possible policy and other support for these industries. Its four Working Groups (namely, the Working Group on Convention and Exhibition Industries and Tourism, the Working Group on Manufacturing Industries, Innovative Technology, and Cultural and Creative Industries, the Working Group on Transportation and the Working Group on Professional Services) are considering and studying the policy and support measures that the Government should put in place in respect of the industries under their respective purviews, and will make specific recommendations to the EDC.

Since their establishment, the EDC and its Working Groups have been in active operation and making good progress. Relevant Bureaux are coordinating closely with the Working Groups in following up on or conducting in-depth study of the subjects with which the Working Groups are concerned. The Working Group on Manufacturing Industries, Innovative Technology, and Cultural

and Creative Industries has made a number of specific recommendations, including allowing more young design talents to attend overseas work attachment; further improving the current Innovation and Technology Fund; encouraging companies to employ research and development talents; and strengthening the incubation programmes, which have been endorsed by the EDC. The Government is planning for the implementation arrangements. Separately, the Government has adopted the recommendation of the Working Group on Convention and Exhibition Industries and Tourism and commissioned a consultancy study in early 2014 to assess the demand for convention and exhibition facilities in Hong Kong in the coming 15 years, taking into account the situation in Hong Kong and the global and regional developments of the convention and exhibition industries. The consultancy study is expected to be completed in around mid 2014 and the estimated expenditure in 2014-15 is \$2.64 million. The Government also agreed with the recommendations made by the Working Group that we should accord our priority to attract visitors who would bring the largest economic benefits to Hong Kong as our preferred segments. In this connection, the Hong Kong Tourism Board (HKTB) will actively pursue its marketing and promotion strategies in targeting our preferred segments in 2014-15. The budgetary expenditure on the relevant promotional work has been subsumed into the overall promotional budget of the HKTB for 2014-15 and we do not have further breakdown on this front. In addition, the Government has adopted the recommendation of the Working Group to develop “Kai Tak Fantasy” and Lantau into specialized tourism clusters by bringing in new tourist attractions and facilities, such as hotels, restaurants and shopping centres. The related work involves various bureaux and departments, and the expenditure and budget involved have been correspondingly subsumed into the allocation to relevant bureaux/departments in 2014-15 which are difficult to quantify separately.

The EDC and its Working Groups in coordination with the Government will continue to consider and study the necessary support policy and measures for industries with potential (including the fashion business), ensuring that they are practicable and effective.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0680)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 24):

The Financial Secretary has proposed to extend the application period for special concessionary measures under the SME Financing Guarantee Scheme (SFGS) for one year to the end of February 2015. In the meantime, the Commerce, Industry and Tourism Branch will continue to monitor the operation of the measures in 2013-14. Please tabulate by trade the number of applications for special concessionary measures under the SFGS, percentage of successful applications, and the reasons for unsuccessful applications in the past year. What is the average processing time for application vetting? Given the one-year extension of application period for special concessionary measures, what is the estimated loan amount involved? Which trades have more pressing needs?

Asked by: Hon. CHUNG Kwok-pan

Reply:

The Hong Kong Mortgage Corporation Limited (HKMC) launched the special concessionary measures under its existing SME Financing Guarantee Scheme (SFGS) on 31 May 2012 to provide 80% guarantees at concessionary fee rates. The Government provides a total loan guarantee commitment of \$100 billion. As at the end of February 2014, the HKMC has received over 9 300 applications and approved over 8 300 applications, involving a total loan amount of about \$35.1 billion and a total guarantee amount of about \$28.1 billion. Excluding 187 applications under processing and 746 applications withdrawn by lending institutions or borrowers, the overall success rate of applications is about 99.3%. 56 applications have been rejected, and the percentage is about 0.7%. Major reasons included poor repayment ability, poor financial performance and account conduct, high leverage, poor record of accounts receivable, or having pending legal litigation with significant financial impact, etc.

The number of applications approved under the special concessionary measures by sector is as follows:

| Sector | No. of Applications Approved | Percentage of Total Applications Approved |
|--------------------------|-------------------------------------|--|
| Manufacturing | 2 226 | 26.6% |
| Textiles and clothing | 456 | 5.5% |
| Electronics | 208 | 2.5% |
| Plastics | 168 | 2.0% |
| Printing and publishing | 157 | 1.9% |
| Others | 1 237 | 14.7% |
| Non-manufacturing | 6 132 | 73.4% |
| Trading | 3 787 | 45.3% |
| Wholesale and retail | 700 | 8.4% |
| Construction | 214 | 2.6% |
| Engineering | 202 | 2.4% |
| Transportation/logistics | 194 | 2.3% |
| Others | 1 035 | 12.4% |
| Total | 8 358 | 100.0% |

The SFGS including the special concessionary measures is administered in accordance with prudent commercial principles. All guarantee applications should meet the requirements for obtaining a guarantee under the SFGS and enterprises should provide relevant documents. In general, the HKMC would notify the lending institutions of the result of the applications in writing in about three working days upon receipt of complete information from them.

As the loan amount involved and industry demand in the coming year will be affected by a number of factors, including the prevailing economic situation, we are unable to provide the relevant estimates.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0688)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry, (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 39):

The Financial Secretary mentioned in paragraph 101(6) of his Budget Speech that he would continue to make use of the dedicated fund and extend the network of the Hong Kong Trade Development Council (HKTDC) Design Gallery to assist Hong Kong enterprises in developing brands, in upgrading and restructuring, as well as in exploring market opportunities in the Mainland. Please advise this Committee of the expenditure and effectiveness of the relevant work over the past year, as well as the locations, scheduled dates of inception, estimated expenditures and staff establishment of Design Galleries to be set up in the future. What is the expected effectiveness of such Design Galleries in promoting Hong Kong products and gaining access to the Mainland market?

Asked by: Hon. CHUNG Kwok-pan

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched on 25 June 2012. Up to the end of February 2014, 192¹ and 37 applications have been approved under the Enterprise Support Programme and the Organisation Support Programme of the BUD Fund respectively. The total amount of funding approved is about \$205 million. 6 and 5 projects have been completed under the Enterprise Support Programme and the Organisation Support Programme respectively. We will continue to implement the BUD Fund in 2014-15.

The Hong Kong Trade Development Council (HKTDC) has been actively expanding its Design Gallery network in the Mainland since last year to provide platforms for Hong Kong enterprises, particularly small and medium enterprises to showcase their products and build up greater awareness of Hong Kong brands in the Mainland. The HKTDC opened new Design Gallery shops in Qingdao in August 2013 and in Shanghai in March 2014 respectively. In addition, the HKTDC collaborated with department stores in the Mainland to open a series of Design Gallery “shops-in-shop” inside the stores. The first “shop-in-shop” was opened in Shanghai in March 2013. A total of four additional “shops-in-shop” were subsequently opened in Wuhan, Shanghai and Beijing in the rest of 2013. The HKTDC’s relevant expenditure in 2013-14 is around \$12 million.

In 2014-15, the HKTDC plans to open more new Design Gallery shops in major cities in East and West China, and continue to collaborate with department stores in the Mainland to open more “shops-in-shop” in cities such as Shenyang, Chengdu, Chongqing, Beijing and Shanghai. The HKTDC’s relevant budget in 2014-15 is around \$15 million.

Since their establishment in the Mainland, the Design Gallery shops have attracted the participation of over 250 Hong Kong brands, with products ranging from fashion accessories, jewellery, watches, gifts, houseware and electronic commodities, etc. Many Hong Kong brands have found suitable business partner(s) in the Mainland through the Design Gallery shops and eventually set up their own outlets in different Mainland cities. We expect that the expansion of Design Gallery shops in the Mainland would provide effective support to Hong Kong enterprises in exploring domestic sales.

¹ Excluding 13 applications that were granted conditional approval. The final approval of such applications and the amount of grants will be subject to further information submitted by the applicants.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)048****(Question Serial No. 0691)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No.42):

The Commerce, Industry and Tourism Branch indicates in this programme that continuing to support the Hong Kong Tourism Board in Meetings, Incentive Travels, Conventions and Exhibitions (MICE) promotion work is one of the matters requiring special attention in 2014-15. Please inform this Committee of the expenditures and outcomes in this respect in the past year. What will be the new measures and plans for 2014-15? Will there be increased provision for strengthening the promotion work? What will be the expected outcomes?

Asked by: Hon. CHUNG Kwok-pan

Reply:

The revised estimate of the Hong Kong Tourism Board (HKTB) for promoting MICE (meetings, incentive travels, conventions and exhibitions) tourism in 2013-14 is \$43 million (including relevant manpower cost). Despite the volatile global economic environment in the past year, the number of overnight MICE arrivals to Hong Kong increased to over 1.63 million. MICE visitors usually have higher spending power with per capita spending of around \$10,000 in 2013, which is roughly the same as in 2012 but over 20% higher than that of overall overnight visitors at \$8,123 in 2013. At the same time, a number of large-scale MICE events were held in Hong Kong and some of them came here for the first time. These include the World Congress of Nephrology 2013, Wikimania 2013 and Watches & Wonders Asia Haute Horlogerie, etc. In 2013, the Meetings and Exhibitions Hong Kong (MEHK) Office under the HKTB provided support to about 1 200 MICE events, over 850 of which were secured through the MEHK's proactive lobbying efforts or assistance.

For 2014-15, a number of large-scale or influential MICE events already confirmed to take place in Hong Kong. These include the International Trademark Association (INTA) Annual Meeting 2014, China International New Energy Vehicle Show, 2014 IEEE International Conference on Robotics and Automation and the International Conference on Emergency Medicine. The MEHK will work closely with the organizers to promote their events so as to drive attendance.

In the 2014-15 Budget, the Government proposed allocating an annual additional provision of \$15 million to the HKTB for the next 3 years to provide more attractive and targeted supporting services and hospitality offers for organizers and participants of the MICE events. The HKTB will make good use of this additional funding to enhance the existing hospitality offers for MICE event organizers so as to increase Hong Kong's competitiveness in bidding for international MICE events. The HKTB will focus on strengthening the bidding of 3 types of MICE events, including large-scale conventions and corporate meetings, small-scale international conventions with strategic value in enhancing Hong Kong's brand image, and small to medium-sized exhibitions with potential of turning into recurrent ones. These MICE events are expected to attract more high-spending visitors to Hong Kong and to take place in various types of MICE venues in Hong Kong. The Government and the HKTB will closely monitor the development of MICE tourism in the region and adjust the strategies from time to time so as to sustain the competitiveness and reinforce Hong Kong's position as an international MICE and tourism capital. The HKTB expects that the number of overnight MICE visitor arrivals to Hong Kong in 2014 will register a mild growth.

In 2014-15, the HKTB plans to spend \$48 million on MICE promotion, including the annual additional provision of \$15 million for 3 years from 2014-15 onwards as mentioned in the aforesaid paragraph. Starting from 2014-15, the relevant manpower cost involved in promoting MICE tourism has been subsumed into the budgeted overall manpower cost of HKTB for 2014-15 and it is difficult to quantify such expenditure separately. As such, the above budget has not included the manpower cost on MICE promotion work.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2794)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 56):

Under this programme, the work of the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) includes “working with the Working Group on IP Trading to enhance the development of Hong Kong as a premiere IP trading hub in the region”. The Financial Secretary also stated in paragraph 99 of his Budget Speech that “trade in Intellectual Property (IP) has great development potential. The Secretary for Commerce and Economic Development will continue to lead the relevant working group to devise measures to develop Hong Kong as an IP trading hub in the region. The objectives are to provide more financing and trading channels for enterprises, and promote the development of the creative and technology industries”. Would the Administration please advise this Committee of the achievements of the work in this regard in the past year? What was the expenditure involved? What is the amount of resources earmarked for promoting the development of IP trade in 2014-15 and what are the specific measures and timetable for the promotion?

Asked by: Hon. CHUNG Kwok-pan

Reply:

Since its establishment in March 2013, the Working Group on Intellectual Property (IP) Trading (the Working Group) met regularly and held briefing session to exchange views with stakeholders of the IP industry. Two sub groups were formed under the Working Group to look into the more important and specialised subjects of IP valuation, and IP arbitration and mediation respectively. Taking account of stakeholders' views and after careful deliberation, the Working Group endorsed in end-2013 a strategic framework (the Framework) which covers four strategic areas, namely enhancing the IP protection regime; supporting IP creation and exploitation; fostering IP intermediary services and manpower capacity; and pursuing promotion, education and external collaboration efforts.

Based on this Framework, the Working Group will explore specific policies and other support measures under each strategic area for driving the development of Hong Kong as a premier IP trading hub in the region in 2014. Meanwhile, action is already underway to introduce measures to promote IP trading in Hong Kong, such as:

- working to develop and implement an “Original Grant” Patent (OGP) System with a view to enhancing our IP regime. Subject to the progress of implementation work and legislation in the future, we aim at launching the OGP system in 2016/17 at the earliest;
- reviewing our copyright regime and proposing directions for taking care of parody as appropriate under our regime having regard to present day circumstances to strike a balance between copyright protection and freedom of expression;
- co-organising the Business of Intellectual Property (BIP) Asia Forum with the Hong Kong Trade Development Council (HKTDC) and Hong Kong Design Centre to bring this annual IP flagship event in the region to a more strategic level;
- HKTDC launched the Asia IP Exchange, an online IP trading portal, at the BIP Asia Forum in end-2013 to enhance Hong Kong’s online IP trading volume, capabilities and connections; and
- working to conduct a Survey on Intellectual Property Trading for providing statistical and other relevant data to support the work of the Working Group.

One Chief Executive Officer post will be created in 2014/15 (for 24 months) to provide support to the Working Group and the total salary provision for the post is \$1.15 million annually. Other related expenditure will continue to be absorbed by existing resources of CITB of the Commerce and Economic Development Bureau.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)050****(Question Serial No. 2797)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 59):

It is mentioned in Analysis of Financial and Staffing Provision under Programme (2) of the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) that there will be an increase of three posts in 2014–15. Please inform this Committee of the details and major responsibilities of the posts, as well as the payroll costs involved.

Asked by: Hon. CHUNG Kwok-pan

Reply:

The details of the three new posts to be created under Programme (2) in 2014-15 are as follows:

| Post title | Number of post | Total salary provision (\$) | Job nature and area of work |
|--|-----------------------|------------------------------------|---|
| Chief Executive Officer (time-limited for 24 months) | 1 | 1,153,800 | To provide support to the Working Group on Intellectual Property Trading. |
| Executive Officer II | 1 | 411,780 | To enhance the general administrative support to this branch. |
| Senior Clerical Officer | 1 | 472,140 | |
| Total posts to be created: | 3 | | |

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2798)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 60):

Under Matters Requiring Special Attention in 2014-15 of this programme, the Commerce, Industry and Tourism Branch undertakes to strengthen efforts to promote the business advantages of Hong Kong in the Mainland, Taiwan and ASEAN as well as to attract more multinational companies to set up regional or global operations in Hong Kong. Please advise this Committee of the results achieved and expenditure involved in 2013-14. For the coming year, i.e. 2014-15, what new plans or specific measures are there? What targets or results are expected to achieve? What will be the expenditure involved?

Asked by: Hon. CHUNG Kwok-pan

Reply:

In 2014-15, Invest Hong Kong (InvestHK) will conduct marketing campaigns, seminars and investment promotion visits to attract and assist more companies from the Mainland, Taiwan and the Association of Southeast Asia Nations (ASEAN) to set up or expand their business operations in Hong Kong. For the Mainland market, InvestHK will continue to organise investment promotion seminars in the high-growth Mainland cities including Chongqing, Yinchuan, Nanchang, Wuhan, Nanjing, Quanzhou, Kunming, Wuxi, Xiamen and Xian, in collaboration with the Mainland authorities and business associations, to promote Hong Kong as an ideal platform for Mainland companies to go global.

As regards the Taiwan market, InvestHK will continue to reach out to a wide spectrum of Taiwan companies to provide them with the necessary support in setting up or expanding their operations in Hong Kong. InvestHK will strengthen its partnership with the Taiwan business community and organise seminars and conduct investment promotion visits in various Taiwan cities, with the support of its Investment Promotion Unit in the Hong Kong Economic, Trade and Cultural Office in Taiwan. InvestHK will also maintain close liaison with the Taiwan business community in Hong Kong and offer aftercare services to facilitate the expansion of their business.

For the ASEAN markets, InvestHK will strengthen its promotion efforts in 2014-15 through conducting investment promotion visits in target markets, including Singapore, Thailand, Indonesia and Malaysia, to promote Hong Kong's business advantages and to attract more companies in setting up business in Hong Kong. InvestHK will also organise other investment promotion events, including local networking receptions, inviting the participation of representatives from companies, consulates and chambers of commerce from the target ASEAN markets. To better support the investment promotion work in the ASEAN markets, InvestHK has strengthened its staffing complement in the investment promotion unit at the Economic and Trade Office in Singapore in early 2014.

The estimated actual expenditure incurred in 2013-14 and the estimated expenditure in 2014-15 for conducting investment promotion activities in the Mainland, Taiwan and ASEAN markets are as follows:

| Market | Estimated Actual Expenditure in 2013-14 (HK\$ million) | Estimated Expenditure in 2014-15 (HK\$ million) |
|---------------|---|--|
| Mainland | 6 | 6 |
| Taiwan | 1 | 1 |
| ASEAN | 0.6 | 0.6 |
| Total | 7.6 | 7.6 |

These figures do not include staff cost or general marketing and promotion expenses which cannot be separately itemised.

In 2013, InvestHK completed a total of 71 investment projects from the Mainland, 7 from Taiwan and 8 from ASEAN. InvestHK has increased its target for 2014 to complete 72 investment projects from the Mainland, 11 from Taiwan and 14 from ASEAN.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 2799)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 61):

Under this Programme, the Commerce, Industry and Tourism Branch will continue to work with the Trade and Industry Department and the Hong Kong Productivity Council to implement the Dedicated Fund on Branding, Upgrading and Domestic Sales (the BUD fund) to support Hong Kong enterprises to develop their brands, upgrade and restructure their operations and promote sales in the Mainland domestic market. Would the Administration advise this Committee of the implementation of the BUD fund in the past year? What was the amount of expenditure incurred? What effectiveness has been achieved with regard to the task of supporting Hong Kong enterprises to develop their brands, upgrade and restructure their operations and promote sales in the Mainland domestic market? The Financial Secretary has mentioned in paragraph 101(6) of his Budget Speech that the Government will continue to make use of the dedicated fund and extend the network of Hong Kong Trade Development Council (HKTDC) Design Gallery. What is the progress of such work? Where will the new Design Galleries be set up in 2014-15? What is the amount of expenditure to be incurred?

Asked by: Hon. CHUNG Kwok-pan

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched on 25 June 2012. Up to the end of February 2014, 192¹ and 37 applications have been approved under the Enterprise Support Programme and the Organisation Support Programme of the BUD Fund respectively. The total amount of funding approved is about \$205 million. 6 and 5 projects have been completed under the Enterprise Support Programme and the Organisation Support Programme respectively. We will continue to implement the BUD Fund in 2014-15.

The Hong Kong Trade Development Council (HKTDC) has been actively expanding its Design Gallery network in the Mainland since last year to provide platforms for Hong Kong enterprises, particularly small and medium enterprises to showcase their products and build up greater awareness of Hong Kong brands in the Mainland. The HKTDC opened new Design Gallery shops in Qingdao in August 2013 and in Shanghai in March 2014 respectively. In addition, the HKTDC collaborated with department stores in the Mainland to open a series of Design Gallery “shops-in-shop” inside the stores. The first “shop-in-shop” was opened in Shanghai in March 2013. A total of

four additional “shops-in-shop” were subsequently opened in Wuhan, Shanghai and Beijing in the rest of 2013. The HKTDC’s relevant expenditure in 2013-14 is around \$12 million.

In 2014-15, the HKTDC plans to open more new Design Gallery shops in major cities in East and West China, and continue to collaborate with department stores in the Mainland to open more “shops-in-shop” in cities such as Shenyang, Chengdu, Chongqing, Beijing and Shanghai. The HKTDC’s relevant budget in 2014-15 is around \$15 million.

¹Excluding 13 applications that were granted conditional approval. The final approval of such applications and the amount of grants will be subject to further information submitted by the applicants.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 2800)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 63):

In paragraph 101(c) of his Budget Speech, the Financial Secretary mentioned that \$50 million will be earmarked to support retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity. Please advise this Committee on the details of the plan, including its implementation details, application criteria, funding amounts and estimated number of enterprises to be granted the funding. Is there any implementation timetable? What is its target outcome? What is the administrative cost involved? Is it covered in the \$50 million earmarked by the Administration?

Asked by: Hon. CHUNG Kwok-pan

Reply:

In the Budget Speech 2014-15, the Financial Secretary has announced acceptance of the recommendations of the Task Force on Manpower Development of the Retail Industry and pursuit of the following implementation measures –

- (a) supporting retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity;
- (b) assisting the Vocational Training Council in strengthening vocational education and training with reference to the Specifications of Competency Standards for the Retail Industry (which was newly drawn up under the Qualifications Framework), including running retail courses through a professional institution and launching pilot courses combining classroom learning and work placement;
- (c) working with the industry to enhance the image of the trade; and
- (d) providing targeted recruitment and employment services and organising large-scale and district-based job fairs dedicated to the retail industry.

The Government has allocated \$130 million to add to existing resources to take forward the above measures.

The target of the funding support for productivity enhancement is small and medium sized enterprises of the retail industry. We plan to partner with the Hong Kong Productivity Council in rolling out the scheme concerned, and are working with it and the industry on detailed parameters such as application eligibility and procedures, the technologies to be covered, expected results, etc. We will shortly present the detailed proposal to the Panel on Commerce and Industry and the Finance Committee to seek support for early launching of the scheme.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0851)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-)

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 19):

- a. In signing the next Supplement to the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), what objectives will the Government strive to achieve for Hong Kong's service industry? Will the Supplement include arrangements to help local cultural and arts sectors gain access to the Mainland market, thus facilitating the staging of performances and exhibitions in the Mainland by the local arts community or drama troupes?
- b. Currently, the responsibility for promoting arts and culture in Hong Kong rests with the Home Affairs Bureau, whereas the promotion of the territory's industries to the Mainland is under the purview of the Commerce and Economic Development Bureau. Is there any communication or co-ordination between the two bureaux to help the local arts industry tap into the Mainland market?

Asked by: Hon. CHUNG Shu-kun, Christopher

Reply:

- a. The Government of the Hong Kong Special Administrative Region (HKSAR) is committed to assisting Hong Kong services in accessing the Mainland market through the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA). Inclusive of the measures in Supplement X to CEPA, there are 403 liberalisation measures for trade in services under CEPA, among which, the cultural services sector has been liberalised to a certain extent. For instance, under Supplement IV to CEPA, Hong Kong services suppliers are allowed to set up wholly-owned performing arts agencies in the Mainland; and performing arts agencies or performing arts groups are allowed to organise commercial performances in the form of cross-border supply in the Guangdong Province and the Shanghai Municipality on a pilot basis upon approval. As in the past, the HKSAR Government will, taking into account the needs of the trade, continue to liaise closely with the Mainland and actively explore the possibilities of pursuing more liberalization measures beneficial to their long-term development.
- b. While Home Affairs Bureau (HAB) is responsible for promoting local culture and art, where tapping into the Mainland market is concerned, Commerce and Economic Development Bureau (CEDB) will do so through CEPA, and in that context, CEDB will consult HAB as necessary.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0852)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 20):

Regarding the so-called "anti-locust" and activities to disturb tourists frequently organised by a few activist groups or people in Hong Kong, has the Government studied any measures to handle the incidents in order to stop these people from further damaging the reputation and interests of Hong Kong's tourism industry?

Asked by: Hon. CHUNG Shu-kun, Christopher

Reply:

The recent incidents of harassment of tourists have damaged the reputation of Hong Kong as a leading tourist destination. They have affected the operations of some shops in the tourist area. They have also disrupted Hong Kong's public order. Hong Kong is Asia's world city and welcomes visitors from around the world coming here on business or for sight-seeing. We believe Hong Kong people are rational and will continue to extend our warm welcome to tourists from different places, and to ensure a pleasant experience for them during their stay.

We will strengthen promotion of attractions in different districts so as to offer more choices to visitors and to help alleviate congestion at traditionally popular areas. We will also make greater efforts to enhance our capacity to receive tourists on various fronts, and endeavour to balance the impact of the tourism sector on economic development and the livelihood of our community. On the other hand, the Hong Kong Tourism Board will continue to promote our hospitality culture and, through the internet and publicity materials, advise tourists on the points to note when travelling in Hong Kong so as to deepen their understanding of Hong Kong's society.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0853)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 21):

Paragraph 86 of the Budget Speech reads “an excessive number or over-concentration of visitors may exert pressure on our society. Government should strive to ensure that there is sufficient capacity to receive visitors”.

1. According to the Government’s assessment, is there over-concentration of visitors in Hong Kong and if yes, in which areas? Does the Government have a solution?
2. With a view to serving same-day visitors who come to Hong Kong only for shopping, will the Government consider the establishment of a Hong Kong goods pickup area or a shopping centre at the border as suggested by the community? If not, what are the reasons?
3. What does “strive to ensure that there is sufficient capacity to receive visitors” refer to specifically? Are there any measures to deal with the situation?

Asked by: Hon. CHUNG Shu-kun, Christopher

Reply:

1. In response to the public concern about the impact of the continuous growth in visitor arrivals on the livelihood of the community, the HKSAR Government has comprehensively assessed Hong Kong’s capacity to receive tourists. The Assessment Report on Hong Kong’s Capacity to Receive Tourists (Assessment Report) was completed at the end of last year. On the basis that projected visitor arrivals would be over 70 million in 2017, the assessment suggests that Hong Kong would generally be able to receive the visitor arrivals in 2017. Hotel rooms, however, would continue to be in tight supply. The HKSAR Government will continue to increase the supply of hotel rooms through a multi-pronged approach, and to increase our capacity to receive tourists on various fronts.

The HKSAR Government understands the situation in individual popular tourist areas and has collectively reflected it in the Assessment Report. We will strengthen promotion of attractions in different districts in Hong Kong so as to offer more choices to visitors and to help alleviate congestion at traditionally popular areas (such as Mong Kok, Tsim Sha Tsui and Causeway Bay, etc). Apart from promoting major tourist attractions to visitors, the Tourism Commission, in collaboration with the Hong Kong Tourism Board (HKTB), also encourages visitors to explore, visit and spend in different districts, so as to broaden the overall economic benefits brought about by the tourism industry to Hong Kong. In recent years, the HKTB has made use of different channels, including the Internet, social media, smartphone applications with augmented reality technology, pamphlets, etc., to promote a number of themed routes bundling various attractions in different districts. Examples include “Travel Through Time” of Central and Sheung Wan, “Evolvement of a Fishing Village” of Shau Kei Wan, “A Popular Temple and a City Transformed” of Wong Tai Sin and Kowloon City, Yuen Long Ping Shan Heritage Trail, Fanling Lung Yeuk Tau Heritage Trail, etc.

To better utilise the tourism resources of each district and to encourage visitors to gain an in-depth and comprehensive understanding of the specialties and local living culture of various districts, the HKTB will strengthen the promotion of attractions in different districts in 2014-15, including setting up a dedicated webpage in a progressive manner to showcase various tourism offerings in the 18 districts. The webpage will feature unique historical attractions and buildings, living culture, dining delights, themed shopping streets and specialty markets, etc., so as to offer more choices to visitors.

The HKTB will also continue to encourage the travel trade to develop new and attractive themed tours taking visitors to explore and spend at different districts through the New Tour Product Development Scheme (the Scheme). As at the end of 2013, the Scheme has subsidised 12 themed tours, including the “Sham Shui Po Foodie Tour” which takes visitors on a local culinary journey, the “Six Senses Heritage Experience” which features a cycling tour in Yuen Long and a big bowl feast in the walled village. In 2014-15, the HKTB will continue to run the Scheme and encourage the travel trade to unleash their creativity and utilise the tourism resources of different districts.

2. We consider that the suggestion of developing a shopping centre at the border area is worth considering. If the proposal could be materialised, it might help divert visitors in the short term and provide job opportunities to residents of the existing and planned new towns in the New Territories in the long run. In fact, we have recently received a proposal on the development of a shopping centre at the Lok Ma Chau border area. Since majority of the area involved in the proposal is private land, it would probably involve a prolonged period of time and a substantial amount of public funds should the Government take forward the proposed development by way of resumption of land. We believe that it will be more efficient if the land owners could coordinate with other market stakeholders in pursuing the future development of the area concerned having regard to the commercial potential of the area. We will be glad to coordinate with the government departments concerned to provide necessary information and assistance to the project proponent.
3. The HKSAR Government will enhance our overall capacity to receive tourists on various fronts, with a view to ensuring the healthy and sustainable development of our tourism industry in the medium to long run.

For hotel, the HKSAR Government is identifying feasible ways for the gradual release of the 6 sites facing Victoria Harbour within the “hotel belt” adjacent to the Kai Tak Cruise Terminal to the market starting from the end of next year. Also, the hotel project at the Murray Building site has been successfully tendered. Upon commissioning, this hotel, together with the Ocean

Hotel in the Ocean Park and the third hotel in the Hong Kong Disneyland, will provide altogether over 1 500 rooms, offering more diverse and novel choices of quality hotel accommodation.

On tourist facilities, the construction of the waterpark at Tai Shue Wan in the Ocean Park and the “Iron Man Experience” in the Hong Kong Disneyland has commenced by phases. The terminal building and the first berth of the Kai Tak Cruise Terminal came into operation last June. Cruise lines and passengers have found the Terminal’s facilities and services satisfactory. With construction works now in the final stage, the second berth is planned to be commissioned this year. The HKSAR Government will also develop the “Kai Tak Fantasy” and Lantau into 2 specialised tourism clusters to attract high value-added visitor segments to visit Hong Kong: “Kai Tak Fantasy” – International Ideas Competition on Urban Planning and Design is now under way, and it is our target to develop the site into a spectacular world-class tourism, entertainment and leisure hub.

Regarding the handling capacity of boundary control points, the Immigration Department and the Customs and Excise Department will strive to enhance the handling capacity, and to increase the efficiency at the boundary control points by way of improving the boundary control points’ facilities, making use of information technology, and flexibly redeploying manpower resources to meet service demand.

As regards the carrying capacity of our public transport network, the MTR Corporation Limited and franchised buses will, whenever practicable, continue to increase service frequency during peak hours as necessary. Meanwhile, we will continue to expand the railway network, so as to increase the passenger capacity of the overall public transport network and help re-distribute visitor flow.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)057****(Question Serial No. 0854)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 22):

The neighbouring Guangdong Province has established the Hengqin New Area in the Zhuhai Special Economic Zone, and the Shenzhen Hong Kong Modern Service Industry Co-operation Zone in Qianhai. Similarly, the Central Government also established the Shanghai free trade zone in September last year. Does the Government regard such special zones as opportunities for or new threats to Hong Kong? Looking ahead, what measures will the Government roll out to help Hong Kong enterprises capitalise on the development opportunities brought about by these new special economic zones, and ensure that Hong Kong maintains its current competitiveness and strengths?

Asked by: Hon. CHUNG Shu-kun, Christopher

Reply:

Hengqin and Qianhai are key co-operation areas under the "Framework Agreement on Guangdong / Hong Kong Co-operation". The "Overall Development Plan on Hengqin" endorsed by the State Council in 2009 positions Hengqin as "a demonstraton zone for comprehensive co-operation between Guangdong, Hong Kong & Macao", focusing on the development of commercial services, leisure tourism, scientific research and advanced technological services. For Qianhai, the "Overall Development Plan on Hong Kong / Shenzhen Co-operation on Modern Service Industries in Qianhai Area", approved by the State Council in August 2010, designates Qianhai as a "Hong Kong / Guangdong modern service industry innovation and co-operation exemplary zone" and encourages the development of innovative financial services, modern logistics, technological and information services and other professional services. Despite the sectors for priority development for the two areas respectively are different, their common strategy is to leverage on the deepening of co-operation between Hong Kong and Guangdong. Given Hong Kong's rich experience in the relevant sectors, abundant supply of competitive enterprises and highly qualified professionals with rich global experience, the development of Hengqin and Qianhai are expected to provide opportunities for Hong Kong enterprises and professionals to develop the Mainland market.

The Constitutional and Mainland Affairs Bureau co-ordinates the efforts of relevant bureaux of the HKSAR Government to facilitate the Hong Kong business sector, especially the financial services, professional services and other services sectors to capitalise on the business opportunities arising from the development of Hengqin and Qianhai to tap into the Mainland market. Relevant bureaux

of the HKSAR Government have been consulting the business sectors under their respective purview from time to time through various channels, including meetings, exchange sessions and inviting written submissions, and reflecting the views of the Hong Kong business sectors on the policies and business environment of the two key co-operation areas to the Mainland authorities. The HKSAR Government will also continue to co-operate with the municipal governments of Zhuhai and Shenzhen in their publicity efforts, to assist Hong Kong businesses in obtaining timely information and capturing development opportunities.

Regarding the China (Shanghai) Pilot Free Trade Zone (SHFTZ), its establishment is a significant step of the Central People's Government (CPG) to deepen reforms and to further open up the Mainland economy. It demonstrates the CPG's determination in pursuing further liberalisation in trade in services. We are pleased to see our country moving towards this direction. SHFTZ will serve as a model from which "replicable" and "promotable" experiences can be shared to better serve the whole nation, and further accelerate the pace of liberalisation of trade in services in the Mainland.

The HKSAR Government will continue to monitor closely the specific policies and regulations of the SHFTZ, and strive to strengthen economic and trade cooperation with Shanghai so as to assist the Hong Kong trade to seize the opportunities brought about by the SHFTZ. In addition, the HKSAR Government will continue to seek, through the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), more liberalisation measures conducive to the long-term development of the Hong Kong business sector so as to assist them to meet the challenges posed by the rapid development of various cities in the Mainland.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)058****(Question Serial No. 2258)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 46):

The Bureau has estimated that the 2014-15 provision for subvention to the Hong Kong Tourism Board is \$85.5 million higher than the revised estimate for 2013-14. Please advise on the following:

- a. How much of the increased expenditure will be used for promoting the attractions to be explored in non- tourist districts or the local cultural characteristics in Hong Kong?
- b. Does the Bureau have any plan to improve the over-predominance of Mainland visitors among visitors to Hong Kong? What is the expenditure involved?

Asked by: Hon. FAN Kwok-wai, Gary

Reply:

- a. The Government plans to provide the Hong Kong Tourism Board (HKTB) with \$655.7 million of subvention in 2014-15, which is \$85.5 million higher than the revised estimates for 2013-14, to subsidise the HKTB's marketing and operational costs incurred locally and in visitor source markets. The increase in funding is used for meeting the expenditure incurred by launching an image-boosting marketing campaign in core markets, adding new elements to mega events and supporting Meetings, Incentive Travels, Conventions and Exhibitions (MICE) events and activities, etc. The breakdown is shown below:

| Item | Estimated new expenditure in 2014-15 |
|---|---|
| Launching an image-boosting marketing campaign in core markets: An additional funding of \$10 million per annum in the next 5 years for promotions through newspapers, television networks, digital media and other public relations channels in core markets to strengthen Hong Kong's image as the preferred travel destination. | \$10 million |

| Item | Estimated new expenditure in 2014-15 |
|---|---|
| Adding new elements to mega events: An additional funding of \$25 million per annum in the next 2 years to strengthen even further its popular mega events, including the Wine and Dine Festival, the New Year Countdown Celebrations and the Chinese New Year Night Parade. In 2014-15, the additional funding will be spent mainly on introducing the 3D projection mapping show during mega events. | \$25 million |
| Supporting MICE events and activities: Including the recurrent funding of \$30 million, and the additional funding of \$15 million per annum in the next 3 years, mainly for providing more attractive and targeted supporting services and hospitality offers for MICE organisers and participants. | \$45 million |
| Marketing of the HKTB's events and other contingent operating purposes | \$5.5 million |
| Total | \$85.5 million |

The HKTB has been encouraging visitors to experience the living culture and attractions in different districts of Hong Kong. For example, in recent years, the HKTB has made use of different channels, including the Internet, social media, smartphone applications with augmented reality technology, pamphlets, etc., to promote a number of themed routes bundling various attractions in different districts, such as “Travel Through Time” of Central and Sheung Wan, “Evolvement of a Fishing Village” of Shau Kei Wan, “A Popular Temple and a City Transformed” of Wong Tai Sin and Kowloon City, Yuen Long Ping Shan Heritage Trail, Fanling Lung Yeuk Tau Heritage Trail, etc.

To better utilise the tourism resources of each district and to encourage visitors to gain an in-depth and comprehensive understanding of the specialties and local living culture of various districts, the HKTB will strengthen the promotion of attractions in different districts in 2014-15, including setting up a dedicated webpage in a progressive manner to showcase various tourism offerings in the 18 districts. The webpage will feature unique historical attractions and buildings, living culture, dining delights, themed shopping streets and specialty markets, etc. so as to offer more choices to visitors.

The HKTB will also continue to encourage the travel trade to develop new and attractive themed tours taking visitors to explore and spend at different districts through the New Tour Product Development Scheme (the Scheme). As at the end of 2013, the Scheme has subsidized 12 themed tours, including the “Sham Shui Po Foodie Tour” which takes visitors on a local culinary journey, the “Six Senses Heritage Experience” which features a cycling tour in Yuen Long and a big bowl feast in the walled village.

The above marketing work will be implemented by different divisions of the HKTB locally and in visitor source markets, so it is difficult to quantify such expenditure separately.

- b. The estimated marketing budget of the HKTB in 2014-15 is \$330.6 million, over half of which, or about \$166.7 million, will be used for promotions in visitor source markets to attract overnight visitors. Of the latter, the budget for the international markets will be increased from 70% in 2013-14 to 75%, while the budget for the Mainland market will be lowered from 30% to 25%, most of which will be allocated to the non-Guangdong areas to attract overnight visitors.

HKTB's marketing budget for the Mainland market in 2014-15 is \$41.8 m, representing a 14.3% decrease over that for 2013-14.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)059****(Question Serial No. 2573)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (1) Director of Bureau's Office, (2) Commerce and Industry, (3) Subvention: Hong Kong Trade Development Council, (4) Posts, Competition Policy and Consumer Protection, (5) Subvention: Consumer Council, (6) Travel and Tourism, (7) Subvention: Hong Kong Tourism Board, (8) Public Safety, (9) Subvention: Competition Commission

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 25):

1. Please provide information on the number and rank of officers designated to perform such work. If there is no officer designated for such work, please provide information on the number of officers and the hours of work involved in records management duties, and the other duties they have to undertake in addition to records management;

2. Please list in the table below information on programme and administrative records which have been closed pending transfer to the Government Records Service (GRS) for appraisal:

| Category of records | Years covered by the records | Number and linear meters of records | Retention period approved by GRS | Are they confidential documents |
|---------------------|------------------------------|-------------------------------------|----------------------------------|---------------------------------|
| | | | | |

3. Please list in the table below information on programme and administrative records which have been transferred to GRS for retention:

| Category of records | Years covered by the records | Number and linear meters of records | Years that the records were transferred to GRS | Retention period approved by GRS | Are they confidential documents |
|---------------------|------------------------------|-------------------------------------|--|----------------------------------|---------------------------------|
| | | | | | |

4. Please list in the table below information on records which have been approved for destruction by GRS:

| Category of records | Years covered by the records | Number and linear meters of records | Years that the records were transferred to GRS | Retention period approved by GRS | Are they confidential documents |
|---------------------|------------------------------|-------------------------------------|--|----------------------------------|---------------------------------|
| | | | | | |

Asked by: Hon. HO Sau-lan, Cyd

Reply:

- (1) The Commerce, Industry and Tourism Branch and family departments (including Invest Hong Kong, Trade and Industry Department, Intellectual Property Department, Hong Kong Observatory and Post Office) of the Commerce and Economic Development Bureau have already appointed Departmental Records Managers who are assisted by Assistant Departmental Records Managers and Records Managers from various Divisions/Sections to help implement and monitor record management matters. Since these officers have to take care of duties other than records management work and the time and percentage share in such duties vary over different periods of time, it is difficult to quantify the hours of work involved accurately.
- (2) Information on programme and administrative records which have been closed pending transfer to the Government Records Service (GRS) for appraisal in the past three years (i.e. 2011-2012 to 2013-2014):

| Category of records | Years covered by the records | Number and linear meters (lm) of records | Retention period approved by GRS | Are they confidential documents |
|---------------------|------------------------------|--|--|---------------------------------|
| Administrative | 1961 – 2014 | 1,086 records / 52.80 lm | According to General Administrative Records Disposal Schedules (GARDS) | No |
| | 1960 – 2013 | 275 records / 15.35 lm | | Yes |
| Programme | 1946 – 2014 | 2,312 records / 131.08 lm | Pending approval by GRS | No |
| | 1948 - 2014 | 263 records / 13.94 lm | Pending approval by GRS | Yes |

- (3) Information on programme and administrative records which have been transferred to GRS for retention in the past three years (i.e. 2011-2012 to 2013-2014):

| Category of records | Years covered by the records | Number and linear metres (lm) of records | Years that the records were transferred to GRS | Retention period approved by GRS | Are they confidential documents |
|---------------------|------------------------------|--|--|--|---------------------------------|
| Administrative | Nil | Nil | Nil | Nil | Nil |
| Programme | 1948 - 2013 | 35,969 records / 263.99 lm | 2011 - 2013 | According to the disposal schedule approved by GRS | No |

- (4) Information on records which have been approved for destruction by GRS in the past three years (i.e. 2011-2012 to 2013-2014):

| Category of records | Years covered by the records | Number and linear metres (lm) of records | Years that the records were transferred to GRS | Retention period approved by GRS | Are they confidential documents |
|---------------------|------------------------------|--|--|--|---------------------------------|
| Administrative | 1962 - 2012 | 6,524 records / 188.47 lm | Nil | According to GARDS | No |
| | 1963 - 2009 | 330 records / 5.58 lm | Nil | | Yes |
| Programme | 1984 - 2011 | 602,058 records / 1,069.04 lm | Nil | According to the disposal schedule approved by GRS | No |

CONTROLLING OFFICER'S REPLY**(Question Serial No. 4573)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (1) Director of Bureau's Office, (2) Commerce and Industry, (3) Subvention: Hong Kong Trade Development Council, (4) Posts, Competition Policy and Consumer Protection, (5) Subvention: Consumer Council, (6) Travel and Tourism, (7) Subvention: Hong Kong Tourism Board, (8) Public Safety, (9) Subvention: Competition Commission

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 65):

1. Regarding the expenses on entertainment and gifts of your bureau and the departments under its purview over the past 3 years, please provide details using the table below:

| Bureau/ branch/ department and year | Estimated expenses on entertainment and gifts in the year | Actual expenses on entertainment and gifts in the year | Cap on entertainment expenses (including beverages) per head for the year | Cap on gift expenses per guest for the year | Number of receptions held and total number of guests entertained in the year |
|--|---|--|--|--|--|
| | | | | | |

2. Regarding the expenses on entertainment and gifts of your bureau and the departments under its purview in 2013-14, please provide details using the table below:

| Bureau/ branch/ department | Date of reception (day/ month/ year) | Departments/ organisations and titles of the guests entertained (grouped by department/ organisation and indicating the number of guests) | Food expenses incurred in the reception | Beverage expenses incurred in the reception | Gift expenses incurred in the reception | Venue of the reception (department office/ restaurant in government facilities/ private restaurant/ others (please specify)) |
|----------------------------------|---|--|--|--|---|---|
| | | | | | | |

3. Please provide the estimated expenses on entertainment and gifts for 2014-15 using the table below:

| Bureau/ branch/ department | Estimated provision for expenses on entertainment and gifts | Cap on entertainment expenses per guest | Cap on gift expenses per guest |
|----------------------------|---|---|--------------------------------|
| | | | |

Asked by: Hon. HO Sau-lan, Cyd

Reply:

Generally speaking, all politically appointed officials and civil servants who entertain guests for official purposes have to comply with the same principles and observe relevant regulations and administrative guidelines. When hosting official entertainment for guests, government officers should exercise prudent judgement and economy to avoid the public perception of extravagant entertainment. According to existing general guidelines, the expenditure limits for official lunch and dinner, inclusive of all expenses incurred on food and beverages consumed on the occasion, service charges and tips, are \$450 and \$600 per person respectively.

The expenditure under the departmental entertainment vote for the past 3 years (up to 28 February 2014) and the estimates for 2014-15 for this branch and departments under our purview are tabulated below:

| Bureau / Departments under purview | Official Entertainment (actual expenditure) | | | Official Entertainment (estimated provision) |
|---|--|---------------------|--|--|
| | 2011-12 (\$'000) | 2012-13 (\$'000) | 2013-14 (up to 28 February 2014) (\$'000) | 2014-15 (\$'000) |
| Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) | 407 | 397 | 388 | 450 |
| Hong Kong Observatory | 37 | 105 | 80 | 85 |
| Hong Kong Post | 58 | 17 | 7 | 112 |
| Invest Hong Kong | 167 | 226 | 256 | 206 |
| Intellectual Property Department | 118 | 104 | 107 | 110 |
| Trade and Industry Department | 355 | 275 | 150 | 330 |

In line with the Government's green policy, officers should as far as possible refrain from bestowing gifts/souvenirs to others during the conduct of official activities. According to prevailing guidelines, if it is considered necessary and unavoidable to bestow gifts/souvenirs due to operational, protocol, promotion of activities or other reasons, the gift/souvenir items should not be lavish or extravagant and the number of gifts/souvenirs should be kept to a minimum or the exchange of gifts/souvenirs should be made from organisation to organisation. Since we do not maintain separate accounts relating to the expenses incurred for the purchase of gifts and souvenirs, we do not have the relevant statistical data.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)061****(Question Serial No. 4621)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (1) Director of Bureau's Office, (2) Commerce and Industry, (3) Subvention: Hong Kong Trade Development Council, (4) Posts, Competition Policy and Consumer Protection, (5) Subvention: Consumer Council, (6) Travel and Tourism, (7) Subvention: Hong Kong Tourism Board, (8) Public Safety, (9) Subvention: Competition Commission

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 113):

Regarding the studies (if any) conducted by the your bureau and the departments under its purview for the purpose of formulating and assessing policies, please provide information in the following format.

(a) Using the table below, please provide information on studies on public policy and strategic public policy for which funds had been allocated in the past 2 financial years (2012-13 and 2013-14):

| Name of consultant | Mode of award (open auction/ tender/others (please specify)) | Title, content and objective of project | Consultancy fee(\$) | Start date | Progress of studies (under planning/ in progress/ completed) | Follow-up actions taken by the Administration on the study report and their progress (if any) | For completed projects, have they been made public? If yes, through what channels? If no, why? |
|--------------------|--|---|---------------------|------------|--|---|--|
| | | | | | | | |

(b) Are there any projects for which funds have been reserved for conducting consultancy studies this year (2014-15)? If yes, please provide the following information:

| Name of consultant | Mode of award (open auction/ tender/others (please specify)) | Title, content and objective of project | Consultancy fee(\$) | Start date | Progress of studies (under planning/ in progress/ completed) | Follow-up actions taken by the Administration on the study report and their progress (if any) | For projects that are expected to be completed this year, is there any plan to make them public? If yes, through what channels? If no, why? |
|--------------------|--|---|---------------------|------------|--|---|---|
| | | | | | | | |

(c) What are the criteria for considering the award of consultancy projects to the research institutions concerned?

Asked by: Hon. HO Sau-lan, Cyd

Reply:

(a) The studies on public policy and strategic public policy conducted by Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) and the departments under its purview during the period from 2012-13 to 2013-14 are listed below:

2012-13:

| Name of consultant | Mode of award (open auction / tender / others (please specify)) | Title, content and objective of project | Consultancy fee (\$) | Start date | Progress of studies (under planning / in progress / completed) | Follow-up actions taken by the Administration on the study report and their progress (if any) | For completed projects, have they been made public? If yes, through what channels? If no, why? |
|--|---|---|----------------------|---------------|--|---|--|
| Arthur D. Little Asia Pacific Ltd. | Tender | Consultancy study on the future demand and supply of Hong Kong's exhibition facilities | 800,000 | February 2012 | Completed | The Government will make reference to the result of the consultancy study when considering the long term requirements of exhibition facilities in Hong Kong. | The findings of the consultancy study is for Government's internal reference. |
| King & Wood, Gilbert + Tobin (King & Wood has merged with another law firm to form the 'King & Wood Mallesons' (金杜律師事務所) since 1.3.2012.) | Tender | Consultancy study on preparation of a cross-sector competition law To provide expert services in relation to the introduction of a competition law (continuation of the consultancy study in 2011-12) | 3,356,100 | June 2007 | Completed | With the professional advice and research support of the consultant, the Government has completed the relevant legislative work relating to the Competition Ordinance. The Ordinance was enacted by the Legislative Council in June 2012. | The advice from the consultant is for Government's internal consideration. |

| Name of consultant | Mode of award (open auction / tender / others (please specify)) | Title, content and objective of project | Consultancy fee (\$) | Start date | Progress of studies (under planning / in progress / completed) | Follow-up actions taken by the Administration on the study report and their progress (if any) | For completed projects, have they been made public? If yes, through what channels? If no, why? |
|--|---|--|----------------------|---------------|--|--|---|
| M&L Associates Ltd. | Tender | <p>Consultancy on Technical Measures Against Copyright Piracy in the Digital Environment</p> <p>To study and assess the effectiveness of technical measures that are being used or tried out overseas for curtailing copyright piracy in the digital environment, and identify the key considerations if these measures were to be introduced in Hong Kong</p> <p>(continuation of the consultancy study in 2011-12)</p> | 511,000 | March 2012 | Completed | The Government will make reference to the consultancy study when considering the introduction of technical measures to enhance copyright protection in the digital environment. | The advice from the consultant is for the Government's internal consideration. |
| URS Hong Kong Limited (previously known as "Scott Wilson Ltd.") | Tender | <p>Business viability study for the proposed dining and tourist facilities at/near the Aberdeen Wholesale Fish Market</p> <p>(continuation of the consultancy study in 2011-12)</p> | 480,600 | December 2011 | Completed | The Government has made reference to the results of the consultancy study when considering the viability of developing dining and tourist facilities at/near the Aberdeen Wholesale Fish Market. | The findings of the study were reported to the Community Affairs and Tourism Development Committee under the Southern District Council and the Legislative Council Panel on Economic Development in January 2013 and September 2013 respectively. |

| Name of consultant | Mode of award (open auction / tender / others (please specify)) | Title, content and objective of project | Consultancy fee (\$) | Start date | Progress of studies (under planning / in progress / completed) | Follow-up actions taken by the Administration on the study report and their progress (if any) | For completed projects, have they been made public? If yes, through what channels? If no, why? |
|--|---|--|----------------------|----------------|--|---|--|
| KPMG Corporate Finance Limited | Tender | <p>Appointment of financial consultant for assessment of proposals and related matters in connection with the Tai Shue Wan redevelopment at Ocean Park</p> <p>To provide consultancy services advising on the financial, business, economic, financing arrangement and other relevant aspects for the Tai Shue Wan redevelopment at the Ocean Park</p> | 590,200 | July 2012 | Completed | The Government has made reference to the results of the consultancy study when examining the Tai Shue Wan redevelopment. | The advice from the consultant is for Government's internal consideration. |
| URS Hong Kong Limited (previously known as "Scott Wilson Ltd.") | Tender | Consultancy study to identify suitable international mega events to be introduced into Hong Kong under the Mega Events Fund's Tier-1 system | 193,800 | September 2012 | In progress | The consultant has provided some recommendations on international mega events that are suitable to be held in Hong Kong for the Mega Events Fund (MEF) Assessment Committee's reference. The MEF Secretariat has embarked on the discussion with relevant event organizers on the terms and conditions of co-operation. | Not applicable |

2013-14:

| Name of consultant | Mode of award (open auction / tender / others (please specify)) | Title, content and objective of project | Consultancy fee (\$) | Start date | Progress of studies (under planning / in progress / completed) | Follow-up actions taken by the Administration on the study report and their progress (if any) | For completed projects, have they been made public? If yes, through what channels? If no, why? |
|--|---|--|--|---------------|--|--|---|
| M&L Associates Ltd. | Tender | <p>Consultancy on Technical Measures Against Copyright Piracy in the Digital Environment</p> <p>To study and assess the effectiveness of technical measures that are being used or tried out overseas for curtailing copyright piracy in the digital environment, and identify the key considerations if these measures were to be introduced in Hong Kong</p> <p>(continuation of the consultancy study in 2012-13)</p> | <p>—</p> <p>(All the payments have been settled in previous financial years)</p> | March 2012 | Completed | The Government will make reference to the consultancy study when considering the introduction of technical measures to enhance copyright protection in the digital environment. | The advice from the consultant is for the Government's internal consideration. |
| URS Hong Kong Limited (previously known as "Scott Wilson Ltd.") | Tender | <p>Business viability study for the proposed dining and tourist facilities at/near the Aberdeen Wholesale Fish Market</p> <p>(continuation of the consultancy study in 2012-13)</p> | 106,800 | December 2011 | Completed | The Government has made reference to the results of the consultancy study when considering the viability of developing dining and tourist facilities at/near the Aberdeen Wholesale Fish Market. | The findings of the study were reported to the Community Affairs and Tourism Development Committee under the Southern District Council and the Legislative Council Panel on Economic Development in January 2013 and September 2013 respectively. |

| Name of consultant | Mode of award (open auction / tender / others (please specify)) | Title, content and objective of project | Consultancy fee (\$) | Start date | Progress of studies (under planning / in progress / completed) | Follow-up actions taken by the Administration on the study report and their progress (if any) | For completed projects, have they been made public? If yes, through what channels? If no, why? |
|--|---|--|----------------------|----------------|--|---|--|
| KPMG Corporate Finance Limited | Tender | <p>Appointment of financial consultant for assessment of proposals and related matters in connection with the Tai Shue Wan redevelopment at Ocean Park</p> <p>To provide consultancy services advising on the financial, business, economic, financing arrangement and other relevant aspects for the Tai Shue Wan redevelopment at the Ocean Park</p> <p>(continuation of the consultancy study in 2012-13)</p> | 215,700 | July 2012 | Completed | The Government has made reference to the results of the consultancy study when examining the Tai Shue Wan redevelopment. | The advice from the consultant is for Government's internal consideration. |
| URS Hong Kong Limited (previously known as "Scott Wilson Ltd.") | Tender | <p>Consultancy study to identify suitable international mega events to be introduced into Hong Kong under the Mega Events Fund's Tier-1 system</p> <p>(continuation of the consultancy study in 2012-13)</p> | 323,000 | September 2012 | In progress | The consultant has provided some recommendations on international mega events that are suitable to be held in Hong Kong for the Mega Events Fund (MEF) Assessment Committee's reference. The MEF Secretariat has embarked on the discussion with relevant event organizers on the terms and conditions of co-operation. | Not applicable |

| Name of consultant | Mode of award (open auction / tender / others (please specify)) | Title, content and objective of project | Consultancy fee (\$) | Start date | Progress of studies (under planning / in progress / completed) | Follow-up actions taken by the Administration on the study report and their progress (if any) | For completed projects, have they been made public? If yes, through what channels? If no, why? |
|---|---|--|----------------------|----------------|--|--|--|
| AMR International Ltd. | Tender | Demand study for convention and exhibition facilities in Hong Kong | 661,200 | January 2014 | In progress | The Government will, according to future development need and taking into account relevant factors, consider appropriate measures to cater for the development of the convention and exhibition industries. | Not applicable |
| Institute for International Economic Research of National Development and Reform Commission | Tender | <p>Consultancy services for assessing the implications of Hong Kong's participation in the proposed China-Japan-Korea Free Trade Agreement</p> <p>Study the benefits and implications of Hong Kong's participation in the China-Japan-Korea Free Trade Agreement for China, Japan, Korea and Hong Kong</p> | 210,800 | September 2013 | In Progress | The Government will examine the consultancy reports and assess if Hong Kong should pursue joining the proposed China-Japan-Korea Free Trade Agreement for strengthening the economic and trade relations with these economies. | Not Applicable |
| PolyU Technology and Consultancy Company Limited | Tender | Research project on the latest economic development of the Greater Pearl River Delta region | 624,000 | June 2013 | Completed | The Government will issue a publication on the research project, with a view to promoting Hong Kong's role as a two-way platform for attracting inward foreign direct investment within the greater Pearl River Delta region. | The publication will be made public at an event for the business community in April 2014. |

| Name of consultant | Mode of award (open auction / tender / others (please specify)) | Title, content and objective of project | Consultancy fee (\$) | Start date | Progress of studies (under planning / in progress / completed) | Follow-up actions taken by the Administration on the study report and their progress (if any) | For completed projects, have they been made public? If yes, through what channels? If no, why? |
|--------------------|---|--|----------------------|---------------|--|---|--|
| Ernst & Young | Tender | Research project on the current startup ecosystem in Hong Kong | 1,050,000 | November 2013 | Completed | The Government will make reference to the result of the study to benchmark Hong Kong with other major startup hubs and to gauge the future development of Hong Kong's start-up ecosystem. | The advice of the consultant is for Government's internal consideration. |

(b) Provision has been allocated under Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) and the departments under its purview for conducting the following consultancy studies in 2014-15:

| Name of consultant | Mode of award (open auction/tender/others (please specify)) | Title, content and objective of project | Consultancy fee(\$) | Start date | Progress of studies (under planning/ in progress/ completed) | Follow-up actions taken by the Administration on the study report and their progress (if any) | For projects that are expected to be completed this year, is there any plan to make them public? If yes, through what channels? If no, why? |
|---|---|---|---------------------|----------------|--|--|---|
| AMR International Ltd. | Tender | Demand study for convention and exhibition facilities in Hong Kong (continuation of the consultancy study in 2013-14) | 2,644,900 | January 2014 | In progress | The Government will, according to future development need and taking into account relevant factors, consider appropriate measures to cater for the development of the convention and exhibition industries. | The consultancy study is expected to be completed in around mid 2014. The Government will announce the result of the consultancy study after its completion at an appropriate juncture. |
| Institute for International Economic Research of National Development and Reform Commission | Tender | Consultancy services for assessing the implications of Hong Kong's participation in the proposed China-Japan-Korea Free Trade Agreement Study the benefits and implications of Hong Kong's participation in the China-Japan-Korea Free Trade Agreement for China, Japan, Korea and Hong Kong (continuation of the consultancy study in 2013-14) | 843,200 | September 2013 | In progress | The Government will examine the consultancy reports and assess if Hong Kong should pursue joining the proposed China-Japan-Korea Free Trade Agreement for strengthening the economic and trade relations with these economies. | Study reports are intended for internal reference at this stage. |

| Name of consultant | Mode of award (open auction/tender/ot hers (please specify)) | Title, content and objective of project | Consultancy fee(\$) | Start date | Progress of studies (under planning/ in progress/ completed) | Follow-up actions taken by the Administration on the study report and their progress (if any) | For projects that are expected to be completed this year, is there any plan to make them public? If yes, through what channels? If no, why? |
|--------------------|--|---|--|-------------------------------------|--|---|---|
| (To be appointed) | Tender | <p>Consultancy Study in support of the Review of the Patent System in HKSAR</p> <p>To provide consultancy advice on legal, technical and procedural issues relating to implementing the “original grant” patent system in Hong Kong</p> | Subject to the result of the tender exercise | April 2014 | Under planning | Not applicable | Not applicable |
| (To be appointed) | Tender | <p>Consultancy Study on the Development of Government Electronic Trading Services</p> <p>The study aims to ensure the seamless continuation of services on the expiry of the existing contracts between the Government and service providers by end 2016, and review the scope of development to better meet the needs of the trading community and to enhance the competitiveness of Hong Kong</p> | Subject to the result of the tender exercise | To start in the second half of 2014 | Under planning | Not applicable | Not applicable |

| Name of consultant | Mode of award (open auction/tender/ot hers (please specify)) | Title, content and objective of project | Consultancy fee(\$) | Start date | Progress of studies (under planning/ in progress/ completed) | Follow-up actions taken by the Administration on the study report and their progress (if any) | For projects that are expected to be completed this year, is there any plan to make them public? If yes, through what channels? If no, why? |
|-----------------------|--|---|--|---------------------|--|---|---|
| URS Hong Kong Limited | Tender | Consultancy study to identify suitable international mega events to be introduced into Hong Kong under the Mega Events Fund's Tier-1 system (continuation of the consultancy study in 2013-14) | 129,200 | September 2012 | In progress | The consultant has provided some recommendations on international mega events that are suitable to be held in Hong Kong for the Mega Events Fund (MEF) Assessment Committee's reference. The MEF Secretariat has embarked on the discussion with relevant event organizers on the terms and conditions of co-operation. | Not applicable |
| (To be appointed) | Tender | Consultancy study to review "A Symphony of Lights" comprehensively and explore possible options for its way forward | Subject to the result of the tender exercise | Second half of 2014 | Under planning | Not applicable | The advice from the consultant is for Government's internal consideration. |

(c) In the selection of consultant firms, we have followed the Government's prevailing guidelines and procedures to select the suitable firm in an open and fair competition manner. The selection criteria include the tender price, the service quality, relevant qualification, experience, reputation, expertise, the proposed methodology and work plan as well as cost-effectiveness of the proposal, etc.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)062****(Question Serial No. 4628)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (1) Director of Bureau's Office, (2) Commerce and Industry, (3) Subvention: Hong Kong Trade Development Council, (4) Posts, Competition Policy and Consumer Protection, (5) Subvention: Consumer Council, (6) Travel and Tourism, (7) Subvention: Hong Kong Tourism Board, (8) Public Safety, (9) Subvention: Competition Commission

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 125):

In regard to the growing co-operation between Hong Kong and the Mainland in recent years, please provide relevant information on Hong Kong/Mainland cross-boundary projects or programmes in which your bureau and the departments under its purview have been involved.

(a) For Hong Kong/Mainland cross-boundary projects or programmes, please provide information in 2011-12 to 2013-14 as per following table:

| Project / Programme | Details, objective and whether it is related to the Framework Agreement on Hong Kong /Guangdong Co-operation (the Framework Agreement) | Expenditure involved | Mainland official and department/ organisation involved | Progress (% completed, commencement date, target completion date) | Have the details, objectives, amount involved or impact on the public, society, culture and ecology been released to the public? If so, through which channels and what were the manpower and expenditure involved? If not, what are the reasons? | Details of the legislative amendments or policy changes involved in the project/ programme |
|---------------------|--|----------------------|---|---|---|--|
| | | | | | | |

(b) For Hong Kong/Mainland cross-boundary projects or programmes in 2014-15, please provide information as per following table:

| Project / Programme | Details, objective and whether it is related to the Framework Agreement | Expenditure involved | Mainland official and department/ organisation involved | Progress (% completed, commencement date, target completion date) | Will the details, objectives, amount involved or impact on the public, society, culture and ecology be released to the public? If so, through which channels and what will be the manpower and expenditure involved? If not, what are the reasons? | Details of the legislative amendments or policy changes involved in the project/ programme |
|---------------------|---|----------------------|---|---|--|--|
| | | | | | | |

(c) Apart from the projects or programmes listed above, are there any other modes of Hong Kong/Mainland cross-boundary co-operation? If so, what are they? What were the manpower and expenditure involved over the past 3 years? How much financial and manpower resources have been earmarked in the Estimates for 2014-15?

Asked by: Hon. HO Sau-lan, Cyd

Reply:

To foster our trade ties with the Mainland is an important policy aim of the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch). Cross-boundary co-operation / exchange with the Mainland is part of our regular work. Due to the wide scope of work, it is difficult to provide a simple breakdown by year and category.

Under Programme (2) Commerce and Industry, major Hong Kong and Mainland cross-boundary co-operation / exchange undertaken by our Bureau, departments and relevant organisations includes the following areas –

| Scope of Work | Progress | Relevant Documents issued to the LegCo by the Administration |
|--|--|---|
| Closer Economic Partnership Arrangement (CEPA) | Following the signing of the main text of CEPA in 2003, the two sides have reached agreement on ten Supplements. Regarding trade in goods, with effect from 1 January 2006, all goods of Hong Kong origin importing into the Mainland enjoy tariff free treatment, upon applications by local manufacturers and upon the relevant CEPA rules of origin being met. Moreover, inclusive of measures in Supplement X, there are 403 liberalisation measures for trade in services under CEPA. The HKSAR Government also attaches great | LegCo Panel paper no. CB(1)1745/12-13(01) “The Mainland and Hong Kong Closer Economic Partnership Arrangement” issued in August 2013. |

| Scope of Work | Progress | Relevant Documents issued to the LegCo by the Administration |
|---|--|---|
| | <p>importance to the effective implementation of CEPA. We will continue to liaise closely with the Mainland authorities at central, provincial and municipal levels to assist the trade in making better use of CEPA liberalisation measures and gaining greater access to the Mainland market.</p> | |
| <p>To assist Hong Kong enterprises in operating in the Mainland</p> | <p>The work under this area includes the following –</p> <ul style="list-style-type: none"> - maintaining close dialogue with the trade through various channels, so as to understand the trade’s concerns and views; and maintaining close liaison with the Mainland authorities at various levels (including through the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade) to relay to them the trade’s views and to discuss with them support measures for the trade; - disseminating information to Hong Kong enterprises by means of circulars and newsletters, and organising activities such as symposiums and seminars through the Trade and Industry Department (TID) and our Mainland Offices to enhance the trade’s understanding of the Mainland’s new policies, legislation and business environment. TID’s website includes a dedicated page on economic and trade information of the Mainland, with hyperlinks to the economic and trade websites of about 200 Mainland authorities. This platform facilitates Hong Kong enterprises in getting access to economic and trade information of the Mainland; - organising promotional activities and trade fairs and organising delegations to visit the Mainland through the Hong Kong Trade Development Council (HKTDC), with a view to enhancing the trade’s understanding of Mainland policies and market development; - providing Hong Kong enterprises with support services on technological | <p>LegCo Panel paper no. CB(1)1282/12-13(03) “Economic and Trade relations between the Mainland and Hong Kong” issued in June 2013.</p> |

| Scope of Work | Progress | Relevant Documents issued to the LegCo by the Administration |
|---------------|---|--|
| | <p>upgrading, management improvement, branding and market development, etc., and Mainland market information through the HKTDC and the Hong Kong Productivity Council, etc.;</p> <ul style="list-style-type: none"> - with regard to financial support, assisting small and medium enterprises (SMEs) through the on-going “SME Funding Schemes” in areas such as market promotion, acquisition of equipment, upgrading of operational and technical skills, business restructuring and relocation; - continuing to implement the Dedicated Fund on Branding, Upgrading and Domestic Sales launched on 25 June 2012 to provide funding support to individual enterprises and non-profit-making organisations, so as to assist enterprises in enhancing their competitiveness and facilitating their business development in the Mainland and capturing the vast opportunities arising from the National 12th Five-year Plan; - arranging trade missions led by the Chief Executive to Chongqing, Guangxi and Fujian in September 2013, November 2013 and January 2014 respectively to deepen the trade’s understanding about the latest developments and investment opportunities in Mainland cities and facilitate exchanges and cooperation between Hong Kong and local enterprises; - arranging our Mainland Offices to collaborate with trade associations and other organisations to organise “Hong Kong Week” promotional events in the Mainland in order to promote Hong Kong products and services, with a view to assisting Hong Kong enterprises in building up their brand image and exploring the domestic market; and - through the expansion of the network of Design Gallery shops in the Mainland by the HKTDC, providing platforms for Hong Kong enterprises, particularly SMEs, to | |

| Scope of Work | Progress | Relevant Documents issued to the LegCo by the Administration |
|----------------------|--|--|
| | showcase their products and build up greater awareness of Hong Kong brands in the Mainland. | |
| Investment Promotion | <p>Mainland is a priority market of Invest Hong Kong (InvestHK). As at the end of 2013, InvestHK has assisted a total of 522 Mainland companies to set up or expand their business in Hong Kong. InvestHK will continue to proactively reach out to and assist Mainland companies to set up or expand their business in Hong Kong through organising promotional seminars and exhibitions, conducting investment promotion visits and receiving incoming delegations from the Mainland. It will also strengthen its efforts to promote the pivotal role of Hong Kong as a platform for Mainland companies to go global.</p> <p>In collaboration with Mainland provinces and cities, InvestHK has staged joint promotion seminars in overseas markets since 2002 to promote the combined advantages offered by the economic integration of Hong Kong and the Mainland, in particular the Pearl River Delta region. In 2014-15, InvestHK plans to organise four joint overseas promotion seminars. It will partner with Zhuhai in Mexico (April), Zhaoqing in Istanbul (June), Jiangmen in Lyon (September), and the Guangdong Province in San Francisco (November).</p> | LegCo Panel paper no. CB(1)1072/13-14(03) “Promotion of Inward Investment” issued in March 2014. (Note: including InvestHK’s work relating to the Mainland) |
| Tourism | <p>Hong Kong and the Mainland have all along maintained close contacts on tourism development at government and trade levels. The Tourism Commission has established regular exchange mechanisms with the Mainland tourism authorities, such as the China National Tourism Administration and the Guangdong Provincial Tourism Administration, to discuss issues of mutual concern.</p> <p>The Hong Kong Tourism Board (HKTB) will continue its partnership with Mainland cities (especially those in the Pan-Pearl River Delta region) and Macao in promoting “multi-destination itineraries”. Furthermore, as at the end of 2013, the HKTB has been working with travel agents from 29 cities in the Mainland to promote “Quality and Honest Hong Kong”</p> | <p>LegCo Panel paper no. CB(1)2301/09-10(05) “Framework Agreement on Hong Kong/Guangdong Co-operation – Tourism Co-operation” issued in June 2010.</p> <p>LegCo Panel paper no. CB(1)899/13-14(03) “Hong Kong Tourism Board Work Plan for 2014-2015” issued in February 2014. (Note: including HKTB’s promotional efforts in the Mainland)</p> |

| Scope of Work | Progress | Relevant Documents issued to the LegCo by the Administration |
|---------------|---|--|
| | <p>(Q&H) tour products. At the same time, the HKTB has been cooperating with major Mainland online travel portals to set up online counters with country-wide coverage promoting Q&H tours.</p> <p>In 2014-15, the HKTB will continue to focus efforts on consumer education before peak travel seasons, and to launch more high-quality tourism products in collaboration with the trade to provide consumers with more choices.</p> | |

The work to promote co-operation between the two places is on-going. The relevant manpower and expenditure have been subsumed within the establishment and provision of the Bureau and relevant departments and organisations. It is difficult to quantify them separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2407)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 36):

As regards the promotion of manpower development of the retail industry, in particular the sector greeting visitors under the Individual Visit Scheme, please give an account of the specific measures to be implemented in enhancing the image of the retail industry with details on the relevant resources to be provided .

Asked by: Hon. IP LAU Suk-ye, Regina

Reply:

In the Budget Speech 2014-15, the Financial Secretary has announced acceptance of the recommendations of the Task Force on Manpower Development of the Retail Industry and pursuit of the following implementation measures –

- (a) supporting retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity;
- (b) assisting the Vocational Training Council in strengthening vocational education and training with reference to the Specifications of Competency Standards for the Retail Industry (which was newly drawn up under the Qualifications Framework), including running retail courses through a professional institution and launching pilot courses combining classroom learning and work placement;
- (c) working with the industry to enhance the image of the trade; and
- (d) providing targeted recruitment and employment services and organising large-scale and district-based job fairs dedicated to the retail industry.

The Government has allocated \$130 million to add to existing resources to take forward the above measures.

On enhancing the image of the trade, we would work with the industry and draw in professional input on how to craft the messages to the public and target audiences, such as youngsters and parents, with the possible use of industry role models. A dedicated campaign may be launched. We will shortly consult the Panel on Commerce and Industry on the detailed proposal.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)064****(Question Serial No. 2410)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 40):

Regarding the 15% increase in the estimate for subvention to the Hong Kong Tourism Board of the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch), please provide details of:

- (1) the distribution of the additional resources;
- (2) the amount of resources allocated to improving the facilitating measures on the Individual Visit Scheme.

Asked by: Hon. IP LAU Suk-ye, Regina

Reply:

The Government plans to provide the Hong Kong Tourism Board (HKTB) with \$655.7 million of subvention in 2014-15, which is \$85.5 million higher than the revised estimate for 2013-14, to subsidise the HKTB's marketing and operational costs incurred locally and in visitor source markets. The increase in funding is used for meeting the expenditure incurred by launching an image-boosting marketing campaign in core markets, adding new elements to mega events and supporting Meetings, Incentive Travels, Conventions and Exhibitions (MICE) events and activities, etc. The breakdown is shown below:

| Item | Estimated new expenditure in 2014-15 |
|---|---|
| Launching an image-boosting marketing campaign in core markets: An additional funding of \$10 million per annum in the next 5 years for promotions through newspapers, television networks, digital media and other public relations channels in core markets to strengthen Hong Kong's image as the preferred travel destination. | \$10 million |

| Item | Estimated new expenditure in 2014-15 |
|---|---|
| Adding new elements to mega events: An additional funding of \$25 million per annum in the next 2 years to strengthen even further its popular mega events, including the Wine and Dine Festival, the New Year Countdown Celebrations and the Chinese New Year Night Parade. In 2014-15, the additional funding will be spent mainly on introducing the 3D projection mapping show during mega events. | \$25 million |
| Supporting MICE events and activities: Including the recurrent funding of \$30 million and the additional funding of \$15 million per annum in the next 3 years, mainly for providing more attractive and targeted supporting services and hospitality offers for MICE organisers and participants. | \$45 million |
| Marketing of the HKTB's events and other contingent operating purposes | \$5.5 million |
| Total | \$85.5 million |

The HKSAR Government will enhance our overall capacity to receive tourists on various fronts, with a view to ensuring the healthy and sustainable development of our tourism industry in the medium to long run.

For hotel, the HKSAR Government is identifying feasible ways for the gradual release of the 6 sites facing Victoria Harbour within the “hotel belt” adjacent to the Kai Tak Cruise Terminal to the market starting from the end of next year. Also, the hotel project at the Murray Building site has been successfully tendered. Upon commissioning, this hotel, together with the Ocean Hotel in the Ocean Park and the third hotel in the Hong Kong Disneyland, will provide altogether over 1 500 rooms, offering more diverse and novel choices of quality hotel accommodation.

On tourist facilities, the construction of the waterpark at Tai Shue Wan in the Ocean Park and the “Iron Man Experience” in the Hong Kong Disneyland has commenced by phases. The terminal building and the first berth of the Kai Tak Cruise Terminal came into operation last June. Cruise lines and passengers have found the Terminal’s facilities and services satisfactory. With construction works now in the final stage, the second berth is planned to be commissioned this year. The HKSAR Government will also develop the “Kai Tak Fantasy” and Lantau into 2 specialised tourism clusters to attract high value-added visitor segments to visit Hong Kong: “Kai Tak Fantasy” – International Ideas Competition on Urban Planning and Design is now under way, and it is our target to develop the site into a spectacular world-class tourism, entertainment and leisure hub.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2116)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (1) Director of Bureau's Office

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 3):

1. Please give a breakdown of the actual expenditure on salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Secretary in 2013-14, as well as the estimate for salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Secretary in 2014-15.

2. Please give a breakdown of the actual expenditure on salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Under Secretary in 2013-14, as well as the estimate for salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Under Secretary in 2014-15.

3. Please give a breakdown of the actual expenditure on salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Political Assistant in 2013-14, as well as the estimate for salaries, regularly-paid allowances, job-related allowances and non-accountable entertainment allowance payable to the Political Assistant in 2014-15.

Asked by: Hon. KWOK Ka-ki

Reply:

The revised estimates for the salary in respect of the positions of Secretary for Commerce and Economic Development (SCED), Under Secretary for Commerce and Economic Development (USCED) and Political Assistant (PA) to SCED for 2013-14 are \$3.38 million, \$1.01 million (since 16 October 2013) and \$1.18 million respectively. For budgetary purposes, the provisions for the salary in respect of the positions of SCED, USCED and PA to SCED for 2014-15 are \$3.38 million, \$2.2 million and \$1.18 million respectively.

In 2013-14 and 2014-15, this Bureau has no expenditure and estimate on regularly-paid allowances, job-related allowances and non-accountable entertainment allowance for SCED, USCED and PA to SCED.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 4211)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (7) Subvention: Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No.236):

It is noted in the Budget Speech that the Administration would allocate an additional \$45 million to the HKTB to service conventions and exhibitions of various scales and types in the coming three years. What are the details?

Asked by: Hon. KWOK Ka-ki

Reply:

In the 2014-15 Budget, the Government proposed allocating an annual additional provision of \$15 million to the Hong Kong Tourism Board (HKTB) for the next 3 years to provide more attractive and targeted supporting services and hospitality offers for organizers and participants of the MICE (meetings, incentive travels, conventions and exhibitions) events. The HKTB will make good use of this additional funding to enhance the existing hospitality offers for MICE event organizers so as to increase Hong Kong's competitiveness in bidding for international MICE events. HKTB will focus on strengthening the bidding of 3 types of MICE events, including large-scale conventions and corporate meetings, small-scale international conventions with strategic value in enhancing Hong Kong's brand image, and small to medium-sized exhibitions with potential of turning into recurrent ones. These MICE events are expected to attract more high-spending visitors to Hong Kong and to take place in various types of MICE venues in Hong Kong. The content of the supporting services and hospitality offers for an individual MICE event depends on various factors, including the scale and type of the event as well as the needs of the event organizer concerned.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0964)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: -

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 43):

It is mentioned in the Budget that the Administration “will also assist the Vocational Training Council (VTC) in strengthening its vocational education and training with reference to the Specifications of Competency Standards for the Retail Industry that was newly drawn up under the Qualifications Framework (QF). This includes running retail courses through a professional institution and launching pilot courses combining classroom learning and work placement.” In this connection, could the Administration inform this Committee of:

- (a) the professional institutions responsible for running these pilot courses; the contents, modes of learning, admission targets and numbers of places of the courses; the ratio of the time to be spent on classroom learning to that on work placement;
- (b) the estimated additional manpower to be brought about by the pilot courses to the retail industry;
- (c) whether a review period has been set for the implementation of the pilot courses; if yes, the time and the way to assess their effectiveness; if not, the reasons for that; and
- (d) the estimated number of staff responsible for handling matters relating to the implementation of the pilot courses and the additional expenditure involved.

Asked by: Hon. KWOK Wai-keung

Reply:

In the Budget Speech 2014-15, the Financial Secretary has announced acceptance of the recommendations of the Task Force on Manpower Development of the Retail Industry and pursuit of the following implementation measures –

- (a) supporting retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity;

- (b) assisting the Vocational Training Council (VTC) in strengthening vocational education and training with reference to the Specifications of Competency Standards for the Retail Industry (which was newly drawn up under the Qualifications Framework), including running retail courses through a professional institution and launching pilot courses combining classroom learning and work placement;
- (c) working with the industry to enhance the image of the trade; and
- (d) providing targeted recruitment and employment services and organising large-scale and district-based job fairs dedicated to the retail industry.

The Government has allocated \$130 million to add to existing resources to take forward the above measures.

We are discussing with the VTC and industry on the detailed parameters, to ensure that the courses will meet the industry needs and be attractive to youngsters. We will shortly present the detailed proposal to the Panel on Commerce and Industry and the Finance Committee to seek support for early launching of the courses.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2337)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 19):

In 2014-15, does the Administration have any plans for nurturing emerging industries and supporting small and medium enterprises (SMEs)? What is the estimated expenditure required for supporting SMEs?

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

Nurturing Emerging Industries

Creative Industries

The Create Hong Kong Office (CreateHK) under the Communications and Technology Branch of the Commerce and Economic Development Bureau will continue to provide financial support through the CreateSmart Initiative (CSI) and the Film Development Fund (FDF) for projects that are conducive to the development of creative industries.

The Design-Business Collaboration Scheme under the CSI aims at encouraging SMEs to use more local design services to add value to their products or services. The FDF partially finances the production of small-to-medium budget films. The amount of funding or financing granted under the two schemes may vary from case to case depending on the actual circumstances. To step up efforts to facilitate the development of creative industries, we obtained the funding approval of the Finance Committee of the Legislative Council in May last year to inject an additional \$300 million into the CSI.

We will also continue to support the operation of the Hong Kong Design Centre (HKDC), provide funding support for the HKDC to organise the Business of Design Week and the HKDC Awards, and support the HKDC in operating the second phase of the Design Incubation Programme (DIP) with a view to promoting the development of the local design sector. CreateHK provides funding for the operation of the DIP. Each incubatee receives funding support of up to \$500,000 over the

two-year incubation period, and the incubatees admitted are mostly SMEs. We expect to recruit 60 incubatees in three years under the second phase of the DIP. As at end February 2014, the HKDC has recruited 42 incubatees and will continue to nurture design start-ups according to the actual circumstances.

Radio Television Hong Kong (RTHK) has launched Television (TV) Programme Commissioning for more than 10 years to provide a platform for new local producers to showcase their productions, including documentary, drama and animation, through RTHK's programming hours and help inject creativity to and foster talents for Hong Kong's broadcasting industry. In 2013-14, the estimated transmission hours of commissioning programmes would be around 26.5 hours and the budget is around \$14.1 million. In 2014-15, the estimated transmission hours and the budget for commissioning programmes would be roughly the same as the current financial year.

Innovation and Technology

The Government is committed to promoting the collaboration among the Government, industry, academia and research sector for the development of innovation and technology in Hong Kong through the provision of hardware and software support. On hardware, we provide infrastructure to technology-based companies mainly through the Hong Kong Science Park. On software, we provide funding for projects that contribute to innovation and technology upgrading in industry through the Innovation and Technology Fund (ITF).

The Small Entrepreneur Research Assistance Programme (SERAP) under the ITF provides funding support on a dollar-for-dollar matching basis for small technology-based companies (i.e. with less than 100 employees) to undertake in-house research and development (R&D), with the government funding ceiling of \$6 million per project. Having reviewed SERAP and taken into account all the relevant factors, we propose to set up an Enterprise Support Scheme to replace SERAP. The new scheme will be more attractive than the existing one, e.g. with the government funding ceiling for each project raised from \$6 million to \$10 million.

Meanwhile, to render stronger support to downstream R&D and commercialisation activities, we will extend the scope of the ITF to cover development work and system integration, industrial design, compliance testing and clinical trials, etc., allowing full exploitation of the technological edge of local industries.

Moreover, to encourage students and professors from the designated universities to start technology businesses and commercialise their R&D results, we propose to set up a new scheme to provide funding support for technology startups through the ITF, initially for three years from 2014-15, and an annual funding of up to \$24 million would be provided to the 6 designated universities.

Supporting the Development of SMEs

The Government attaches great importance to the development of SMEs. We review the various support measures from time to time in order to provide adequate and timely support to SMEs.

The 2014-15 Budget announced that the Government will continue to implement various existing measures and launch new initiatives to support SMEs as follows:

- (1) The Hong Kong Mortgage Corporation Limited (HKMC) launched the special concessionary measures under its existing SME Financing Guarantee Scheme (SFGS) on 31 May 2012 to provide 80% loan guarantees at concessionary fee rates. The Government provides a total loan guarantee commitment of \$100 billion. The special concessionary measures are time-limited special measures. The original application period was 9 months, which was later extended for one year up to the end of February 2014. In the light of the prevailing uncertain

external economic environment, the Government has further extended the application period of the special concessionary measures for one more year up to the end of February 2015 to continue to assist enterprises in obtaining financing in the commercial lending market. Extension of the application period does not involve additional government resources.

- (2) The Hong Kong Export Credit Insurance Corporation (ECIC) has launched a "Small Business Policy" (SBP) scheme for Hong Kong enterprises with an annual business turnover of less than \$50 million since 1 March 2013, providing exporters with more flexibility in taking out insurance cover. Within two years from 1 March 2013, SBP policyholders will enjoy waiver of the annual policy fee and up to 20 per cent premium discount. In 2014-15, the ECIC will continue to launch the SBP scheme. This measure is launched within the ECIC's overall budget, and does not involve Government resources.
- (3) The Government has earmarked \$50 million to support retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity. This would help manage manpower demand of the retail industry.
- (4) In 2014-15, the Office of the Government Chief Information Officer has earmarked \$3 million under Programme (3) IT in the Community of Head 47 to launch a Cloud Promotion Campaign, which would comprise training and promotional activities, to encourage SMEs to adopt cloud computing services in enhancing their productivity.
- (5) The HKMC will continue to implement the Microfinance Scheme in 2014-15 to assist persons who may wish to start their own business but cannot do so due to a lack of financial means or difficulties in obtaining loans from traditional finance sources. The tentative maximum aggregate loan amount of the scheme is \$100 million. The HKMC is responsible for the relevant loan funding and all administrative expenses; the Microfinance Scheme does not involve any expenditure of the Government.
- (6) The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched on 25 June 2012 to provide funding support to Hong Kong enterprises and non-profit-distributing organisations to assist enterprises in enhancing their competitiveness and facilitating their business development in the Mainland. We will continue to implement the BUD Fund in 2014-15. Provision for the BUD Fund is provided under Programme (3) Support for Small and Medium Enterprises and Industries of Head 181 Trade and Industry Department. The estimated expenditure of the BUD Fund in 2014-15 is \$107.4 million.

In addition, the Hong Kong Trade Development Council (HKTDC) has been actively expanding its Design Gallery network in the Mainland since last year to provide platforms for Hong Kong enterprises, particularly small and medium enterprises to showcase their products and build up greater awareness of Hong Kong brands in the Mainland. The HKTDC opened new Design Gallery shops in Qingdao in August 2013 and in Shanghai in March 2014 respectively. In addition, the HKTDC collaborated with department stores in the Mainland to open a series of Design Gallery "shops-in-shop" inside the stores. The first "shop-in-shop" was opened in Shanghai in March 2013. A total of four additional "shops-in-shop" were subsequently opened in Wuhan, Shanghai and Beijing in the rest of 2013. In 2014-15, the HKTDC plans to open more new Design Gallery shops in major cities in East and West China, and continue to collaborate with department stores in the Mainland to open more "shops-in-shop" in cities such as Shenyang, Chengdu, Chongqing, Beijing and Shanghai. The HKTDC's relevant budget in 2014-15 is around \$15 million.

- (7) Developing creative clusters is one of the Government's strategies for promoting the development of local creative industries. CreateHK will continue to draw on the existing resources of the CreateSmart Initiative under Programme (1) Broadcasting and Creative

Industries of Head 55 Government Secretariat: Commerce and Economic Development Bureau (Communications and Technology Branch) to provide the trade and relevant bodies with funding support for organising activities to support the development and promotion of creative clusters such as the Comix Home Base, PMQ, etc. Create Hong Kong has earmarked \$850,000 to provide sponsorship to the Comix Home Base and PMQ in 2013-14 and 2014-15 for producing tourist guide maps and promotional materials, as well as organising small-scale exhibitions at Government venues to promote local creative clusters.

In addition, the Trade and Industry Department will continue to assist small and medium enterprises in obtaining finance, exploring markets and enhancing the overall competitiveness through the three existing SME funding schemes, namely the SME Loan Guarantee Scheme (SGS), the SME Export Marketing Fund (EMF) and the SME Development Fund (SDF) under Programme (3) Support for Small and Medium Enterprises and Industries of Head 181. In 2014, it is estimated that a total of around \$1.35 billion loan guarantees would be issued under the SGS, and grants of around \$280 million and \$24.7 million would be approved under the EMF and the SDF respectively.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 2357)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (9) Subvention: Competition Commission

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 39):

It is mentioned under *Matters Requiring Special Attention in 2014-15* of this Programme that the Administration will conduct publicity programme to promote public understanding of and compliance with the Competition Ordinance. Would the Administration advise this Committee on the specific publicity programme? What is the financial commitment required? What is the expected objective?

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

In 2014-15, the priority of the Competition Commission (Commission) is to conduct consultation on various documents required to be prepared under the Competition Ordinance (the Ordinance), including guidelines on the competition rules, complaint handling and investigations. The Commission has engaged legal consultants to advise on the preparation of these documents required for the commencement of the Ordinance. The Commission's plan is to conduct promotion of the Ordinance, and engage members of the public and various sectors on what the Commission should take into account when formulating the guidelines. The Commission expects that such promotion and discussions will enhance public understanding of the Ordinance, enable small and medium enterprises and other sectors to have a better grasp of the provisions of the Ordinance and their implementation details, as well as to facilitate their making of necessary preparation for the full implementation of the Ordinance.

The Commission plans to start the relevant work in the first half of 2014 and, depending on work progress, consult the Legislative Council on the relevant documents before end of 2014. The Government's proposed allocation for the Commission in 2014-15 is \$83.9 million. The Commission's estimated budget for 2014-15 includes a budgetary item of \$6.2 million for publicity expenses, but the figure does not include staff costs or other general expenses which cannot be separately itemised.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 2358)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (9) Subvention: Competition Commission

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 40):

It is mentioned under *Matters Requiring Special Attention in 2014-15* of this Programme that the Administration will encourage the business community to develop risk management systems, good practices and internal controls as tools to achieve compliance with the Competition Ordinance. Would the Administration advise this Committee on the specific plan for facilitating communication with the business community? What is the financial commitment required? What is the expected objective?

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

In 2014-15, the priority of the Competition Commission (Commission) is to conduct consultation on various documents required to be prepared under the Competition Ordinance (the Ordinance), including guidelines on the competition rules, complaint handling and investigations. The Commission has engaged legal consultants to advise on the preparation of these documents required for the commencement of the Ordinance. The Commission's plan is to conduct promotion of the Ordinance, and engage members of the public and various sectors on what the Commission should take into account when formulating the guidelines. The Commission expects that such promotion and discussions will enhance public understanding of the Ordinance, enable small and medium enterprises and other sectors to have a better grasp of the provisions of the Ordinance and their implementation details, as well as to facilitate their making of necessary preparation for the full implementation of the Ordinance.

The Commission also plans to discuss with the business community on how to develop risk management systems, good practices and internal controls as tools to achieve compliance with the Ordinance and the guidelines.

The Commission plans to start the relevant work in the first half of 2014 and, depending on work progress, consult the Legislative Council on the relevant documents before end of 2014. The Government's proposed allocation for the Commission in 2014-15 is \$83.9 million. The Commission's estimated budget for 2014-15 includes a budgetary item of \$6.2 million for publicity expenses, but the figure does not include staff costs or other general expenses which cannot be separately itemised.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1817)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry, (3) Subvention: Hong Kong Trade
Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 7):

During 2014-15, the Commerce, Industry and Tourism Branch will strengthen efforts to promote the business advantages of Hong Kong in the Mainland, Taiwan and ASEAN as well as to attract more multinational companies to set up regional or global operations in Hong Kong. Would the Administration please inform this Committee of the details of work, the expenditure incurred, manpower requirements and the effectiveness of such efforts in the past year? What economic benefits have been brought to Hong Kong?

Asked by: Hon. LAM Tai-fai

Reply:

In 2013-14, Invest Hong Kong (InvestHK) conducted investment promotion work in the Mainland, Taiwan and the Association of Southeast Asia Nations (ASEAN) markets, with the support of its eight sector teams in the head office and six Investment Promotion Units (IPUs) based in the Hong Kong Economic and Trade Offices on the Mainland and in Singapore, the Beijing Office and the Hong Kong Economic, Trade and Cultural Office in Taiwan, as well as the overseas consultant based in Malaysia, to attract more companies from these markets to set up or expand their operations in Hong Kong.

For the Mainland market, InvestHK has organised investment promotion seminars to reach out to privately-owned enterprises in high-growth Mainland cities, including Wuhan, Zhengzhou, Wuxi, Xiamen, Guangzhou, Guiyang, Nanning, Haikou, Changsha, Dalian, Changchun and Harbin, in collaboration with the Mainland authorities and business associations to promote Hong Kong as an ideal platform for Mainland companies to go global. InvestHK has also conducted investment promotion visits in various Mainland cities, and provided Mainland companies in Hong Kong with aftercare services to facilitate the expansion of their operations.

As regards the Taiwan market, InvestHK has reached out to a wide spectrum of Taiwan companies to provide them with the necessary support in setting up or expanding their operations in Hong Kong. Apart from organising seminars in and conducted investment promotion visits to various Taiwan cities in partnership with different Taiwan business associations, InvestHK has also held networking reception in Hong Kong for the representatives of the Taiwan companies as well as maintained close liaison with the Taiwan business community in Hong Kong while providing them with aftercare support.

For the ASEAN markets, InvestHK has conducted various investment promotion visits to and organised seminars in target markets, including Brunei, Singapore and Thailand, to promote Hong Kong's business advantages and to attract more companies in setting up business in Hong Kong. To better support the investment promotion work in the ASEAN markets, InvestHK has strengthened its staffing complement in the investment promotion unit at the Economic and Trade Office in Singapore in early 2014.

The estimated actual expenditure incurred in 2013-14 for conducting investment promotion activities in the Mainland, Taiwan and the target ASEAN markets is around \$7.6 million. This figure does not include staff cost or general marketing and promotion expenses which cannot be separately itemised. In 2013, InvestHK completed a total of 71 investment projects from the Mainland, 7 from Taiwan and 8 from ASEAN. These projects created around 1 200 jobs within the first year of operation or expansion of the companies concerned.

CONTROLLING OFFICER'S REPLY**(Question Serial No.1818)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (000) Operational expenses

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 8):

In 2014-15, the Commerce, Industry and Tourism Branch will continue to oversee discussions or negotiations with trading partners on enhancing economic cooperation, including but not limited to entering into bilateral investment promotion and protection agreements. Please tabulate the places that have entered into bilateral economic cooperation agreements with Hong Kong. What are the details of relevant work in the past, the expenditure involved, manpower arrangements and results achieved? What are the destinations of duty visits planned for 2014-15 and the expenditure and manpower involved?

Asked by: Hon. LAM Tai-fai

Reply:

Details of the bilateral economic cooperation agreements signed by Hong Kong and its trading partners in recent years are as follows:

(1) Investment Promotion and Protection Agreements (IPPAs)

| Economies | Signing Date | Effective Date | Effectiveness |
|---------------------------------|---------------------|-----------------------|--|
| Netherland | November 1992 | September 1993 | Investment promotion and protection agreements (IPPAs) aim at enhancing mutual investment flows and domestic economic growth. On the one hand, these agreements strengthen overseas investors' confidence in investing in Hong Kong, ensuring that their investments in Hong Kong receive fair treatment and |
| Australia | September 1993 | October 1993 | |
| Denmark | February 1994 | March 1994 | |
| Sweden | May 1994 | June 1994 | |
| Switzerland | September 1994 | October 1994 | |
| New Zealand | July 1995 | August 1995 | |
| Italy | November 1995 | February 1998 | |
| France | November 1995 | May 1997 | |
| Germany | January 1996 | February 1998 | |
| Belgo-Luxembourg Economic Union | October 1996 | June 2001 | |
| Austria | October 1996 | October 1997 | |
| Japan | May 1997 | June 1997 | |

| Economies | Signing Date | Effective Date | Effectiveness |
|------------------|---------------------|-----------------------|--|
| Korea | June 1997 | July 1997 | full protection. On the other hand, these agreements ensure that Hong Kong investors enjoy similar treatment and protection overseas. These agreements reinforce Hong Kong's role as an investment centre. |
| United Kingdom | July 1998 | April 1999 | |
| Thailand | November 2005 | April 2006 | |
| Finland | July 2009 | March 2014 | |
| Kuwait | May 2010 | September 1994 | |

(2) Free Trade Agreements (FTAs)

| Name of Agreement | Signing Date | Effective Date | Effectiveness |
|--|---|---|--|
| Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) | Main text and six annexes were signed in June 2003 and September 2003 respectively. (In addition, 10 supplements were signed between 2004 and 2013) | Immediately effective after signing | CEPA and the supplements signed afterwards enhanced the trade relations in goods and services and promoted trade and investment facilitation between the two places. |
| Hong Kong, China – New Zealand Closer Economic Partnership Agreement | March 2010 | January 2011 | Other than CEPA, the Agreement is Hong Kong's first FTA with another economy. With liberalisation measures on both trade in goods and services, the Agreement facilitates trade in goods and services between Hong Kong and New Zealand, opens up new business opportunities, and provides better protection to bilateral trade. |
| Free Trade Agreement between Hong Kong and the Member States of the European Free Trade Association (EFTA) | June 2011 | October 2012 (for the part between Hong Kong, Iceland, Liechtenstein and Switzerland); November 2012 (for the part between Hong Kong and Norway) | The Agreement provides better access for Hong Kong's goods and services to the EFTA States and opens up new business opportunities. Hong Kong traders and investors can use this new platform to establish and expand their business in the northern and western European markets. |

| Name of Agreement | Signing Date | Effective Date | Effectiveness |
|---|---------------------|------------------------------------|-------------------------------------|
| Free Trade Agreement between Hong Kong, China and Chile | September 2012 | Agreement has not come into effect | Agreement has not come into effect. |

(3) Trade and Economic Cooperation Arrangements/ Economic and Technology Cooperation Agreements

| Economies | Signing Date | Effective Date | Effectiveness |
|------------------|---------------------|-------------------------------------|---|
| Peru | November 2008 | Immediately effective after signing | These arrangements/agreements aim at facilitating and promoting bilateral trade and economic cooperation. The agreements covered trade in goods, trade in services, investment, small and medium enterprise cooperation, tourism, etc. Since the signing of the trade and economic cooperation arrangements/economic and technology cooperation agreements, liaison in various fields and economic cooperation between Hong Kong and the relevant trading partners have become closer, effectively facilitating trade and investment. |
| Malaysia | December 2009 | Immediately effective after signing | |
| Kuwait | May 2010 | June 2012 | |
| Thailand | February 2013 | Immediately effective after signing | |

Work relating to enhancing economic cooperation with trading partners is part of the overall work of commercial relations and has been subsumed under the overall work of the Commerce and Economic Development Bureau and the Trade and Industry Department. It is thus difficult to account for the expenditure and manpower involved separately.

In 2014-15, the Bureau will continue to oversee discussions or negotiations with trading partners on enhancing economic cooperation. Specific discussions and negotiations are mainly undertaken by the Trade and Industry Department. The relevant officials will visit a number of places, including the Mainland, member states of the Association of Southeast Asian Nations and other emerging markets. The expenditure of duty visits has been subsumed within the provision of TID.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)073****(Question Serial No. 1819)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-)

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 9):

In 2014-15, the Commerce, Industry and Tourism Branch will continue to oversee efforts for seeking better market access and facilitation of trade and investment in the Mainland through the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), and for ensuring effective implementation of measures announced. What were the details of the relevant work, the expenditure involved, the manpower deployed and the effectiveness in the past?

Asked by: Hon. LAM Tai-fai

Reply:

The HKSAR Government is committed to assisting Hong Kong services in accessing the Mainland market through the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), by seeking various preferential and facilitation measures for the trade, lowering the entry threshold and relaxing the scope of services, etc. In August last year, the Mainland and Hong Kong signed Supplement X to CEPA to further strengthen the economic and trade cooperation between the two places. The HKSAR Government will continue to strive to further open up the Mainland market for Hong Kong services sectors by broadening and deepening the scope of liberalisation.

The HKSAR Government also attaches great importance to the effective implementation of CEPA. We have been working closely with the Mainland authorities at central, provincial and municipal levels to address and follow up on problems encountered by Hong Kong enterprises in using CEPA liberalisation measures in the Mainland. Last year, the HKSAR Government and the Ministry of Commerce set up a joint working group to further enhance the mechanism for implementation of CEPA measures. The joint working group convened meetings in June and December respectively in Guangdong and Shanghai to discuss the problems encountered by the trade in using CEPA at provincial and municipal levels and achieved positive outcome. In future, Hong Kong and the Mainland will continue to work closely to assist the trade in making better use of CEPA liberalisation measures and gaining greater access to the Mainland market.

Apart from providing free information and advisory services on CEPA, the Trade and Industry Department (TID) has established a notification mechanism with the Mainland authorities to disseminate information in relation to the promulgation of relevant regulations and implementation details on its CEPA website for the trade's reference.

The CEPA-related work outlined above is carried out by different government agencies. The Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) is responsible for the overall policy on CEPA; TID oversees bilateral discussions on further liberalisation and implementation of liberalisation measures under CEPA; and individual bureaux and departments deal with liberalisation and specific implementation issues in the relevant service sectors. The manpower and financial resources involved in the work are absorbed by relevant bureaux or departments. We do not have information on the actual amount.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)074****(Question Serial No. 1820)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (1) Director of Bureau's Office, (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 10):

During 2014-15, the Commerce, Industry and Tourism Branch will continue to maintain close communication with the Mainland authorities and assist the trade to adjust to changes in Mainland's policies on processing trade. What were the details, expenditure involved, manpower arrangements and effectiveness of the relevant work taken by the Administration in the past? Will the restriction of section 39E of the Inland Revenue Ordinance (IRO) be relaxed in an effort to facilitate the trade? If yes, what are the details, expenditure involved and manpower arrangements? If no, what are the reasons?

Asked by: Hon. LAM Tai-fai

Reply:

In 2013-14, the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau encouraged and assisted Hong Kong enterprises of various industries in upgrading and restructuring, relocating their operations and opening up new markets so as to adjust to changes in the Mainland's policy on processing trade through the following work:

- maintaining close dialogue with the trade through various channels, so as to understand the trade's concerns and views; and maintaining close liaison with the Mainland authorities at various levels (including through the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade) to relay to them the trade's views and to discuss with them support measures for the trade;
- disseminating information to Hong Kong enterprises by means of circulars and newsletters, and organising activities such as symposiums and seminars through the Trade and Industry Department (TID) and our Mainland Offices to enhance the trade's understanding of the Mainland's new policies, legislation and business environment. TID's website includes a dedicated page on economic and trade information of the Mainland, with hyperlinks to the economic and trade websites of about 200 Mainland authorities. This platform facilitates Hong Kong enterprises in getting access to economic and trade information of the Mainland;

- organising promotional activities and trade fairs and organising delegations to visit the Mainland through the Hong Kong Trade Development Council (HKTDC), with a view to enhancing the trade's understanding of Mainland policies and market development;
- providing Hong Kong enterprises with support services on technological upgrading, management improvement, branding and market development, etc., and Mainland market information through the HKTDC and the Hong Kong Productivity Council, etc.;
- with regard to financial support, assisting small and medium enterprises (SMEs) through the on-going "SME Funding Schemes" in areas such as market promotion, acquisition of equipment, upgrading of operational and technical skills, business restructuring and relocation;
- continuing to implement the Dedicated Fund on Branding, Upgrading and Domestic Sales launched on 25 June 2012 to provide funding support to individual enterprises and non-profit-making organisations, so as to assist enterprises in enhancing their competitiveness and facilitating their business development in the Mainland and capturing the vast opportunities arising from the National 12th Five-year Plan;
- arranging trade missions led by the Chief Executive to Chongqing, Guangxi and Fujian in September 2013, November 2013 and January 2014 respectively to deepen the trade's understanding about the latest developments and investment opportunities in Mainland cities and facilitate exchanges and cooperation between Hong Kong and local enterprises;
- arranging our Mainland Offices to collaborate with trade associations and other organisations to organise "Hong Kong Week" promotional events in the Mainland in order to promote Hong Kong products and services, with a view to assisting Hong Kong enterprises in building up their brand image and exploring the domestic market; and
- through the expansion of the network of Design Gallery shops in the Mainland by the HKTDC, providing platforms for Hong Kong enterprises, particularly SMEs, to showcase their products and build up greater awareness of Hong Kong brands in the Mainland.

The Mainland authorities have responded positively to many proposals of the Government and the trade. Various facilitation and support measures have been launched, including the implementation of "restructuring without stopping production", "consolidated tax return for multiple domestic sales" and streamlining procedures for outward processing.

According to the latest figures provided by the Guangdong Provincial Government, there were about 11 000 enterprises engaged in processing trade (which are not legal persons) as at the end of 2012, of which 7 128 have successfully been restructured into one of the three types of foreign-funded enterprises (about 90% of them are Hong Kong enterprises).

In 2014-15, we will continue to implement the above measures to support Hong Kong enterprises operating in the Mainland, and assist the trade to adjust to changes in the Mainland's policy on processing trade through industrial restructuring and upgrading, relocating their operations and opening up new markets, etc.

The manpower and expenditure of the above-mentioned work have been subsumed within the establishment and provision for this Bureau and relevant departments and organisations. It is difficult to quantify them separately.

We note that in recent years Mainland enterprises set up by Hong Kong enterprises in the Pearl River Delta have undergone restructuring, and the trade has asked for relaxing the restriction in section 39E of the Inland Revenue Ordinance (IRO). We understand that in November 2010, the Financial Services and the Treasury Bureau completed a review on whether the restriction in section 39E of the IRO should be relaxed. In the light of Hong Kong's established taxation principles of "territorial source" and "tax symmetry" as well as the issues relating to transfer pricing, the conclusion of the review was that it was not justifiable to relax the restriction in section 39E of the IRO.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 1822)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (1) Director of Bureau's Office, (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 12):

During 2014–15, the Commerce, Industry and Tourism Branch will continue to provide secretariat services and relevant support to the Economic Development Commission (EDC). What are the details, expenditure involved, and manpower arrangements of the relevant work in the coming year? When will the recommendations put forward by the EDC be implemented? Which recommendations are under consideration?

Asked by: Hon. LAM Tai-fai

Reply:

Secretariat support for the Economic Development Commission (EDC) and two of its Working Groups (namely, the Working Group on Convention and Exhibition Industries and Tourism and the Working Group on Manufacturing Industries, Innovative Technology, and Cultural and Creative Industries) is provided by the Commerce and Economic Development Bureau. The relevant work is handled by existing manpower and an additional Senior Administrative Officer post (involving an annual additional expenditure of about \$1.15 million) created in April 2013. The other expenditure involved in providing secretariat support is absorbed by this Bureau's existing resources. It is difficult to quantify it separately. Secretariat support for the EDC's other two Working Groups (namely, the Working Group on Transportation and the Working Group on Professional Services) is provided by the Transport and Housing Bureau and the Development Bureau respectively.

Since their establishment, the EDC and its Working Groups have been in active operation and making good progress. Relevant Bureaux are coordinating closely with the Working Groups in following up on or conducting in-depth study of the subjects with which the Working Groups are concerned. The Working Group on Manufacturing Industries, Innovative Technology, and Cultural and Creative Industries has made a number of specific recommendations, including allowing more young design talents to attend overseas work attachment; further improving the current Innovation and Technology Fund; encouraging companies to employ research and development talents; and strengthening the incubation programmes, which have been endorsed by the EDC. The Government is planning for the implementation arrangements.

Separately, the Government has adopted the recommendation of the Working Group on Convention and Exhibition Industries and Tourism and commissioned a consultancy study in early 2014 to assess the demand for convention and exhibition facilities in Hong Kong in the coming 15 years, taking into account the situation in Hong Kong and the global and regional developments of the convention and exhibition industries. The consultancy study is expected to be completed in around mid 2014 and the estimated expenditure in 2014-15 is \$2.64 million. The Government also agreed with the recommendations made by the Working Group that we should accord our priority to attract visitors who would bring the largest economic benefits to Hong Kong as our preferred segments. In this connection, the Hong Kong Tourism Board (HKTB) will actively pursue its marketing and promotion strategies in targeting our preferred segments in 2014-15. The budgetary expenditure on the relevant promotional work has been subsumed into the overall promotional budget of the HKTB for 2014-15 and we do not have further breakdown on this front. In addition, the Government has adopted the recommendation of the Working Group to develop “Kai Tak Fantasy” and Lantau into specialized tourism clusters by bringing in new tourist attractions and facilities, such as hotels, restaurants and shopping centres. The related work involves various bureaux and departments, and the expenditure and budget involved have been correspondingly subsumed into the allocation to relevant bureaux/departments in 2014-15 which are difficult to quantify separately.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 1823)**

| | | | |
|---------------------------------------|--|------|-----------------|
| <u>Head:</u> | 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) | | |
| <u>Subhead (No. & title):</u> | (-) Not Specified | | |
| <u>Programme:</u> | (2) Commerce and Industry, (3) Subvention: Hong Kong Trade Development Council | | |
| <u>Controlling Officer:</u> | Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG) | | |
| <u>Director of Bureau:</u> | Secretary for Commerce and Economic Development | | |
| <u>This question originates from:</u> | Estimates on Expenditure Volume | Page | (if applicable) |

Question (Member Question No. 13):

During 2014–15, the Commerce, Industry and Tourism Branch will continue to support the further development of wine-related businesses in Hong Kong. What were the details, expenditure involved, manpower arrangements of the relevant work? What economic benefits did the wine-related businesses bring to Hong Kong in the past 5 years?

Asked by: Hon. LAM Tai-fai

Reply:

Details of our efforts in 2014-15 to support the further development of wine-related businesses are given below –

- (a) trade and investment promotion: this Branch co-ordinates the organisation and promotion work of relevant agencies, including promotion events such as the Wine and Dine Festival and the International Wine and Spirits Fair. The Hong Kong Trade Development Council will further assist the industry in capitalising on potential markets not only on the Mainland but also those in the region. We will also assist the Hong Kong Quality Assurance Agency (HKQAA) in promoting on the Mainland its newly launched wine registration scheme, to underline Hong Kong traders' credibility and our role as a regional wine trading hub;
- (b) clearance facilitation: the Customs and Excise Department (C&ED) has obtained the in-principle agreement of Mainland Customs to relax the existing facilitation scheme for wines imported from Hong Kong. The relaxation gives Hong Kong registered exporters the flexibility in choosing their Mainland business partners. We will promote the scheme to the industry when details are confirmed;
- (c) manpower training and education: we will disseminate the results of a manpower survey to provide the latest market information to the industry and training providers, assisting them to run wine-related courses that satisfy the industry's needs;

- (d) combating counterfeit wine: C&ED's specialised investigation team will not only continue to ally with the industry to cooperate on intelligence collection and market monitoring, but also strengthen liaison with Mainland Customs with a dedicated intelligence exchange channel; and
- (e) wine storage: we will continue to assist the HKQAA in promoting its scheme for accrediting wine storage facilities. We will also take part in the Development Bureau's feasibility study on the long-term strategy for cavern development and explore the feasibility of providing for housing wine cellars in rock caverns.

We cope with the workload arising from the implementation of the above measures through re-deployment of existing resources. The related expenditure is subsumed under the establishment of and provision for this Branch. It is difficult to quantify such expenditure separately. Regarding the Wine and Dine Festival and the International Wine and Spirits Fair mentioned in (a) above, the costs are met through government subvention, charging of fees and commercial sponsorship.

The current statistics do not provide relevant compilation for assessing the economic benefits brought by wine-related businesses.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1825)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 15):

In 2014-15, the financial provision for Travel and Tourism earmarked by the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) is \$208.2 million, which represents a 7.2% decrease in the 2013-14 Original Estimate. What are the reasons? Are there any reductions in the expenditure on promotion and publicity in response to the enormous number of tourists in Hong Kong? If yes, what are the details? If no, what are the reasons?

Asked by: Hon. LAM Tai-fai

Reply:

The financial provision for Programme (6) for 2014-15 is 7.2% lower than the 2013-14 Original Estimate. This is mainly due to the transfer of recurrent funding for the promotion of Meetings, Incentive Travels, Conventions and Exhibitions events to Programme (7) Subvention: Hong Kong Tourism Board (HKTB), partly offset by the increased provision for the recurrent consequences arising from the full opening of the terminal building and ancillary facilities for the Kai Tak Cruise Terminal, increased cash flow requirement for non-recurrent expenditure, as well as the increased provision for salaries and allowances.

Under Programme (7), the core function of the HKTB is to promote Hong Kong globally as a leading international city in Asia and a world class tourist destination. The HKTB's estimated expenditure on promotion and publicity in 2014-15 is higher than that in 2013-14, and will not be affected by the decrease in provision in Programme (6).

CONTROLLING OFFICER'S REPLY**CEDB(CIT)078****(Question Serial No. 1827)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 17):

In the Budget Speech, the Financial Secretary said he appreciated that an excessive number or over-concentration of visitors might exert pressure on our society and that the Government should strive to ensure that there was sufficient capacity to receive visitors. When will the Government conduct a review on the matter? What are the details, the expenditure involved and the manpower arrangement? Regarding the Government's plan to increase tourists spots in the 18 districts across the territory in order to diverse visiting tourists, please advise on the plan's details, the expenditure required and when the district councils will be approached for consultation.

Asked by: Hon. LAM Tai-fai

Reply:

In response to the public concern about the impact of the continuous growth in visitor arrivals on the livelihood of the community, the HKSAR Government has comprehensively assessed Hong Kong's capacity to receive tourists. The Assessment Report on Hong Kong's Capacity to Receive Tourists was completed at the end of last year. On the basis that projected visitor arrivals would be over 70 million in 2017, the assessment suggests that Hong Kong would generally be able to receive the visitor arrivals in 2017. Hotel rooms, however, would continue to be in tight supply. The HKSAR Government will continue to increase the supply of hotel rooms through a multi-pronged approach, and to increase our capacity to receive tourists on various fronts. We will adopt the following three-pronged approach to facilitate the long-term and stable development of our tourism industry –

- (a) continuous enhancement of our capacity to receive tourists;
- (b) developing the "Kai Tak Fantasy" and Lantau into 2 specialised tourism clusters to attract high value-added visitor segments to visit Hong Kong; and
- (c) strengthening promotion of tourist attractions in different districts so as to offer more choices to the visitors and to help alleviate congestion at traditionally popular tourist areas.

Moreover, the Central Government had agreed not to increase the number of cities under the Individual Visit Scheme (IVS) nor expand the scope of the multiple-entry permit at the current stage. The HKSAR Government will continue to maintain close liaison with the Mainland and exchange views with them on a regular basis regarding the implementation and way forward for the IVS, and to attract Mainland visitors in an appropriate and orderly manner in the light of our economic and social conditions.

The assessment was coordinated by the Commerce and Economic Development Bureau, involving the policy bureaux and departments responsible for the above areas, including the Security Bureau, the Transport and Housing Bureau, the Immigration Department, the Hong Kong Police Force, the Customs and Excise Department, the Home Affairs Department and the Economic Analysis and Business Facilitation Unit. The financial resources incurred on the assessment work have been subsumed into the provision for 2013-14 for the relevant policy bureaux and departments. It is difficult to quantify such expenditure separately.

Apart from promoting major tourist attractions to visitors, the Tourism Commission (TC), in collaboration with the Hong Kong Tourism Board (HKTB), also encourages visitors to explore, visit and spend in different districts, so as to broaden the overall economic benefits brought about by the tourism industry to Hong Kong. In recent years, the HKTB has made use of different channels, including the Internet, social media, smartphone applications with augmented reality technology, pamphlets, etc., to promote a number of themed routes bundling various attractions in different districts. Examples include “Travel Through Time” of Central and Sheung Wan, “Evolution of a Fishing Village” of Shau Kei Wan, “A Popular Temple and a City Transformed” of Wong Tai Sin and Kowloon City, Yuen Long Ping Shan Heritage Trail, Fanling Lung Yeuk Tau Heritage Trail, etc.

To better utilise the tourism resources of each district and to encourage visitors to gain an in-depth and comprehensive understanding of the specialties and local living culture of various districts, the HKTB will strengthen the promotion of attractions in different districts in 2014-15, including setting up a dedicated webpage in a progressive manner to showcase various tourism offerings in the 18 districts. The webpage will feature unique historical attractions and buildings, living culture, dining delights, themed shopping streets and specialty markets, etc., so as to offer more choices to visitors.

The HKTB will also continue to encourage the travel trade to develop new and attractive themed tours taking visitors to explore and spend at different districts through the New Tour Product Development Scheme (the Scheme). As at the end of 2013, the Scheme has subsidised 12 themed tours, including the “Sham Shui Po Foodie Tour” which takes visitors on a local culinary journey, the “Six Senses Heritage Experience” which features a cycling tour in Yuen Long and a big bowl feast in the walled village. In 2014-15, the HKTB will continue to run the Scheme and encourage the travel trade to unleash their creativity and utilise the tourism resources of different districts.

The TC, the relevant departments and the HKTB carry out the above work with existing resources. No additional expenses and manpower are incurred.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)079****(Question Serial No. 1828)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 18):

In 2014-15, the Commerce, Industry and Tourism Branch will continue to support the promotion work of the Hong Kong Tourism Board in key source markets and its marketing efforts in new markets. Please list in a table the places where the promotion work will be carried out, the estimated expenditures and manpower involved.

Asked by: Hon. LAM Tai-fai

Reply:

To maintain a diverse visitor portfolio and uphold Hong Kong's image as Asia's World City and a world-class travel destination, the Hong Kong Tourism Board (HKTB) will continue to invest in 20 major visitor source markets in 2014-15, which altogether contribute over 95% of total visitor arrivals to Hong Kong. Of the HKTB's total marketing budget, 75% will be allocated to the international markets, and the remaining 25% to the Mainland market with the vast majority of which for attracting overnight visitors from non-Guangdong areas .

The HKTB's marketing budget in various visitor source markets is as follow:

| | 2014-15 proposed budget (\$ million) |
|---------------------------|---|
| Mainland China | 41.8 |
| Short-haul markets | 60.4 |
| Japan | 14.0 |
| Taiwan | 14.6 |
| South Korea | 14.0 |
| Singapore | 3.3 |
| The Philippines | 3.4 |
| Malaysia | 2.5 |
| Indonesia | 4.5 |
| Thailand | 4.2 |

| | 2014-15 proposed budget (\$ million) |
|--|---|
| Long-haul markets | 43.8 |
| The USA | 16.2 |
| Australia | 10.2 |
| The UK | 7.1 |
| Canada | 3.9 |
| Germany | 3.4 |
| France | 3.0 |
| New markets | 20.7 |
| India | 9.1 |
| Russia | 6.0 |
| Gulf Co-operation Council countries | 2.8 |
| Vietnam | 2.6 |
| The Netherlands | 0.2 |
| Total marketing budget for source markets | 166.7 |

Note: Due to rounding, the total may differ from the sum of individual figures.

The HKTB's promotions in various visitor source markets are mainly carried out by 16 worldwide offices and representatives in 8 markets.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1830)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 20):

In 2014-15, the Commerce, Industry and Tourism Branch will continue to develop the Kai Tak Cruise Terminal and work closely with the Advisory Committee on Cruise Industry to develop Hong Kong into a leading cruise hub in the region. What are the details of the work, expenditures and manpower involved in the past and 2014-15? What is the usage rate of the Terminal facilities? How many shops are there in the Terminal? How will the Administration draw in visitors when no cruise vessels are berthing at the Terminal?

Asked by: Hon. LAM Tai-fai

Reply:

The terminal operator has so far received 49 applications from cruise vessels to berth for about 88 days between January 2014 and the end of 2015. To maximise flexibility in the utilisation of the Kai Tak Cruise Terminal (the "Terminal"), the terminal building has adopted a wide span layout with fewer structural columns. The design enables some areas in the Terminal to be used for other functions when no vessels are berthing at the Terminal. Two car shows and the "Cruise Holiday Expo" were held at the Terminal in August and September last year, while a ship christening ceremony was held in November. The events received positive feedback from the participants. The terminal operator is discussing with various organisations the holding of different kinds of events at the Terminal to better utilise the terminal facilities. There are a number of events under planning in the first half of 2014. Retail stores and restaurants at the Terminal are expected to be open by phases from mid 2014 onwards.

The manpower and expenditure of the above-mentioned work have been subsumed within the establishment and provision for the Commerce, Industry and Tourism Branch of this Bureau. It is difficult to quantify them separately.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)081****(Question Serial No. 1932)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (1) Director of Bureau's Office

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 45):

What was the expenditure incurred by the Commerce and Economic Development Bureau on overseas visits in the past year? What is the estimated expenditure for 2014-15? Please tabulate the places, the lists of officers on overseas visits, the effectiveness of the visits and the follow-up actions, where appropriate.

Asked by: Hon. LAM Tai-fai

Reply:

In 2013-14, the revised estimate for the expenditure on officials' duty visits for the Director of Bureau's Office was \$1.2 million. Information about the locations, purposes and number of accompanying officers in the Director of Bureau's Office for the duty visits of the Secretary for Commerce and Economic Development in 2013-14 as at 10 March 2014 are tabulated as follows –

| Locations of visits | Main purposes of visits | Number of accompanying officers in the Director of Bureau's office |
|----------------------------|--|---|
| Surabaya, Indonesia | To attend the Asia-Pacific Economic Cooperation Meeting of Ministers Responsible for Trade. | 1 |
| Beijing | To join the visit by the Chief Executive and to meet with relevant officials. | 1 |
| Xiamen | To attend the opening ceremony of the "2013 Hong Kong Trendy Products Expo, Fujian Xiamen" cum "Fujian Xiamen Hong Kong Week 2013" and to meet with officials of Xiamen. | 2 |
| Zhengzhou | To attend the opening ceremony of Expo Central China 2013 and the Expo's Summit Forum, and to meet with officials of Henan Province. | 2 |

| Locations of visits | Main purposes of visits | Number of accompanying officers in the Director of Bureau's office |
|--|---|---|
| Brussels, Belgium and Paris, France | To meet with officials of Belgium and the European Commission, the Hong Kong business community and members of the Belgium-Hong Kong Society in Brussels. To attend the Ministerial Council Meeting of the Organisation for Economic Co-operation and Development, to deliver a keynote address at the luncheon for political leaders as well as the business community and to meet with relevant French officials in Paris. | 1 |
| New York, San Francisco and Los Angeles, USA | To join the visit to New York by the Chief Executive and to meet with relevant Government officials, local business community, entrepreneurs, cultural and creative industry leaders in San Francisco and Los Angeles, and also to meet with former Hong Kong residents living there. To promote Hong Kong's future as an intellectual property trading and management centre, and the development of cultural and creative industries in Hong Kong. To visit a biotechnology company and an information technology company as well as to officiate at the "Think Asia Think HK" Forum organized by the Hong Kong Trade Development Council and a promotional event of the Hong Kong Tourism Board. | 2 |
| Beijing | To meet with the officials of the State Intellectual Property Office as well as the State General Administration of Press, Publication, Radio, Film and Television, and to visit the China Technology Exchange. | 1 |
| Auckland and Wellington, New Zealand | To attend the Connect Hong Kong business seminar and officiate at the opening reception of the Hong Kong Festival in Auckland and to meet with the business community as well as Hong Kong people working, studying and living in New Zealand. To meet with senior government officials, officiate at the opening reception of the Hong Kong Festival and to visit a special effects workshop in Wellington. | 2 |
| Guangzhou | To attend the Exchange Conference on Liberalisation of Trade in Services between Hong Kong and Guangdong 2013. | 2 |
| Xi'an | To chair the 8th meeting of the Mainland/Hong Kong Science and Technology Co-operation Committee. | 1 |
| Bali, Indonesia | To attend the Asia-Pacific Economic Cooperation Small and Medium Enterprises Ministerial Meeting and the Joint Meeting with Ministers Responsible for Women. | 1 |
| Guiyang | To join the delegation led by the Chief Executive to attend the 9 th Pan-Pearl River Delta Region Co-operation and Development Forum and Trade Fair. | 1 |
| Chongqing | To join the visit by a delegation from industries, commercial and professional sectors led by the Chief Executive. | 1 |
| Bali, Indonesia | To attend the 25th Asia-Pacific Economic Co-operation Ministerial Meeting. | 1 |
| Nanning | To join the visit by a delegation from industries, commercial and professional sectors led by the Chief Executive. | 1 |

| Locations of visits | Main purposes of visits | Number of accompanying officers in the Director of Bureau's office |
|-------------------------------|--|---|
| Beijing | To join the visit by the Chief Executive and to meet with relevant officials. | 1 |
| Dongguan | To attend a forum on Dongguan-Hong Kong co-operation and a ceremony celebrating the third anniversary of the Hong Kong Professional Services Centre and to deliver a keynote speech at the forum. | 1 |
| Zurich and Davos, Switzerland | To meet with relevant government officials and to visit companies and institutes in Zurich to see the latest developments in creative industries as well as innovation and technology in the country. To attend an informal ministerial meeting of the World Trade Organization in Davos. | 1 |
| Guangzhou | To join the visit of the Chief Executive to Guangzhou to meet with leaders of the Guangdong Provincial Government to exchange views on issues of mutual concern, and to visit the Shenzhen Bao'an International Airport. | 1 |
| Seoul, Korea | To meet with government officials responsible for business, trade and creative industries, academics and businessmen to learn about the country's experience and initiatives in promoting creative and hi-tech industries. To visit companies, a private training institute for performing arts talents and the Pangyo Techno Valley and to call on a government think tank. | 2 |
| Beijing | To join the visit by the Chief Executive and to meet with relevant officials. | 1 |

In 2014-15, the Secretary for Commerce and Economic Development plans to visit various provinces and cities in Mainland, Myanmar, France, North America and Australia etc. to represent Government at international conferences, promote Hong Kong and enhance the bilateral trade relations with various economies. In 2014-15, the estimate for the expenditure on officials' duty visits for the Director of Bureau's Office is \$1.2 million.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 0910)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 28):

Following the release of the Assessment Report on Hong Kong's Capacity to Receive Tourists in January 2014, what specific policies or follow-up actions does the Commerce and Economic Development Bureau have to strike a balance between receiving tourists and minimising the impact on residents? What is the estimated expenditure on each task?

Asked by: Hon. LEONG Kah-kit, Alan

Reply:

In response to the public concern about the impact of the continuous growth in visitor arrivals on the livelihood of the community, the HKSAR Government has comprehensively assessed Hong Kong's capacity to receive tourists. The Assessment Report on Hong Kong's Capacity to Receive Tourists was completed at the end of last year. On the basis that projected visitor arrivals would be over 70 million in 2017, the assessment suggests that Hong Kong would generally be able to receive the visitor arrivals in 2017. Hotel rooms, however, would continue to be in tight supply. The HKSAR Government will continue to increase the supply of hotel rooms through a multi-pronged approach, and to increase our capacity to receive tourists on various fronts. We will adopt the following three-pronged approach to facilitate the long-term and stable development of our tourism industry –

- (a) continuous enhancement of our capacity to receive tourists: For hotel, the HKSAR Government is identifying feasible ways for the gradual release of the 6 sites facing Victoria Harbour within the "hotel belt" adjacent to the Kai Tak Cruise Terminal to the market starting from the end of next year. Also, the hotel project at the Murray Building site has been successfully tendered. Upon commissioning, this hotel, together with the Ocean Hotel in the Ocean Park and the third hotel in the Hong Kong Disneyland, will provide altogether over 1 500 rooms, offering more diverse and novel choices of quality hotel accommodation. On tourist facilities, the construction of the waterpark at Tai Shue Wan in the Ocean Park and the "Iron Man Experience" in the Hong Kong Disneyland has commenced by phases. The terminal building and the first berth of the Kai Tak Cruise Terminal came into operation last June. Cruise lines and passengers have found the Terminal's facilities and services satisfactory. With construction works now in the final stage, the second berth is planned to be commissioned this year;

- (b) developing the “Kai Tak Fantasy” and Lantau into 2 specialised tourism clusters to attract high value-added visitor segments to visit Hong Kong: “Kai Tak Fantasy” – International Ideas Competition on Urban Planning and Design is now under way, and it is our target to develop the site into a spectacular world-class tourism, entertainment and leisure hub; and
- (c) strengthening promotion of tourist attractions in different districts so as to offer more choices to the visitors and to help alleviate congestion at traditionally popular tourist areas.

Moreover, the Central Government had agreed not to increase the number of cities under the Individual Visit Scheme (IVS) nor expand the scope of the multiple-entry permit at the current stage. The HKSAR Government will continue to maintain close liaison with the Mainland and exchange views with them on a regular basis regarding the implementation and way forward for the IVS, and to attract Mainland visitors in an appropriate and orderly manner in the light of our economic and social conditions.

Enhancing Hong Kong’s capacity to receive tourists is an on-going task. The relevant expenditure has been subsumed within the establishment and provision of the Bureau and relevant departments and organisations. It is difficult to quantify them separately. To attract high-spending visitors (including convention and exhibition visitors) to Hong Kong, the HKSAR Government will allocate an additional \$45 million for the Hong Kong Tourism Board (HKTB) to provide more attractive and targeted services and concessions for organisers and participants of conventions and exhibitions of various scales and types in the coming 3 years. Besides, to attract overseas visitors to come to Hong Kong at different times, we shall provide additional funding of \$50 million to the HKTB in the coming 2 years to strengthen even further its popular events, such as the Wine and Dine Festival, the New Year Countdown Celebrations and the Chinese New Year Night Parade. One way to do so is to introduce 3D projection mapping technology to help showcase the magnificent night view of the Victoria Harbour during mega events.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1509)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 26):

(1) Please provide the annual number of overnight and same-day visitors from the following regions to Hong Kong since 2009:

- (a) Europe, Africa and Middle East
- (b) Mainland China
- (c) Americas
- (d) Australia, New Zealand and South Pacific
- (e) North Asia
- (f) South Asia and South-east Asia
- (g) Taiwan
- (h) Macao/unidentified

(2) Please provide the tourism value added of the Individual Visit Scheme since 2008, broken down by accommodation services, retail trade, air transport and water passenger transport services, food and beverage services, other tourism-related industries and all non-tourism-related industries.

Asked by: Hon. LEONG Kah-kit, Alan

Reply:

(1) According to the statistics provided by the Hong Kong Tourism Board, the numbers of overnight and same-day visitor arrivals to Hong Kong categorized under major visitor source markets in the past five years (2009-2013) are listed out in tables below:

| Overnight visitor arrivals ('000) | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|-------------|-------------|-------------|-------------|-------------|
| Total | 16 926 | 20 085 | 22 316 | 23 770 | 25 661 |
| Mainland China | 9 664 | 11 678 | 13 600 | 15 110 | 17 090 |
| The Americas | 1 108 | 1 246 | 1 279 | 1 248 | 1 164 |
| Europe, Africa & the Middle East | 1 418 | 1 537 | 1 546 | 1 582 | 1 599 |
| Australia, New Zealand and South Pacific | 539 | 591 | 582 | 574 | 552 |
| North Asia | 1 181 | 1 411 | 1 458 | 1 500 | 1 353 |
| South & Southeast Asia | 2 153 | 2 622 | 2 791 | 2 711 | 2 809 |
| Taiwan | 614 | 725 | 779 | 754 | 786 |
| Macao/unidentified | 249 | 275 | 281 | 291 | 308 |

| Same-day visitor arrivals ('000) | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|-------------|-------------|-------------|-------------|-------------|
| Total | 12 665 | 15 945 | 19 605 | 24 845 | 28 638 |
| Mainland China | 8 293 | 11 006 | 14 500 | 19 801 | 23 656 |
| The Americas | 460 | 504 | 542 | 530 | 502 |
| Europe, Africa & the Middle East | 551 | 637 | 648 | 646 | 655 |
| Australia, New Zealand and South Pacific | 169 | 177 | 176 | 167 | 165 |
| North Asia | 642 | 796 | 847 | 833 | 787 |
| South & Southeast Asia | 732 | 879 | 960 | 941 | 909 |
| Taiwan | 1 396 | 1 440 | 1 370 | 1 335 | 1 314 |
| Macao/unidentified | 422 | 506 | 562 | 592 | 650 |

Remark: Add-ups may not be equal to total due to rounding.

(2) According to the Assessment Report on Hong Kong's Capacity to Receive Tourists, the direct impact of the Individual Visit Scheme on relevant tourism sectors in 2012 is listed out in the table below:

| | Retail | Hotel and Accommodation Bills | Meals Outside Hotels | Others | Cross-boundary Passenger Transport Services | Total | Share of Hong Kong's Economy |
|------------------------------------|---------------|--------------------------------------|-----------------------------|---------------|--|--------------|-------------------------------------|
| Value-addedness (\$billion) | 13.6 | 5.6 | 2.8 | 3.2 | 0.9 | 26.1 | 1.3% |

CONTROLLING OFFICER'S REPLY**CEDB(CIT)084****(Question Serial No. 1510)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 27):

Please provide, in the following table, the total number of overnight and same-day Mainland visitors to Hong Kong under the Individual Visit Scheme (IVS):

| | General Mainland Visitors to Hong Kong under the IVS | | Mainland Visitors to Hong Kong Travelling on Multiple-Entry Individual Visit Endorsements | | Mainland Visitors to Hong Kong not Travelling under the IVS | | Total Number of Mainland Visitors | |
|-------------------------|--|-----------------------------|---|-----------------------------|---|-----------------------------|-----------------------------------|-----------------------------|
| | Number of Overnight Visitors | Number of Same-day Visitors | Number of Overnight Visitors | Number of Same-day Visitors | Number of Overnight Visitors | Number of Same-day Visitors | Number of Overnight Visitors | Number of Same-day Visitors |
| Airport | | | | | | | | |
| Lo Wu | | | | | | | | |
| Hung Hom | | | | | | | | |
| Lok Ma Chau Spur Line | | | | | | | | |
| Lok Ma Chau (Huanggang) | | | | | | | | |
| Man Kam To | | | | | | | | |
| Sha Tau Kok | | | | | | | | |
| Shenzhen Bay | | | | | | | | |
| Macau Ferry Terminal | | | | | | | | |
| China Ferry Terminal | | | | | | | | |

| | | | | | | | | |
|-------------------------|--|--|--|--|--|--|--|--|
| Kai Tak Cruise Terminal | | | | | | | | |
| Harbour Control | | | | | | | | |
| River Trade Terminal | | | | | | | | |
| Sub-total | | | | | | | | |

Asked by: Hon. LEONG Kah-kit, Alan

Reply:

According to the statistics provided by the Hong Kong Tourism Board, the overnight and same-day Mainland visitor arrivals in 2013 are set out in the table below:

| 2013 | General Mainland Visitors to Hong Kong under the IVS (Not including Mainland Visitors with Multiple-Entry Endorsements) ('000) | | Mainland Visitors to Hong Kong Travelling on Multiple-Entry Individual Visit Endorsements ('000) | | Mainland Visitors to Hong Kong not Travelling under the IVS ('000) | | Total Number of Mainland Visitors ('000) | |
|--------------|--|-----------------------------|--|-----------------------------|--|-----------------------------|--|-----------------------------|
| | Number of Overnight Visitors | Number of Same-day Visitors | Number of Overnight Visitors | Number of Same-day Visitors | Number of Overnight Visitors | Number of Same-day Visitors | Number of Overnight Visitors | Number of Same-day Visitors |
| Total | 8 616 | 6 697 | 1 037 | 11 115 | 7 437 | 5 844 | 17 090 | 23 656 |

The Immigration Department does not keep a breakdown of the statistics by boundary control points as requested in the question.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)085****(Question Serial No. 1511)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No.29):

Please list, by using the measuring method for inbound tourism value added adopted in Census and Statistics Department's Tourism Satellite Account for Inbound Tourism of Hong Kong, the tourism value added of the accommodation services, retail trade, airborne and seaborne passenger transportation services, catering services, other tourism-related trades and all non-tourism trades respectively since 2008. Please also provide the percentage of the total value added in Hong Kong's annual Gross Domestic Product.

Asked by: Hon. LEONG Kah-kit, Alan

Reply:

According to the statistics provided by the Census and Statistics Department (C&SD), the value added of the inbound tourism industries by sector and the contribution of all inbound tourism industries to the nominal Gross Domestic Product of Hong Kong in 2008-2012 are shown in the table below :

| \$ million | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|-------------|-------------|-------------|-------------|-------------|
| Inbound tourism | 37,100 | 40,300 | 59,200 | 72,100 | 79,100 |
| - Tourism industries ^{Remark 1} | | | | | |
| ● Retail trade | 12,400 | 13,200 | 16,900 | 22,700 | 26,400 |
| ● Accommodation services | 12,900 | 9,800 | 16,100 | 23,200 | 25,000 |
| ● Food and beverage services | 5,000 | 4,500 | 6,300 | 7,900 | 9,100 |
| ● Air transport and water passenger transport services | 2,300 | 7,800 | 13,500 | 10,000 | 9,400 |
| ● Other tourism industries | 3,800 | 3,900 | 5,500 | 6,900 | 7,000 |
| - Non-tourism industries ^{Remark 2} | 700 | 1,100 | 1,000 | 1,300 | 2,200 |

| \$ million | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|-------------|-------------|-------------|-------------|-------------|
| Percentage of total value added for all inbound tourism industries to nominal Gross Domestic Product (at basic prices) | 2.3% | 2.5% | 3.4% | 3.8% | 3.9% |

Remark 1: “Tourism industries” include retail trade, accommodation services, food and beverage services industry, air transport and water passenger transport services industry as well as “other tourism industries”. “Other tourism industries” cover land passenger transport services industry, cultural and amusement services industry, travel agency, reservation service and related activities industry as well as convention and trade show organising services industry.

Remark 2: “Non-tourism industries” refer to those industries not classified as “Tourism industries” such as telecommunications industry.

Remark 3: Add-ups may not be equal to total due to rounding.

C&SD does not have the statistics of 2013 at this stage.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)086****(Question Serial No. 1320)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 4.04):

The Financial Secretary proposed in the Budget Speech to support the sectors with development potential, such as a centre for retail and wholesale fashion businesses at the district level, and will “render appropriate assistance” to them. Please inform this Committee, what kinds of specific support and assistance will be rendered as far as “appropriate assistance” is concerned? What are the estimates and indicators of the work involved?

Asked by: Hon. LEUNG, Kenneth

Reply:

The Economic Development Commission (EDC) established by the Chief Executive in January 2013 is providing visionary direction and advice to the Government on the overall strategy and policy to broaden Hong Kong's economic base and to enhance Hong Kong's economic growth and development; and in particular, is exploring and identifying growth sectors or clusters of sectors which present opportunities for Hong Kong's further economic growth, and will recommend possible policy and other support for these industries. Its four Working Groups (namely, the Working Group on Convention and Exhibition Industries and Tourism, the Working Group on Manufacturing Industries, Innovative Technology, and Cultural and Creative Industries, the Working Group on Transportation and the Working Group on Professional Services) are considering and studying the policy and support measures that the Government should put in place in respect of the industries under their respective purviews, and will make specific recommendations to the EDC.

Since their establishment, the EDC and its Working Groups have been in active operation and making good progress. Relevant Bureaux are coordinating closely with the Working Groups in following up on or conducting in-depth study of the subjects with which the Working Groups are concerned. The Working Group on Manufacturing Industries, Innovative Technology, and Cultural and Creative Industries has made a number of specific recommendations, including allowing more young design talents to attend overseas work attachment; further improving the current Innovation and Technology Fund; encouraging companies to employ research and development talents; and strengthening the incubation programmes, which have been endorsed by the EDC. The Government is planning for the implementation arrangements. Separately, the Government has

adopted the recommendation of the Working Group on Convention and Exhibition Industries and Tourism and commissioned a consultancy study in early 2014 to assess the demand for convention and exhibition facilities in Hong Kong in the coming 15 years, taking into account the situation in Hong Kong and the global and regional developments of the convention and exhibition industries. The consultancy study is expected to be completed in around mid 2014 and the estimated expenditure in 2014-15 is \$2.64 million. The Government also agreed with the recommendations made by the Working Group that we should accord our priority to attract visitors who would bring the largest economic benefits to Hong Kong as our preferred segments. In this connection, the Hong Kong Tourism Board (HKTB) will actively pursue its marketing and promotion strategies in targeting our preferred segments in 2014-15. The budgetary expenditure on the relevant promotional work has been subsumed into the overall promotional budget of the HKTB for 2014-15 and we do not have further breakdown on this front. In addition, the Government has adopted the recommendation of the Working Group to develop “Kai Tak Fantasy” and Lantau into specialized tourism clusters by bringing in new tourist attractions and facilities, such as hotels, restaurants and shopping centres. The related work involves various bureaux and departments, and the expenditure and budget involved have been correspondingly subsumed into the allocation to relevant bureaux/departments in 2014-15 which are difficult to quantify separately.

The EDC and its Working Groups in coordination with the Government will continue to consider and study the necessary support policy and measures for industries with potential, ensuring that they are practicable and effective.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 1321)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 4.05):

The Government has proposed to earmark \$50 million to support retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity. Please advise of:

- (i) the time when this measure is about to be implemented;
- (ii) the estimated number of enterprises assisted;
- (iii) the average amount and ceiling of each subsidy;
- (iv) the major categories of retailers targeted;
- (v) the key technology solutions that are involved under this measure.

Asked by: Hon. LEUNG, Kenneth

Reply:

In the Budget Speech 2014-15, the Financial Secretary has announced acceptance of the recommendations of the Task Force on Manpower Development of the Retail Industry and pursuit of the following implementation measures –

- (a) supporting retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity;
- (b) assisting the Vocational Training Council in strengthening vocational education and training with reference to the Specifications of Competency Standards for the Retail Industry (which was newly drawn up under the Qualifications Framework), including running retail courses through a professional institution and launching pilot courses combining classroom learning and work placement;
- (c) working with the industry to enhance the image of the trade; and
- (d) providing targeted recruitment and employment services and organising large-scale and district-based job fairs dedicated to the retail industry.

The Government has allocated \$130 million to add to existing resources to take forward the above measures.

The target of the funding support for productivity enhancement is small and medium sized enterprises of the retail industry. We plan to partner with the Hong Kong Productivity Council in rolling out the scheme concerned, and are working with it and the industry on detailed parameters such as application eligibility and procedures, the technologies to be covered, expected results, etc. We will shortly present the detailed proposal to the Panel on Commerce and Industry and the Finance Committee to seek support for early launching of the scheme.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)088****(Question Serial No. 1335)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 3):

Please tabulate the details of the projects funded under the tier-one and tier-two schemes of the Mega Events Fund since 2009:

| Year | Project Title | Nature | Funding Approved |
|------|---------------|--------|------------------|
| | | | |
| | | | |
| | | | |

Is there any mechanism in place to assess the effectiveness of these projects in attracting visitors to Hong Kong? If yes, please provide a breakdown of the number of visitors attracted by the projects.

Asked by: Hon. LEUNG, Kenneth

Reply:

The Mega Events Fund (MEF) was established in 2009 following the funding approval of the Finance Committee of the Legislative Council. Since its inception, nine rounds of applications have been invited. A total maximum sum of \$97 million has been granted to support 24 mega events. The details of the events and their respective amount of funding are as follows:

| Date of event | Project title | Nature | Funding ceiling | Number of participating visitors |
|------------------|---|---------------------------------------|-----------------|----------------------------------|
| 13 November 2009 | Swire "Symphony Under the Stars" | Large-scale outdoor classical concert | \$1.4 million | 1 078 |
| 6-9 January 2010 | Hong Kong Tennis Classic 2010 | International tennis tournament | \$9 million | 942 |
| 26-29 March 2010 | Mui Wo Water Lantern and Sky Lantern Festival | Traditional cultural activity | \$1.5 million | 9 915 |

| Date of event | Project title | Nature | Funding ceiling | Number of participating visitors |
|-------------------------------|--|--|-----------------|----------------------------------|
| 27 March - 22 April 2010 | Hong Kong 2010 International a cappella Festival | Large-scale music festival | \$0.8 million | 2 304 |
| 29 March - 21 April 2010 | Hong Kong Musical Festival | Large-scale musical opera festival | \$2.5 million | 3 317 |
| 8 April - 30 May 2010 | Hope and Glory | Large-scale multi-media arts exhibition | \$2 million | 6 359 |
| 23-25 July 2010 | Hong Kong Dragon Boat Carnival | Traditional cultural activity with strong sports element | \$5 million | 54 027 |
| 1 January 2011 | Record Breaking Dragon and Lion Dance Extravaganza | Traditional cultural activity | \$1 million | 10 000 |
| 5-8 January 2011 | Hong Kong Tennis Classic 2011 | International tennis tournament | \$5 million | 1 114 |
| 11-17 February 2011 | Hong Kong Well-wishing Festival | Traditional cultural activity | \$1.8 million | 2 879 |
| 17-19 June 2011 | Hong Kong Dragon Boat Carnival 2011 | Traditional cultural activity with strong sports element | \$4 million | 51 346 |
| 25 September - 2 October 2011 | Hong Kong International Jazz Festival 2011 | Large-scale music festival | \$3 million | 4 003 |
| 28-30 October 2011 | Hong Kong Cricket Sixes 2011 | International cricket tournament | \$3.5 million | 2 260 |
| 1-4 December 2011 | UBS Hong Kong Open Championship 2011 | International golf tournament | \$8 million | 9 903 |
| 1 January 2012 | Dragon and Lion Dance Extravaganza 2012 | Traditional cultural activity | \$1.4 million | 19 400 |
| 23 January - 6 February 2012 | Hong Kong Well-wishing Festival 2012 | Traditional cultural activity | \$1.4 million | 34 915 |
| 2-8 July 2012 | Hong Kong Dragon Boat Carnival 2012 | Traditional cultural activity with strong sports element | \$6.5 million | 150 969 |
| 15-18 November 2012 | UBS Hong Kong Open Championship 2012 | International golf tournament | \$15 million | 10 947 |
| 1 January 2013 | Dragon and Lion Dance Extravaganza 2013 | Traditional cultural activity | \$1.4 million | 19 730 |
| 10-23 February 2013 | Hong Kong Well-wishing Festival 2013 | Traditional cultural activity | \$2.5 million | 29 357 |
| 21-23 June 2013 | Hong Kong Dragon Boat Carnival 2013 | Traditional cultural activity with strong sports element | \$5.3 million | 65 724 |

| Date of event | Project title | Nature | Funding ceiling | Number of participating visitors |
|----------------|--|--|-----------------|----------------------------------|
| 29 July 2013 | Manchester United Asia Tour 2013 (Hong Kong Leg) | Soccer exhibition match | \$8 million | 8 140 (expected) |
| 1 January 2014 | Dragon and Lion Dance Extravaganza 2014 | Traditional cultural activity | \$1.5 million | 15 030 (expected) |
| 6-8 June 2014 | Hong Kong Dragon Boat Carnival 2014 | Traditional cultural activity with strong sports element | \$5.5 million | 66 041 (expected) |

The MEF Assessment Committee (AC) and the MEF Secretariat will monitor the event organization to ensure that the events are staged in line with the aim of the MEF as well as other related requirements, including the number of visitors attracted to the event. The MEF AC and the Secretariat will observe the entire process of the events and collect feedback from the participants. The organizers will be required to submit the audited accounts, evaluation report and publicity report of completed events. These reports will be submitted to the MEF AC and Controlling Officer of the MEF for consideration. If it is concluded that the relevant organizers had breached any funding terms and conditions as stated in the agreement; that their performance in organising the events were not satisfactory; or if the events failed to achieve the pre-determined deliverables / targets, sanctions such as withholding of outstanding funds or reducing the level of funding may be imposed. The relevant organizers may even be suspended from future MEF applications.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2510)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 3.01):

Please provide the specific work plan and content of promoting the green tourism products on offer in Hong Kong by the Administration in 2014-15. What are the staff establishment and estimate involved?

Asked by: Hon. LEUNG, Kenneth

Reply:

The Tourism Commission (TC) is partnering with the Agriculture, Fisheries and Conservation Department and the Hong Kong Tourism Board (HKTB) to promote nature-based green tourism products through the HKTB's "Great Outdoors Hong Kong" marketing platform.

In 2014-15, the HKTB will continue to leverage the "Great Outdoors Hong Kong" platform to promote the Hong Kong Global Geopark of China (Geopark), hiking trails, outlying island tours and to promote the natural scenery of Hong Kong through various channels. Details of the campaign are as follows:

- Targeting visitors or consumers:

To promote various hiking trails and outlying islands, as well as the guided activities and green tourism products of local travel agents and other organisations through different channels, such as digital media, hiking guidebooks, visitor centres and visitor hotline.

- Targeting overseas media:

To arrange overseas media to experience Hong Kong's outlying islands and green attractions.

- Targeting the overseas travel trade:

To encourage the overseas travel trade to include elements of green tourism in the itineraries of visitors, including Meetings, Incentive Travels, Conventions and Exhibitions (MICE) visitors.

Meanwhile, the TC, in collaboration with the HKTB, the travel trade and relevant departments, is implementing a pilot scheme to allow coaches to transport inbound visitors to the East Dam of the High Island Reservoir on a limited scale to further facilitate visitors to go to the Geopark, with a view to promoting nature-based tourists' activities. The TC and the relevant departments will carry out the above work with existing resources. No additional expenses and manpower will be incurred.

The cost for rolling out the "Great Outdoors Hong Kong" platform in 2014-15 is about \$1 million, partly to be met by sponsorship to be sought for the related activities. This promotion work covers a wide range of areas and is undertaken by various departments of the HKTB.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0360)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 3):

The provision estimated for Programme (2): Commerce and Industry in 2014-15 is \$180.4 million.
Would the Administration advise how the provision is to be used:

1. for promoting the business advantages of Hong Kong in the Mainland, Taiwan and ASEAN?
Please give a detailed account of the plans and expenditure involved;
2. for working with the Trade and Industry Department and the Hong Kong Productivity Council
in implementing the Dedicated Fund to support Hong Kong enterprises in branding, upgrading
and boosting domestic sales in the Mainland? How much is to be spent on this initiative?
How many applications are expected from the enterprises for this financial year and how will
the Dedicated Fund be promoted to the sector?

Asked by: Hon. LEUNG Kwan-yuen, Andrew

Reply:

1. In 2014-15, Invest Hong Kong (InvestHK) will conduct marketing campaigns, seminars and
investment promotion visits to attract and assist more companies from the Mainland, Taiwan
and the Association of Southeast Asia Nations (ASEAN) to set up or expand their business
operations in Hong Kong.

For the Mainland market, InvestHK will continue to organise investment promotion seminars
in the high-growth Mainland cities including Chongqing, Yinchuan, Nanchang, Wuhan,
Nanjing, Quanzhou, Kunming, Wuxi, Xiamen and Xian, in collaboration with relevant
Mainland authorities and business associations, to promote Hong Kong as an ideal platform for
Mainland companies to go global.

As regards the Taiwan market, InvestHK will continue to step up its promotional efforts in
Taiwan and organise various activities to encourage and assist Taiwan companies to set up or
expand their business in Hong Kong in 2014-15. Through its investment promotion unit at the
Hong Kong Economic, Trade and Cultural Office in Taiwan, InvestHK will continue to reach
out proactively to a wide spectrum of Taiwan companies and organise seminars and workshops

and visit enterprises in different cities in Taiwan in order to promote the business advantages of Hong Kong. InvestHK will also organise networking reception for the representatives of the Taiwan companies and business associations in Hong Kong, and maintain close liaison with the local Taiwan business community and provide them with aftercare support.

For the ASEAN markets, InvestHK will strengthen its promotion efforts in 2014-15 through conducting investment promotion visits in target markets, including Singapore, Thailand, Indonesia and Malaysia, to promote Hong Kong's business advantages and to attract more companies to set up business in Hong Kong. InvestHK will also organise other investment promotion events, including local networking receptions, inviting the participation of representatives from companies, consulates and chambers of commerce from the target ASEAN markets. To better support the investment promotion work in the ASEAN markets, InvestHK has strengthened its staffing complement in the investment promotion unit at the Economic and Trade Office in Singapore in early 2014.

The estimated expenditure for conducting investment promotion activities targeting the Mainland, Taiwan and ASEAN markets in 2014-15 is around \$7.6 million. This figure does not include staff cost or general marketing and promotion expenses which cannot be separately itemised.

2. The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched on 25 June 2012. Up to the end of February 2014, 192¹ and 37 applications have been approved under the Enterprise Support Programme (ESP) and the Organisation Support Programme (OSP) of the BUD Fund respectively. The total amount of funding approved is about \$205 million. 6 and 5 projects have been completed under the ESP and the OSP respectively. We will continue to implement the BUD Fund in 2014-15 to assist Hong Kong enterprises of various industries in developing brands, upgrading and restructuring their business operations and exploring domestic sales in the Mainland. It is difficult to estimate accurately the number of applications to be received under the BUD Fund in 2014-15. Provision for the BUD Fund is provided under Programme (3) Support for Small and Medium Enterprises and Industries of Head 181 Trade and Industry Department (TID).

The Hong Kong Productivity Council (HKPC), as the Secretariat of the ESP, will continue to organise promotional seminars regularly to introduce the ESP to enterprises, and participate in events organised by relevant industry and trade organisations to enhance the trade's awareness of the ESP. The HKPC has also publicised the ESP through the dedicated website of the ESP, social media and radio broadcasting. In addition, the HKPC has implemented the following measures to further assist enterprises (in particular the SMEs) in making applications, so that more enterprises can benefit from the ESP -

- explaining matters requiring attention in making applications and tips for successful application, as well as providing reference cases of successful and unsuccessful applications through the regular promotional seminars and the dedicated website of the ESP;
- producing a short video to provide information on matters requiring attention for making successful applications and broadcasting it through social media and the "SME One" Centre of the HKPC;
- enhancing the application form by incorporating more concrete guidelines to application; and
- providing advice to enterprises for reference on matters relating to making applications through hotline/e-mail and face-to-face consultation sessions.

TID, as the Secretariat of the OSP, has been maintaining close contact with the trade to promote and publicise the OSP. In order to assist interested organisations in making applications, TID provides consultation service at different stages. For example, TID meets with the applicant organisation before an application is made, in order to explain the application criteria and procedures and provides initial comments on the application so that the applicant organisation could further improve its content.

¹ Excluding 13 applications that were granted conditional approval. The final approval of such applications and the amount of grants will be subject to further information submitted by the applicants.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)091

(Question Serial No. 0367)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 10):

The estimated provision for Programme (3) Subvention: Hong Kong Trade Development Council in 2014-15 is \$393.4 million. In what ways will the Administration:

- (1) help Hong Kong enterprises capitalise on new business opportunities in the Asian and emerging markets;
- (2) build Hong Kong brands in the Mainland market;
- (3) help Hong Kong's service sectors capitalise on Mainland's focus on urbanisation and production transformation to deepen their penetration into the Mainland;
- (4) establish Hong Kong as the bridgehead for Mainland enterprises' outward investment ventures?

Asked by: Hon. LEUNG Kwan-yuen, Andrew

Reply:

In 2014-15, the Hong Kong Trade Development Council (HKTDC) will pursue the following work to achieve the above objectives:

(1) To help Hong Kong enterprises capitalise on new business opportunities in the Asian and emerging markets

HKTDC will help Hong Kong enterprises explore business opportunities in the Asian and emerging markets with strong consumption power such as ASEAN (Association of Southeast Asian Nations) countries, India, the Middle East, Latin America, Central and Eastern Europe etc.. HKTDC will promote the major export products of Hong Kong in these markets such as electronics, fashion and accessories, watches and clocks, jewellery, gifts and household products etc., as well as the advantages of Hong Kong services industries. For example, HKTDC will organise Hong Kong product exhibitions in these markets, lead Hong Kong enterprises to participate in large-scale fairs in these markets, arrange inbound and outbound business missions, invite major importers and distributors from these markets to participate in HKTDC's fairs and major conventions in Hong

Kong, and organise better business matching and networking activities etc.. Some of the highlighted activities are as follows:

- to promote Hong Kong brands in co-operation with Indonesian major distributors and e-tailers, and organise trade missions to major cities in Indonesia such as Jakarta and Surabaya;
- to launch the first Hong Kong product exhibition in Ho Chi-minh City and organise sector-specific missions to Ho Chi-minh City and Hanoi;
- to organise Hong Kong enterprises to participate in large-scale trade fairs in Mumbai of India, and organise sector-specific business missions to help Hong Kong enterprises explore business opportunities in major cities in India such as Mumbai and New Delhi;
- to mount Lifestyle Expo in Istanbul of Turkey again to promote Hong Kong products and brands, and launch a new zone to feature the winning design products of Hong Kong;
- to expand the scale of the Hong Kong product exhibition in Dubai and mount Hong Kong Pavilions in more trade fairs in Dubai;
- to organise trade missions to Central and Eastern Europe as well as Kazakhstan in Central Asia and step up recruitment of buyers and e-tailers from these markets to HKTDC's fairs in Hong Kong;
- to organise roadshows, seminars and networking events in target markets such as Indonesia, Vietnam, Myanmar and India to promote advantages of Hong Kong services. HKTDC will also organise sector-specific missions such as information technology, infrastructure and construction services, to capitalise on new business opportunities in the developing countries;
- to organise business matching for licensing agents for the 2016 Rio Summer Olympic Games in Brazil;
- to expand HKTDC's database on emerging markets by adding more company profiles of importers, distributors, retailers and e-tailers, beefing up information on potential buyers of Hong Kong products and services in ASEAN markets and encouraging stronger ASEAN participation in HKTDC's signature events and trade fairs; and
- to organise seminars and workshops to update small and medium enterprises with the latest developments of the emerging markets and niche sectors.

(2) & (3) To build Hong Kong brands in the Mainland market; and to help Hong Kong's service sectors capitalise on Mainland's focus on urbanisation and production transformation to deepen their penetration into the Mainland

HKTDC plans to help Hong Kong enterprises build up sales network in the Mainland through brand building and promotion of Hong Kong products, with a view to assisting them to tap the huge business opportunities in Mainland market. In addition, HKTDC plans to help Hong Kong service sectors capitalise on Mainland's focus on urbanisation and production transformation to deepen penetration into the Mainland market. The measures include the following:

- to stage "Style Hong Kong" shows in various Mainland cities (including Nanjing, Wuhan and Daqing) to sell Hong Kong designs and branded products directly to Mainland consumers. Business matching sessions will also be arranged during the shows to allow Hong Kong enterprises to meet and explore the co-operation opportunities with potential business partners;

- to organise exhibitions for specific product sectors in Mainland cities and launch short-term product promotions in suitable department stores;
- to organise Hong Kong enterprises to take part in major Mainland niche sector exhibitions to promote products and services of Hong Kong;
- to open more new Design Gallery shops in major cities in East and West China, and continue to collaborate with department stores in the Mainland to open more “shops-in-shop” in cities such as Shenyang, Chengdu, Chongqing, Beijing and Shanghai;
- to continue to co-operate with Taobao.com to host online Design Gallery at Taobao.com (T-Mall), and to leverage on Mainland’s other online shopping platforms to expand online Design Gallery and help Hong Kong enterprises grasp business opportunities arising from Mainland’s online shopping trend;
- to launch the first large-scale promotion campaign “Building for the Future” to help Hong Kong infrastructure and real estate services companies explore business opportunities in second and third-tier cities, in particular in Shangdong and Jiangsu Provinces; and organise outbound missions for Hong Kong enterprises to meet with relevant government authorities and developers in the Mainland to enhance their understanding of town planning and demands of the cities;
- to organise Mainland delegations to attend the “Asian Logistics and Maritime Conference” in Hong Kong and site visits to key Hong Kong logistics facilities to promote the strengths of Hong Kong as a logistics hub;
- to organise “SmartHK” in Nanjing in June 2014 to promote a wide spectrum of Hong Kong services including design, licensing, information and communications technology, finance, professional services and logistics, etc. to enterprises in Jiangsu Province; “CEO Forum” will be staged concurrently to promote Hong Kong’s services in helping Mainland enterprises transform and upgrade;
- to extend the “Creativity in Business” seminar series to second-tier Mainland cities such as Chongqing, Xiamen and Dalin; and
- to partner with the Ministry of Culture and culture and promotion units of various provincial and municipal governments to co-organise a series of “Hong Kong · Culture and Creativity · Licensing” seminars in Changsha, Beijing and Nanjing and promote licensing as an effective vehicle to help Mainland enterprises move up the value chain.

(4) To establish Hong Kong as the bridgehead for Mainland enterprises’ outward investment ventures

HKTDC has been actively promoting Hong Kong as the business platform to help Mainland enterprises “go global”, and solidifying Hong Kong’s role as the leading business services hub in the world, and at the same time highlighting Hong Kong’s position as the leading centre for offshore Renminbi business, fund raising and asset management centre, an intellectual property (IP) trading centre, and Asia’s lifestyle trendsetter etc.. HKTDC also encourages Mainland enterprises to explore global business through various promotional events and its trade fairs in Hong Kong. Major initiatives of HKTDC in this aspect include:

- to promote the unique strengths of Hong Kong’s services industries through HKTDC’s flagship events including Asian Financial Forum, Hong Kong International Film and TV Market

(FILMART), Inno Design Tech Expo, Hong Kong International Licensing Show and Asian Logistics and Maritime Conference;

- to promote Hong Kong as Asia's IP marketplace, in addition to organising the annual Business of IP Asia Forum and setting up Business of IP Zones at 11 HKTDC's local fairs, HKTDC launched a free online exchange portal, Asia IP Exchange Portal, in December last year to promote global IP trading. Moreover, HKTDC will set up special zone at technology exhibitions in the Mainland to promote Hong Kong's strengths in research and development and IP services as well as encouraging Mainland enterprises to use Hong Kong platform to develop IP business. HKTDC will also organise promotion activities in countries such as Northern Europe, the US, Canada etc. to promote Hong Kong's strengths in IP trading in Asia;
- to partner with Ministry of Commerce of the People's Republic of China and various provincial and municipal governments to co-organise outbound joint investment missions to Europe and North America etc. focusing on technology and brand investment opportunities, and promote Hong Kong services that can help Mainland enterprises "go global";
- to organise seminars and training in Hong Kong and major business hubs in the Mainland to promote Hong Kong services platforms that can help Mainland enterprises find the right partners for cross-boundary investment. Flagship event SmartHK will also promote full range of Hong Kong services that can help Mainland enterprises move up the value chain and "go global";
- to promote Hong Kong as the premier entry point for overseas companies eyeing the Asian market and encourage these companies to use Hong Kong business platform and diversified promotion and support services. HKTDC will organise "Think Asia, Think Hong Kong" in Paris of France and Milan of Italy to promote Hong Kong as Asia's global business platform; and
- to invite more Mainland and overseas buyers, especially those from emerging markets like ASEAN countries to participate in HKTDC's fairs in Hong Kong, and encourage them to utilise Hong Kong exhibitions as a platform to expand businesses as well as strengthening the exchange and co-operation among enterprises in the region.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0368)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 11):

Would the Administration please advise how the Hong Kong Trade Development Council (HKTDC) will use the provision to:

- (1) enhance the competitiveness of Hong Kong small and medium enterprises (SMEs) and start-ups in the digital era;
- (2) assist SMEs to capitalise on marketing opportunities provided by the new media;
- (3) develop a comprehensive programme to nurture start-ups;
- (4) strengthen engagement with the general public and major stakeholders leveraging in particular on social media?

Asked by: Hon. LEUNG Kwan-yuen, Andrew

Reply:

Small and Medium enterprises (SMEs) have all along been the focus of the services of the Hong Kong Trade Development Council (HKTDC). HKTDC also endeavours to nurture start-ups, which have been established for less than three years generally. In 2014-15, HKTDC will continue to serve SMEs and pursue the following work:

- (1) Enhance the competitiveness of Hong Kong SMEs and start-ups in the digital era
 - to help SMEs expand their businesses through the promotional opportunities provided by the new media, for example, to organise workshops for SMEs to gain hands-on skills on professional photo shooting of products, etc.; and
 - to organise a series of seminars to introduce the development and opportunities of e-tailing business.

- (2) Assist SMEs to capitalise on marketing opportunities provided by the new media
- to encourage SMEs to make use of the DIY platform on hktdc.com to enrich their product profiles on the internet to attract more buyers; and
 - to leverage new media platform to engage more buyers in lifestyle-related brand promotions to create business opportunities for SMEs.
- (3) Develop a comprehensive programme to nurture start-ups
- to introduce “Economic Booth” with smaller booth size and “Cubic Showcase” for product display with company information in selected trade fairs to enable local start-ups with less resources to participate in international fairs to reach buyers around the world and explore global markets. Similar promotion packages are available in “Small-Order Zone” on hktdc.com;
 - to introduce “Mini Deal Flow” to connect start-ups with investors at the “Entrepreneur Day” in each May; to introduce “Entrepreneurship Zone” at the “World SME Expo” in each December to promote start-ups; and to develop a systematic induction programme for start-ups to introduce support services offered by HKTDC and other related associations; and
 - to set up “Start-up Zone” at the HKTDC SME Centre and establish a dedicated resource portal for SMEs and start-ups.
- (4) Strengthen engagement with the general public and major stakeholders leveraging in particular on social media
- to strengthen HKTDC’s presence on various social media platforms to promote HKTDC’s services and activities to enterprises in Hong Kong, the Mainland and overseas, as well as the general public, and to exchange information with and collect opinions from stakeholders effectively. At present, HKTDC has set up official accounts in major social media platforms including Youtube, Linkein, Facebook, Twitter, Pinterest, Google Plus, Tudou, Youku, Weibo and Weixin, etc.;
 - to mount social engagement campaigns to promote understanding of HKTDC’s work among the local community;
 - to launch a “Media Room” on hktdc.com to facilitate media partners’ access to needed information; and
 - to enhance the design and function of the electronic communication vehicle such that market intelligence and trade promotion content will be presented in a format compatible with different mobile devices.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)093****(Question Serial No. 0372)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 16):

The revised provision for "Programme (2) Commerce and Industry" in 2013-14 is \$160.2m. Please give an account of the expenditure, details of work and achievements in respect of the following tasks:

- (1) worked with the Working Group on IP Trading to enhance the development of Hong Kong as a premiere IP trading hub in the region;
- (2) worked with the Advisory Committee on Review of the Patent System on the development of "original grant" patent system in Hong Kong;
- (3) supported the Task Force on Manpower Development of the Retail Industry in reviewing the manpower needs of the retail sector.

Asked by: Hon. LEUNG Kwan-yuen, Andrew

Reply:

(1) We set up the Working Group on Intellectual Property Trading (the Working Group) in March 2013 to strategise the promotion of Hong Kong as a premier intellectual property (IP) trading hub in the region and devise specific policies and measures in support. In November 2013, the Working Group promulgated a strategic framework (the Framework) for forging ahead the development of IP trading. The Framework covers four strategic areas, namely enhancing the IP protection regime; supporting IP creation and exploitation; fostering IP intermediary services and manpower capacity; and pursuing promotion, education and external collaboration efforts. In 2014, the Working Group is working to explore specific policies and other support measures under each strategic area for promoting Hong Kong as a regional IP trading hub.

The expenditure on such work has been subsumed into the provision for 2013-14 for the Commerce, Industry and Tourism Branch. It is difficult to quantify such expenditure separately.

(2) Upon accepting the strategic recommendations made by the Advisory Committee on Review of the Patent System in Hong Kong, the Government announced in February 2013 the future positioning of Hong Kong's patent system, including setting up an "original grant" patent (OGP) system whilst retaining the current re-registration system for grant of standard patents. It bears strategic significance in facilitating the development of Hong Kong into a regional innovation and technology hub, as well as a premier IP trading hub. The Intellectual Property Department has started preparatory work. Subject to the progress of implementation work and preparation of new legislation, we tentatively aim at launching the OGP system in 2016-17 at the earliest.

The expenditure on such work has been subsumed into the provision for 2013-14 for the Commerce, Industry and Tourism Branch. It is difficult to quantify such expenditure separately

(3) The Financial Secretary announced in 2013-14 Budget the setting up of the Task Force on Manpower Development of the Retail Industry, its terms of reference were to review the manpower needs of the retail sector, and advise the Government on matters relating to the overall manpower development of the industry in order to sustain its longer term growth. The Task Force submitted its recommendations to the Government by end 2013.

In the Budget Speech 2014-15, the Financial Secretary has announced acceptance of the recommendations of the Task Force and pursuit of the following implementation measures –

- (a) supporting retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity;
- (b) assisting the Vocational Training Council in strengthening vocational education and training with reference to the Specifications of Competency Standards for the Retail Industry (which was newly drawn up under the Qualifications Framework), including running retail courses through a professional institution and launching pilot courses combining classroom learning and work placement;
- (c) working with the industry to enhance the image of the trade; and
- (d) providing targeted recruitment and employment services and organising large-scale and district-based job fairs dedicated to the retail industry.

The Government has allocated \$130 million to add to existing resources to take forward the above measures.

The Government supported the work of the Task Force through re-deployment of existing resources. The related expenditure has been subsumed under the establishment of and provision for the Commerce, Industry and Tourism Branch of this Bureau. It is difficult to quantify such expenditure separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0145)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (1) Director of Bureau's Office

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 7):

Please provide information on the actual staff establishment of the Director of Bureau's Office, and the actual expenditure on salaries, allowances, job-related allowances and contribution to the Mandatory Provident Fund or Civil Service Provident Fund for each post/rank in the office in the 2012-13 financial year.

Asked by: Hon. LEUNG Kwok-hung

Reply:

In the 2012-13 financial year, in addition to Secretary for Commerce and Economic Development (SCED) and Political Assistant (PA) to SCED (in 2012-13, the post of Under Secretary for Commerce and Economic Development (USCED) had not been filled), the establishment of the Director of Bureau's Office in the Commerce and Economic Development Bureau under Programme (1) comprised six civil servants (an Administrative Officer Staff Grade C, a Senior Executive Officer, a Personal Assistant, a Personal Secretary I, a Personal Secretary II and a Chauffeur) to provide support to the office.

In the 2012-13 financial year, the expenditures for the salary and contribution to Mandatory Provident Funds in respect of SCED and PA to SCED (since 20 March 2013) were \$3.40 million and \$0.04 million respectively. The expenditures for the salary, allowances and job-related allowances for civil servants providing support were around \$3.85 million.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 2473)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from:

Question (Member Question No. 518):

It was stated in paragraph 28 of the 2013-14 Budget that “the Customs and Excise Department (C&ED) launched the Hong Kong Authorised Economic Operator Programme last April. The Programme accredits local companies with sound internal safety and management systems in accordance with international criteria, giving their consignments customs facilitation, including prioritised clearance and simpler inspection procedures. The C&ED has liaised with other customs authorities to seek mutual recognition of similar programmes, so that locally-accredited companies can enjoy corresponding preferential treatment outside Hong Kong. The C&ED will allocate additional resources to boost companies' participation in the Programme and promote mutual recognition”.

What were the “other customs authorities” that the Administration had liaised with in each of the financial years from 2009 to 2014? And from what places that “mutual recognition of similar programmes” had been sought in respect of the above years plus the amount of resources and manpower injected?

Asked by: Hon. LEUNG Kwok-hung

Reply:

There has been further progress since the Hong Kong Authorised Economic Operator (HKAEO) Programme was given additional resources for promotion in April 2013. Apart from an increasing number of applications and accredited companies, C&ED entered into mutual recognition arrangements (MRAs) with the customs administrations of the Mainland, India and Korea in October and November 2013 and February 2014 respectively. The MRAs allow accredited enterprises to enjoy further customs facilitation such as prioritised clearance and reduced examination of their goods on the Mainland and overseas. Besides, C&ED expects to conclude an MRA with the Singaporean Customs in June 2014 and is actively engaging the customs administrations of other economies in the region in MRA discussions. Currently, there are 2 Senior Inspectors responsible for the work of MRAs within C&ED.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 6601)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (000) Operational expenses

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 536):

In the 2014-15 Budget Speech, "117. The Land Sale Programme for the coming financial year will include seven sites for commercial/business use and one for "hotel only" use, providing a total floor area of about 230 000 square metres and some 1 100 hotel rooms."

Please advise on:

the current number of hotel rooms in Hong Kong;

the Authority's projection on the number of hotel rooms demanded in Hong Kong in the coming 5 years;

the estimated number of hotel rooms to be provided in the hotel sites available in the coming 5 years.

Asked by: Hon. LEUNG Kwok-hung

Reply:

According to the information provided by the Hong Kong Tourism Board, there are 225 hotels providing over 70 000 rooms as at end 2013. The total supply of hotel rooms is expected to grow to 84 000 in 2017.

The 2014-15 Land Sale Programme includes 1 hotel site which can provide about 1 140 rooms and other commercial sites which can be developed for hotel use. With a view to attracting more high value-added visitors to Hong Kong, the Government endeavours to explore the feasibility of gradually releasing the six sites within the "hotel belt" of the Kai Tak Runway Precinct to the market starting from the end of next year (2015). In addition, the Government has been implementing various measures in recent years to encourage investors to build different types of hotels. These include such as the launch of the "hotel only" scheme and revitalisation policies for industrial and historic buildings for suitable uses including hotel use. The Government will continue to identify suitable sites for hotel use. On the other hand, our two flagship theme parks (i.e. Ocean Park and the Hong Kong Disneyland) are expediting their hotel development plans which are expected to provide about 1 200 hotel rooms in 2017.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)097

(Question Serial No. 6610)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (000) Operational expenses

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 864):

Paragraph 39 of the 2013-14 Budget Speech reads: "39. Increasing the supply of hotels will help enhance receiving capacity and service quality. Currently, there are over 210 hotels in Hong Kong, providing more than 67 000 rooms. The Government has been working to make available more hotel rooms through various measures, including providing "hotel only" sites. As at end-2012, 13 applications for redevelopment or wholesale conversion of industrial buildings into hotels were approved by the Lands Department. It is estimated that some 10 000 new hotel rooms will be provided this year and next year."

What is the progress of the 13 applications for redevelopment or wholesale conversion of industrial buildings into hotels approved by the Lands Department?

What is the number of new hotel rooms made available in each of the financial years from 2009-2014? In which hotels are they provided and what are the star ratings of such hotels?

What financial and manpower resources has the Commerce and Economic Development Bureau injected into this area?

Asked by: Hon. LEUNG Kwok-hung

Reply:

As at end-2012, 13 applications for redevelopment or wholesale conversion of industrial buildings into hotels were approved by the Lands Department. As at the end of February 2014, among these 13 applications, the lease modification or special waivers for 8 applications had been executed, 4 applications were subsequently withdrawn by the applicants and 1 lease modification application was at the premium negotiation stage.

Year-on-year changes in the number of hotel rooms in 2009-2013 categorized by hotel types are listed out below:

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| High Tariff A Hotel rooms | +1 546 | +936 | +1 129 | +341 | Unchanged |
| High Tariff B Hotel rooms | +3 170 | -206 | +2 883 | +943 | +1 741 |
| Medium Tariff Hotel rooms | +607 | +249 | -519 | +2 494 | +482 |
| Unclassified Hotels rooms | -500 | -178 | -1 091 | +786 | +400 |

The relevant monitoring and review work on hotel demand and supply situation in Hong Kong is ongoing in nature. The Tourism Commission and the relevant departments will take appropriate follow-up actions. The expenditure on such work under the Commerce and Economic Development Bureau has been subsumed into the provision for 2014-15 for the Commerce, Industry and Tourism Branch and it is difficult to quantify such expenditure separately.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)098****(Question Serial No. 6616)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 475):

The Assessment Report on Hong Kong's Capacity to Receive Tourists projected that visitor arrivals would reach 70 million, representing an increase of 29% over 2013. However, according to the Hotel Supply Situation report published by the Hong Kong Tourism Board in November, there will be an estimated number of 77 980 hotel rooms in 2017, representing a mere increase of 13% over 2013. In this connection, please advise on:

(1) the measures to be taken to cope with the surge in demand for tourist accommodation in 2017 apart from providing hotel rooms in the 6 hotel sites in Kai Tak and the hotels at Murray Building, Ocean Park and Disney Land.

Asked by: Hon. LEUNG Kwok-hung

Reply:

The total supply of hotel rooms is expected to grow to 84 000 in 2017. Although some private developers do not choose to disclose the completion dates of their hotel development projects, these projects have been approved by the Building Authority and generally speaking they will complete in the coming few years.

In recent years, the Government has been implementing various measures to encourage investors to build different types of hotels. These include such as the launch of the "hotel only" scheme and revitalisation policies for industrial and historic buildings for suitable uses including hotel use.

Since the launch of the "hotel only" scheme in 2008, the Government has sold five hotel sites and another site for mixed uses which must include hotel development. As at February 2014, there were a total of four cases of lease modification and land exchange opting for "hotel only" development. These hotel developments altogether are estimated to be capable of providing about 4 250 hotel rooms in total. The 2014-15 Land Sale Programme includes one hotel site which can provide about 1 140 rooms and other commercial sites which can be developed for hotel use. The Government will continue to identify suitable sites for hotel use.

The Government implemented on 1 April 2010 a set of revitalisation measures for industrial buildings with a view to providing more floor space for suitable uses (including hotel use, etc.) to meet Hong Kong's changing social and economic needs. The Government has also revitalised suitable historic buildings as hotels or hostels under the Revitalising Historic Buildings Through Partnership Scheme. For example, the Mei Ho House at Shek Kip Mei Estate has been revitalised as a youth hostel and has commenced operation in December 2013.

We will continue to liaise with the stakeholders concerned and the hotel trade, and closely monitor the supply and demand situation of the hotel market in Hong Kong.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)099****(Question Serial No. 6617)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 890):

1. What is the current staff establishment for the work related to “Programme (6): Travel and Tourism”? Regarding the staff establishment, what are the estimated expenditure on emoluments (per head) in this year (i.e. 2014-15)?
2. Please provide the staff establishment of the following items, as well as a breakdown of the estimated expenditure, such as the amount of subvention (in case there are subventions or investment of any kind):
 - (i) continue the development of the Kai Tak Cruise Terminal
 - (ii) continue to work through the joint venture company on the further expansion and hotel development of the Hong Kong Disneyland to enhance its attractiveness to different groups of visitors and long-term competitiveness
 - (iii) continue to work closely with the Ocean Park Corporation
3. What are the details of the subventions given to the bodies in the past 2 years in “supporting large-scale arts, cultural, sports and entertainment events in Hong Kong organised by eligible bodies”? Please list out the bodies supported and the amounts given in table form. Please also advise the estimates for this year.

| Year | Body | Activity | Subvention amount |
|------|------|----------|-------------------|
| | | | |

Asked by: Hon. LEUNG Kwok-hung

Reply:

- (1) – (2) The staff establishment of the Tourism Commission under the Commerce, Industry and Tourism Branch for Programme (6) is 65. The estimated expenditure on emoluments for 2014-15 is \$51.8 million. The staff establishment for the projects related to the Kai Tak Cruise Terminal, Hong Kong Disneyland and Ocean Park Corporation has been subsumed into the establishment of the Commerce, Industry and Tourism Branch for 2014-15. It is difficult to quantify them separately. The financial arrangements for the above items are as follows :

Kai Tak Cruise Terminal

The terminal building and the first berth of the Kai Tak Cruise Terminal came into operation last June. With construction works now in the final stage, the second berth is planned to be commissioned this year. The estimated total expenditure for the project is \$8,156 million, which is funded by the Government under the Public Works Programme.

Expansion of Hong Kong Disneyland

Hong Kong Disneyland's previous phase of expansion (including Toy Story Land, Grizzly Gulch, Mystic Point) was completed in mid-2013. To further enhance its appeal and receiving capacity, the Hong Kong Disneyland will unleash a series of new initiatives in the coming years, including a new night time parade called "Disney Paint the Night" in September 2014 as well as a new themed area based on Marvel's Iron Man franchise in late 2016. The above new initiatives will be funded by its own operating surplus. In addition, a new hotel is being planned for opening in early 2017 subject to scrutiny of its financial arrangements by the Finance Committee of Legislative Council.

Ocean Park

We will continue with the housekeeping responsibility for the Ocean Park Corporation and facilitate its implementation of the waterpark and hotel projects. The Ocean Park will implement the Tai Shue Wan Development Project to construct an all-weather indoor cum outdoor waterpark. The project is scheduled for completion in the second half of 2017. The estimated capital cost of the project is \$2.29 billion and will be supported by Government loan. Meanwhile, construction of the Ocean Hotel is expected to commence within this year for completion in 2017. This project will be undertaken by the successful tenderer and there is no need for the Government to bear the cost.

- (3) The details of the Mega Events Fund (MEF) supported events in 2012-13 and 2013-14 are as follows:

| Date of event | Organizer | Project title | Funding ceiling |
|---------------------|--|---|-----------------|
| 2-8 July 2012 | Hong Kong Dragon Boat Association Hong Kong Tourism Board | Hong Kong Dragon Boat Carnival 2012 | \$6.5 million |
| 15-18 November 2012 | Hong Kong Golf Association Limited | UBS Hong Kong Open Championship 2012 | \$15 million |
| 1 January 2013 | Hong Kong Dragon and Lion Festival Preparatory Committee | Dragon and Lion Dance Extravaganza 2013 | \$1.4 million |

| Date of event | Organizer | Project title | Funding ceiling |
|---------------------|--|--|-----------------|
| 10-23 February 2013 | Lam Tsuen Wishing Square Development Limited | Hong Kong Well-wishing Festival 2013 | \$2.5 million |
| 21-23 June 2013 | Hong Kong China Dragon Boat Association Hong Kong Tourism Board | Hong Kong Dragon Boat Carnival 2013 | \$5.3 million |
| 29 July 2013 | Kitchee Foundation Limited | Manchester United Asia Tour 2013 (Hong Kong Leg) | \$8 million |
| 1 January 2014 | Hong Kong Dragon and Lion Festival Preparatory Committee | Dragon and Lion Dance Extravaganza 2014 | \$1.5 million |

The details of the MEF supported events in 2014-15 are as follows:

| Date of event | Organizer | Project title | Funding ceiling |
|---------------|--|-------------------------------------|-----------------|
| 6-8 June 2014 | Hong Kong China Dragon Boat Association Hong Kong Tourism Board | Hong Kong Dragon Boat Carnival 2014 | \$5.5 million |

We plan to invite a fourth round of applications under the MEF Tier-2 scheme in mid 2014. We expect that more mega events will be receiving support from the MEF. The number of mega events receiving the MEF's funding support, as well as their respective nature and funding amount, etc. will depend on the number of applications received and how many of them can successfully pass the assessment.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)100****(Question Serial No. 6618)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 898):

Regarding the following spending patterns of visitors under the Individual Visit Scheme, what are the average amounts spent on accommodation, transport, restaurants and retail sales and in what proportion?

| | Non-overnight | Stay for more than one day | Total Amount |
|---------------|---------------|----------------------------|--------------|
| Accommodation | | | |
| Transport | | | |
| Restaurant | | | |
| Retail Sale | | | |
| Total | | | |

Asked by: Hon. LEUNG Kwok-hung

Reply:

According to the survey conducted by the Hong Kong Tourism Board, the breakdown of the average per capita spending of overnight and same-day visitors under the Individual Visit Scheme in Hong Kong in 2013 is set out in the table below:

| | Same-day visitors Average per capita spending(\$)(Proportion) | Overnight visitors Average per capita spending(\$)(Proportion) | Total (\$billion) |
|----------------|---|--|----------------------|
| Shopping | 2,687 (93.1%) | 6,416 (72.9%) | 109.795 |
| Accommodation | 10 (0.3%) | 1,022 (11.6%) | 10.048 |
| Dining | 78 (2.7%) | 788 (8.9%) | 8.999 |
| Transportation | 70 (2.4%) | 234 (2.7%) | 3.495 |
| Others | 42 (1.5%) | 346 (3.9%) | 4.080 |
| Total | 2,887 (100%) | 8,806 (100%) | 136.417 |

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0614)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 41):

In view of the ever-rising cost of doing business in Hong Kong, and the fact that the HKSAR Government only put forward six measures to support the small and medium enterprises (SMEs) in the Budget in 2014-15, will the Bureau allocate additional financial resources for reviewing the existing funding and loan schemes for SMEs in order to provide SMEs with further appropriate support? If yes, what is the estimated expenditure? If not, what are the reasons?

Asked by: Hon. LIAO Cheung-kong, Martin

Reply:

The Government attaches great importance to the development of SMEs. We review the various support measures from time to time in order to provide adequate and timely support to SMEs.

The 2014-15 Budget announced that the Government will continue to implement various existing measures and launch new initiatives to support SMEs as follows:

- (1) The Hong Kong Mortgage Corporation Limited (HKMC) launched the special concessionary measures under its existing SME Financing Guarantee Scheme (SFGS) on 31 May 2012 to provide 80% loan guarantees at concessionary fee rates. The Government provides a total loan guarantee commitment of \$100 billion. The special concessionary measures are time-limited special measures. The original application period was 9 months, which was later extended for one year up to the end of February 2014. In the light of the prevailing uncertain external economic environment, the Government has further extended the application period of the special concessionary measures for one more year up to the end of February 2015 to continue to assist enterprises in obtaining financing in the commercial lending market. Extension of the application period does not involve additional government resources.
- (2) The Hong Kong Export Credit Insurance Corporation (ECIC) has launched a "Small Business Policy" (SBP) scheme for Hong Kong enterprises with an annual business turnover of less than \$50 million since 1 March 2013, providing exporters with more flexibility in taking out insurance cover. Within two years from 1 March 2013, SBP policyholders will enjoy waiver of the annual policy fee and up to 20 per cent premium discount. In 2014-15, the ECIC will

continue to launch the SBP scheme. This measure is launched within the ECIC's overall budget, and does not involve Government resources.

- (3) The Government has earmarked \$50 million to support retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity. This would help manage manpower demand of the retail industry.
- (4) In 2014-15, the Office of the Government Chief Information Officer has earmarked \$3 million under Programme (3) IT in the Community of Head 47 to launch a Cloud Promotion Campaign, which would comprise training and promotional activities, to encourage SMEs to adopt cloud computing services in enhancing their productivity.
- (5) The HKMC will continue to implement the Microfinance Scheme in 2014-15 to assist persons who may wish to start their own business but cannot do so due to a lack of financial means or difficulties in obtaining loans from traditional finance sources. The tentative maximum aggregate loan amount of the scheme is \$100 million. The HKMC is responsible for the relevant loan funding and all administrative expenses; the Microfinance Scheme does not involve any expenditure of the Government.
- (6) The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched on 25 June 2012 to provide funding support to Hong Kong enterprises and non-profit-distributing organisations to assist enterprises in enhancing their competitiveness and facilitating their business development in the Mainland. We will continue to implement the BUD Fund in 2014-15. Provision for the BUD Fund is provided under Programme (3) Support for Small and Medium Enterprises and Industries of Head 181 Trade and Industry Department. The estimated expenditure of the BUD Fund in 2014-15 is \$107.4 million.

In addition, the Hong Kong Trade Development Council (HKTDC) has been actively expanding its Design Gallery network in the Mainland since last year to provide platforms for Hong Kong enterprises, particularly small and medium enterprises to showcase their products and build up greater awareness of Hong Kong brands in the Mainland. The HKTDC opened new Design Gallery shops in Qingdao in August 2013 and in Shanghai in March 2014 respectively. In addition, the HKTDC collaborated with department stores in the Mainland to open a series of Design Gallery "shops-in-shop" inside the stores. The first "shop-in-shop" was opened in Shanghai in March 2013. A total of four additional "shops-in-shop" were subsequently opened in Wuhan, Shanghai and Beijing in the rest of 2013. In 2014-15, the HKTDC plans to open more new Design Gallery shops in major cities in East and West China, and continue to collaborate with department stores in the Mainland to open more "shops-in-shop" in cities such as Shenyang, Chengdu, Chongqing, Beijing and Shanghai. The HKTDC's relevant budget in 2014-15 is around \$15 million.

- (7) Developing creative clusters is one of the Government's strategies for promoting the development of local creative industries. Create Hong Kong will continue to draw on the existing resources of the CreateSmart Initiative under Programme (1) Broadcasting and Creative Industries of Head 55 Government Secretariat: Commerce and Economic Development Bureau (Communications and Technology Branch) to provide the trade and relevant bodies with funding support for organising activities to support the development and promotion of creative clusters such as the Comix Home Base, PMQ, etc. Create Hong Kong has earmarked \$850,000 to provide sponsorship to the Comix Home Base and PMQ in 2013-14 and 2014-15 for producing tourist guide maps and promotional materials, as well as organising small-scale exhibitions at Government venues to promote local creative clusters.

In addition, the Trade and Industry Department will continue to assist small and medium enterprises in obtaining finance, exploring markets and enhancing the overall competitiveness through the three

existing SME funding schemes, namely the SME Loan Guarantee Scheme (SGS), the SME Export Marketing Fund (EMF) and the SME Development Fund (SDF) under Programme (3) Support for Small and Medium Enterprises and Industries of Head 181. In 2014, it is estimated that a total of around \$1.35 billion loan guarantees would be issued under the SGS, and grants of around \$280 million and \$24.7 million would be approved under the EMF and the SDF respectively.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0616)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 43):

Under "Matters Requiring Special Attention in 2014-15", the Commerce, Industry and Tourism Branch undertakes to continue to maintain close communication and co-operation with the Mainland, Taiwan and the Association of Southeast Asian Nations (ASEAN) on trade and investment issues to promote the business advantages of Hong Kong. What were the recurrent and non-recurrent expenditure incurred for the above task in the past three financial years? Will there be an increase in expenditure to strengthen such efforts in the new financial year (2014-15)? Which areas will be targeted with enhanced promotion? Please provide a breakdown of the expenditure to be incurred for the various areas.

Asked by: Hon. LIAO Cheung-kong, Martin

Reply:

In 2014-15, Invest Hong Kong (InvestHK) will conduct marketing campaigns, seminars and investment promotion visits to attract and assist more companies from the Mainland, Taiwan and the Association of Southeast Asia Nations (ASEAN) to set up or expand their business operations in Hong Kong. For the Mainland market, InvestHK will continue to organise investment promotion seminars in the high-growth Mainland cities including Chongqing, Yinchuan, Nanchang, Wuhan, Nanjing, Quanzhou, Kunming, Wuxi, Xiamen and Xian, in collaboration with the Mainland authorities and business associations, to promote Hong Kong as an ideal platform for Mainland companies to go global.

As regards the Taiwan market, InvestHK will continue to reach out to a wide spectrum of Taiwan companies to provide them with the necessary support in setting up or expanding their operations in Hong Kong. InvestHK will strengthen its partnership with the Taiwan business community and organise seminars and conduct investment promotion visits in various Taiwan cities, with the support of its Investment Promotion Unit in the Hong Kong Economic, Trade and Cultural Office in Taiwan. InvestHK will also maintain close liaison with the Taiwan business community in Hong Kong and offer aftercare services to facilitate the expansion of their business.

For the ASEAN markets, InvestHK will strengthen its promotion efforts in 2014-15 through conducting investment promotion visits in target markets, including Singapore, Thailand, Indonesia and Malaysia, to promote Hong Kong's business advantages and to attract more companies in setting up business in Hong Kong. InvestHK will also organise other investment promotion events, including local networking receptions, inviting the participation of representatives from companies, consulates and chambers of commerce from the target ASEAN markets. To better support the investment promotion work in the ASEAN markets, InvestHK has strengthened its staffing complement in the investment promotion unit at the Economic and Trade Office in Singapore in early 2014.

The actual expenditure incurred in 2012-13, estimated actual expenditure incurred in 2013-14 and the estimated expenditure for 2014-15 for conducting investment promotion activities in the Mainland, Taiwan and ASEAN markets are as follows:

| Market | Actual Expenditure in 2012-13 (HK\$ million) | Estimated Actual Expenditure in 2013-14 (HK\$ million) | Estimated Expenditure in 2014-15 (HK\$ million) |
|---------------|---|---|--|
| Mainland | 5.5 | 6 | 6 |
| Taiwan | 1 | 1 | 1 |
| ASEAN | 0.8 | 0.6 | 0.6 |
| Total | 7.3 | 7.6 | 7.6 |

These figures do not include staff cost or general marketing and promotion expenses which cannot be separately itemised.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)103****(Question Serial No. 0617)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 44):

In the past three years, i.e. 2011-12, 2012-13 and 2013-14, how much annual subsidy was provided to the Hong Kong Trade Development Council (HKTDC) by the Government, and what were the total annual expenditure, total non-recurrent expenditure and reserve level of HKTDC?

Asked by: Hon. LIAO Cheung-kong, Martin

Reply:

The amount of Government subvention to the Hong Kong Trade Development Council (HKTDC), HKTDC's total expenditure and reserve level in the past three financial years (i.e. from 2011-12 to 2013-14) are listed below:-

| | Financial Year (\$ million) | | |
|---------------------------------------|-----------------------------|---------|---------|
| | 2011-12 | 2012-13 | 2013-14 |
| Government Subvention to HKTDC | 378 | 384 | 390 |
| HKTDC's | | | |
| - Total Expenditure # | 2,384 | 2,427 | 2,662* |
| - Reserve Level | 1,099 | 1,120 | 1,142* |

Note : * are the estimated figures.

HKTDC's expenditures include financial cost, but there is no breakdown into recurrent or non-recurrent expenditure.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0618)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 45):

One of the matters of the Hong Kong Tourism Board requiring special attention in 2014-15 is to promote Hong Kong as a leading cruise hub in the region. The estimated financial provision for travel and tourism this year is about 12% higher than the revised provision for 2013-14. Will the Bureau allocate additional financial resources to the terminal building, berths and ancillary facilities for the Cruise Terminal, and what is the estimated expenditure involved? Please provide a breakdown of the specific expenditure and the manpower involved.

Asked by: Hon. LIAO Cheung-kong, Martin

Reply:

The increase in the estimated provision under this programme in 2014-15 is mainly due to increased recurrent provision arising from the whole-year and full-scale operation of the Kai Tak Cruise Terminal (including the planned commissioning of the second berth) in that year. Total estimated provision for the operation of the Terminal in 2014-15 amounts to \$85.260 million. It covers the maintenance of electrical and mechanical facilities of the terminal (\$65.942 million), property management services for communal areas (\$5.754 million), and public utility charges such as electricity charges for communal areas and facilities (\$13.564 million).

The Electrical and Mechanical Services Trading Fund is mainly responsible for the maintenance of electrical and mechanical facilities. Different categories of maintenance staff (including professional engineers, inspectors, technical staff, etc.) will work on shifts round-the-clock on site. The manpower required will depend on operational need. We do not have relevant information on the manpower involved for other services to be provided by outsourced service providers.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1344)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 34):

The Administration will continue to work with the Working Group on IP Trading to enhance the development of Hong Kong as a premiere IP trading hub in the region. In this connection, please advise:

1. Has there been any concrete result achieved in last year? If yes, what are the details? If no, what are the reasons?
2. Has any specific target been set for 2014-15? If yes, what are the details? If no, what are the reasons?

Asked by: Hon. LO Wai-kwok

Reply:

1. Since its establishment in March 2013, the Working Group on Intellectual Property (IP) Trading (the Working Group) met regularly and held briefing session to exchange views with stakeholders of the IP industry. Two sub groups were formed under the Working Group to look into the more important and specialised subjects of IP valuation, and IP arbitration and mediation respectively. Taking account of stakeholders' views and after careful deliberation, the Working Group endorsed in end-2013 a strategic framework (the Framework) which covers four strategic areas, namely enhancing the IP protection regime; supporting IP creation and exploitation; fostering IP intermediary services and manpower capacity; and pursuing promotion, education and external collaboration efforts.

2. Based on this Framework, the Working Group will explore specific policies and other support measures under each strategic area for driving the development of Hong Kong as a premier IP trading hub in the region in 2014. Meanwhile, action is already underway to introduce measures to promote IP trading in Hong Kong, such as:

- working to develop and implement an "Original Grant" Patent (OGP) System with a view to enhancing our IP regime. Subject to the progress of implementation work and legislation in the future, we aim at launching the OGP system in 2016/17 at the earliest;

- reviewing our copyright regime and proposing directions for taking care of parody as appropriate under our regime having regard to present day circumstances to strike a balance between copyright protection and freedom of expression;
- co-organising the Business of Intellectual Property (BIP) Asia Forum with the Hong Kong Trade Development Council (HKTDC) and Hong Kong Design Centre to bring this annual IP flagship event in the region to a more strategic level;
- HKTDC launched the Asia IP Exchange, an online IP trading portal, at the BIP Asia Forum in end-2013 to enhance Hong Kong's online IP trading volume, capabilities and connections; and
- working to conduct a Survey on Intellectual Property Trading for providing statistical and other relevant data to support the work of the Working Group.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1345)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 35):

The work of the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) includes maintaining close liaison with the Mainland authorities and assisting the trade to understand and cope with challenges arising from Mainland's new policies and policy adjustments on processing trade. In this connection, please advise on:

- (a) the specific measures implemented by the Bureau and whether timely assessment was made to evaluate their effectiveness in the past 2 years. If yes, what are the details; if not, what are the reasons?
- (b) whether the Administration has responded to and followed up on the major demands of the local trade. If yes, what are the details; if not, what are the reasons?

Asked by: Hon. LO Wai-kwok

Reply:

In 2012-13 and 2013-14, the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau encouraged and assisted Hong Kong enterprises of various industries in upgrading and restructuring, relocating their operations and opening up new markets so as to adjust to changes in the Mainland's policy on processing trade through the following work:

- maintaining close dialogue with the trade through various channels, so as to understand the trade's concerns and views; and maintaining close liaison with the Mainland authorities at various levels (including through the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade) to relay to them the trade's views and to discuss with them support measures for the trade;
- disseminating information to Hong Kong enterprises by means of circulars and newsletters, and organising activities such as symposiums and seminars through the Trade and Industry Department (TID) and our Mainland Offices to enhance the trade's understanding of the Mainland's new policies, legislation and business environment. TID's website includes a dedicated page on economic and trade information of the Mainland, with hyperlinks to the

economic and trade websites of about 200 Mainland authorities. This platform facilitates Hong Kong enterprises in getting access to economic and trade information of the Mainland;

- organising promotional activities and trade fairs and organising delegations to visit the Mainland through the Hong Kong Trade Development Council (HKTDC), with a view to enhancing the trade's understanding of Mainland policies and market development;
- providing Hong Kong enterprises with support services on technological upgrading, management improvement, branding and market development, etc., and Mainland market information through the HKTDC and the Hong Kong Productivity Council, etc.;
- with regard to financial support, assisting small and medium enterprises (SMEs) through the on-going "SME Funding Schemes" in areas such as market promotion, acquisition of equipment, upgrading of operational and technical skills, business restructuring and relocation;
- continuing to implement the Dedicated Fund on Branding, Upgrading and Domestic Sales launched on 25 June 2012 to provide funding support to individual enterprises and non-profit-making organisations, so as to assist enterprises in enhancing their competitiveness and facilitating their business development in the Mainland and capturing the vast opportunities arising from the National 12th Five-year Plan;
- arranging trade missions led by the Chief Executive to Chongqing, Guangxi and Fujian in September 2013, November 2013 and January 2014 respectively to deepen the trade's understanding about the latest developments and investment opportunities in Mainland cities and facilitate exchanges and cooperation between Hong Kong and local enterprises;
- arranging our Mainland Offices to collaborate with trade associations and other organisations to organise "Hong Kong Week" promotional events in the Mainland in order to promote Hong Kong products and services, with a view to assisting Hong Kong enterprises in building up their brand image and exploring the domestic market; and
- through the expansion of the network of Design Gallery shops in the Mainland by the HKTDC, providing platforms for Hong Kong enterprises, particularly SMEs, to showcase their products and build up greater awareness of Hong Kong brands in the Mainland.

The Mainland authorities have responded positively to many proposals of the Government and the trade. Various facilitation and support measures have been launched, including the implementation of "restructuring without stopping production", "consolidated tax return for multiple domestic sales" and streamlining procedures for outward processing.

According to the latest figures provided by the Guangdong Provincial Government, there were about 11 000 enterprises engaged in processing trade (which are not legal persons) as at the end of 2012, of which 7 128 have successfully been restructured into one of the three types of foreign-funded enterprises (about 90% of them are Hong Kong enterprises).

In 2014-15, we will continue to implement the above measures to support Hong Kong enterprises operating in the Mainland, and assist the trade to adjust to changes in the Mainland's policy on processing trade through industrial restructuring and upgrading, relocating their operations and opening up new markets, etc.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1868)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 6):

It is projected that the visitor arrivals will reach 100 million ten years later. Will the Bureau inform this Committee:

1. Whether adequate manpower and resources have been earmarked to handle the increasing number of visitors travelling under the Individual Visit Scheme? If yes, what are the details? If no, what are the reasons?
2. Whether reference has been made to Taiwan's quota scheme for individual Mainland Chinese tourists regarding the setting of a quota for the Individual Visit Scheme?
3. Whether consideration has been given to resuming the practice of 2002 in which an annual quota of 730 000 was set under the Hong Kong Group Tour Scheme?
4. Whether evaluation has been made on the maximum number of visitors that can be supported by all the immigration facilities in Hong Kong? If the facilities are overloaded, does the Bureau have any means to ease visitor traffic such as requesting the Mainland authorities to suspend the Individual Visit Scheme endorsement?
5. Has the Bureau reflected to the Mainland authorities on the excessive number of visitors in Hong Kong? If yes, what are the responses? If no, what are the reasons?

Asked by: Hon. MO, Claudia

Reply:

In response to the public concern about the impact of the continuous growth in visitor arrivals on the livelihood of the community, the HKSAR Government has comprehensively assessed Hong Kong's capacity to receive tourists. The Assessment Report on Hong Kong's Capacity to Receive Tourists was completed at the end of last year. On the basis that projected visitor arrivals would be over 70 million in 2017, the assessment suggests that Hong Kong would generally be able to receive the visitor arrivals in 2017. Hotel rooms, however, would continue to be in tight supply. The HKSAR Government will continue to increase the supply of hotel rooms through a multi-

pronged approach, and to increase our capacity to receive tourists on various fronts. We will adopt the following three-pronged approach to facilitate the long-term and stable development of our tourism industry –

- (a) continuous enhancement of our capacity to receive tourists: For hotel, the HKSAR Government is identifying feasible ways for the gradual release of the 6 sites facing Victoria Harbour within the “hotel belt” adjacent to the Kai Tak Cruise Terminal to the market starting from the end of next year. Also, the hotel project at the Murray Building site has been successfully tendered. Upon commissioning, this hotel, together with the Ocean Hotel in the Ocean Park and the third hotel in the Hong Kong Disneyland, will provide altogether over 1 500 rooms, offering more diverse and novel choices of quality hotel accommodation. On tourist facilities, the construction of the waterpark at Tai Shue Wan in the Ocean Park and the “Iron Man Experience” in the Hong Kong Disneyland has commenced by phases. The terminal building and the first berth of the Kai Tak Cruise Terminal came into operation last June. Cruise lines and passengers have found the Terminal’s facilities and services satisfactory. With construction works now in the final stage, the second berth is planned to be commissioned this year. Regarding the handling capacity of boundary control points, the Immigration Department and the Customs and Excise Department will strive to enhance the handling capacity, and to increase the efficiency at the boundary control points by way of improving the boundary control points’ facilities, making use of information technology, and flexibly redeploying manpower resources to meet the service demand;
- (b) developing the “Kai Tak Fantasy” and Lantau into 2 specialised tourism clusters to attract high value-added visitor segments to visit Hong Kong: “Kai Tak Fantasy” – International Ideas Competition on Urban Planning and Design is now under way, and it is our target to develop the site into a spectacular world-class tourism, entertainment and leisure hub; and
- (c) strengthening promotion of tourist attractions in different districts so as to offer more choices to the visitors and to help alleviate congestion at traditionally popular tourist areas.

Moreover, the Central Government had agreed not to increase the number of cities under the Individual Visit Scheme (IVS) nor expand the scope of the multiple-entry permit at the current stage. The HKSAR Government will continue to maintain close liaison with the Mainland and exchange views with them on a regular basis regarding the implementation and way forward for the IVS, and to attract Mainland visitors in an appropriate and orderly manner in the light of our economic and social conditions.

Enhancing Hong Kong’s capacity to receive tourists is an on-going task. The relevant expenditure has been subsumed within the establishment and provision of the Bureau and relevant departments and organisations. It is difficult to quantify them separately. To attract high-spending visitors (including convention and exhibition visitors) to Hong Kong, the HKSAR Government will allocate an additional \$45 million for the Hong Kong Tourism Board (HKTB) to provide more attractive and targeted services and concessions for organisers and participants of conventions and exhibitions of various scales and types in the coming 3 years. Besides, to attract overseas visitors to come to Hong Kong at different times, we shall provide additional funding of \$50 million to the HKTB in the coming 2 years to strengthen even further its popular events, such as the Wine and Dine Festival, the New Year Countdown Celebrations and the Chinese New Year Night Parade. One way to do so is to introduce 3D projection mapping technology to help showcase the magnificent night view of the Victoria Harbour during mega events.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)108

(Question Serial No. 1889)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 31):

Please provide the past and estimated figures in respect of the various types of visitors, their spending, as well as the spending related to Hong Kong inbound travel (by means of the table below).

| | Overnight visitors | | Same-day visitors | | Average per capita spending of overnight visitors (HK\$) | | Average per capita spending of same-day visitors (HK\$) | | Total spending related to inbound travel (HK\$ billion) | | "Total expenditure on destination consumption" (HK\$ billion) | | Passenger International Transportation Expenditure (HK\$ billion) | |
|-----------------|--------------------|---|-------------------|---|--|---|---|---|---|---|---|---|---|---|
| | Number | Increase as compared with last year (%) | Number | Increase as compared with last year (%) | Total | Increase as compared with last year (%) | Total | Increase as compared with last year (%) | Total | Increase as compared with last year (%) | Total | Increase as compared with last year (%) | Total | Increase as compared with last year (%) |
| 2009 | | | | | | | | | | | | | | |
| 2010 | | | | | | | | | | | | | | |
| 2011 | | | | | | | | | | | | | | |
| 2012 | | | | | | | | | | | | | | |
| 2013 | | | | | | | | | | | | | | |
| 2014 (estimate) | | | | | | | | | | | | | | |
| 2015 (estimate) | | | | | | | | | | | | | | |
| 2016 (estimate) | | | | | | | | | | | | | | |

Asked by: Hon. MO, Claudia

Reply:

According to the information from the Hong Kong Tourism Board (HKTB), visitor arrivals and their spending figures in the past 5 years (2009-2013) and the concerned forecasts for 2014 are listed out in the table below:

| | Overnight visitors | | Same-day visitors | | Average per capita spending of overnight visitors (HK\$) | | Average per capita spending of same-day visitors (HK\$) | | Total spending related to inbound travel (HK\$ billion) | | "Total expenditure on destination consumption" (HK\$ billion) | | Passenger International Transportation Expenditure (HK\$ billion) | |
|-----------------|--------------------|-------------------------|-------------------|-------------------------|--|-------------------------|---|-------------------------|---|-------------------------|---|-------------------------|---|-------------------------|
| | ('000) | Year-on-year change (%) | ('000) | Year-on-year change (%) | Total amount (HK\$) | Year-on-year change (%) | Total amount (HK\$) | Year-on-year change (%) | Total amount (HK\$ billion) | Year-on-year change (%) | Total amount (HK\$ billion) | Year-on-year change (%) | Total amount (HK\$ billion) | Year-on-year change (%) |
| 2009 | 16 930 | -2.3 | 12 660 | +3.9 | 5,770 | +6.1 | 1,798 | +20.0 | 158.3 | +0.3 | 124.6 | +6.4 | 33.6 | -17.3 |
| 2010 | 20 090 | +18.7 | 15 950 | +25.9 | 6,728 | +16.6 | 1,846 | +2.7 | 212.2 | +34.1 | 169.2 | +35.7 | 43.1 | +28.0 |
| 2011 | 22 320 | +11.1 | 19 610 | +23.0 | 7,470 | +11.0 | 2,012 | +9.0 | 258.7 | +21.9 | 210.9 | +24.7 | 47.8 | +11.1 |
| 2012 | 23 770 | +6.5 | 24 840 | +26.7 | 7,818 | +4.7 | 2,121 | +5.4 | 296.6* | +14.6 | 243.4 | +15.4 | 53.2* | +11.2 |
| 2013 | 25 660 | +8.0 | 28 640 | +15.3 | 8,123 | +3.9 | 2,378 | +12.1 | 343.1* | +15.7 | 285.1* | +17.1 | 57.9* | +9.0 |
| 2014 (Estimate) | 26 890 | +4.8 | 32 080 | +12.0 | 8,481 | +4.4 | 2,545 | +7.1 | 381.0 | +11.1 | 318.8 | +11.8 | 62.2 | +7.3 |

Remarks: (*) Provisional figures

(#) Tourism expenditure associated with inbound tourism is the sum of total destination consumption expenditure and passenger international transportation expenditure. Add-ups may not be equal to total due to rounding.

The HKTB does not have the forecasts for visitor arrivals and their spending figures in 2015 and 2016 at this stage.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1368)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (-)

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 15):

It is stated in paragraph 101 of the Budget Speech that the Government will earmark \$50 million to support retailers on a matching fund basis for the use of information technology and other technology solutions to increase productivity. What are the objectives, actual scope of funding, implementation agent, manpower requirements and expenditure of this scheme?

Asked by: Hon. MOK, Charles Peter

Reply:

In the Budget Speech 2014-15, the Financial Secretary has announced acceptance of the recommendations of the Task Force on Manpower Development of the Retail Industry and pursuit of the following implementation measures –

- (a) supporting retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity;
- (b) assisting the Vocational Training Council in strengthening vocational education and training with reference to the Specifications of Competency Standards for the Retail Industry (which was newly drawn up under the Qualifications Framework), including running retail courses through a professional institution and launching pilot courses combining classroom learning and work placement;
- (c) working with the industry to enhance the image of the trade; and
- (d) providing targeted recruitment and employment services and organising large-scale and district-based job fairs dedicated to the retail industry.

The Government has allocated \$130 million to add to existing resources to take forward the above measures.

The target of the funding support for productivity enhancement is small and medium sized enterprises of the retail industry. We plan to partner with the Hong Kong Productivity Council in rolling out the scheme concerned, and are working with it and the industry on detailed parameters such as application eligibility and procedures, the technologies to be covered, expected results, etc. We will shortly present the detailed proposal to the Panel on Commerce and Industry and the Finance Committee to seek support for early launching of the scheme.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 4383)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 70):

Regarding the efforts to enhance copyright protection in the digital environment, would the Administration advise of the following:

- (a) With the completion of a public consultation exercise on the treatment of parody under Hong Kong's copyright regime by the Government at end-2013, what progress has been made in the drafting of legislative proposals? What are the action plans, as well as the manpower and expenditure involved for this year?
- (b) Does the Administration have plans to strengthen its liaison with stakeholders such as netizens and the copyright industries, and enhance the public awareness of copyright protection in the digital environment through publicity? What specific work will be carried out? What are the timetable, as well as the manpower and expenditure involved?

Asked by: Hon. MOK, Charles Peter

Reply:

- (a) We conducted public consultation last year to explore how parody should be taken care of as appropriate having full regard to present day circumstances. We briefed the Legislative Council Panel on Commerce and Industry on the consultation outcome and our proposed directions in December 2013 and March 2014 respectively. We are now formulating legislative proposals with a view to concluding efforts since 2006 to update our copyright regime and strengthen copyright protection in the digital environment as soon as possible. The related work is absorbed by the existing establishment. It is difficult to quantify such manpower and expenditure separately.
- (b) We will continue to engage stakeholders, promote and educate the public about copyright protection and reasonable uses of copyright works through various channels. The related work will be absorbed by the existing establishment. It is difficult to quantify such manpower and expenditure separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 4384)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 71):

The Working Group on Manufacturing Industries, Innovative Technology, and Cultural and Creative Industries under the Economic Development Commission is studying the future development of creative industries and innovation and technology industries. Please advise this Committee of the details of the study, timetable, manpower and expenditure incurred so far.

Asked by: Hon. MOK, Charles Peter

Reply:

The Working Group on Manufacturing Industries, Innovative Technology, and Cultural and Creative Industries (MICWG) under the Economic Development Commission (EDC) is considering and studying the policy and support measures that the Government should put in place in respect of the industries under its purview, and will make specific recommendations to the EDC. Up to present, the MICWG has made a number of specific recommendations, including allowing more young design talents to attend overseas work attachment; further improving the current Innovation and Technology Fund; encouraging companies to employ research and development talents; and strengthening the incubation programmes, which have been endorsed by the EDC. The Government is planning for the implementation arrangements. The MICWG will continue to discuss and study other possible support policy and measures for making specific recommendations to the EDC.

Secretariat support for the EDC and two of its Working Groups (namely, the Working Group on Convention and Exhibition Industries and Tourism and the MICWG) is provided by the Commerce and Economic Development Bureau. The relevant work is handled by existing manpower and an additional Senior Administrative Officer post (involving an annual additional expenditure of about \$1.15 million) created in April 2013. Other expenditure involved in providing secretariat support is absorbed by this Bureau's existing resources. It is difficult to quantify it separately.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 4385)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 72):

According to the Assessment Report on Hong Kong's Capacity to Receive Tourists published by the Government, the percentage of mainland visitors in the annual overall visitor figure is projected to increase from over 70% at present to over 100 million in 2023. Will the Administration consider enhancing the arrangements for Individual Visit Scheme (IVS) in 2014-15? For example, will it impose a quota for IVS visitors by phases or review the increase in visitor arrivals on a regular basis? If yes, what are the work plan, timetable and estimated expenditure? If no, what are the reasons?

Asked by: Hon. MOK, Charles Peter

Reply:

In response to the public concern about the impact of the continuous growth in visitor arrivals on the livelihood of the community, the HKSAR Government has comprehensively assessed Hong Kong's capacity to receive tourists. The Assessment Report on Hong Kong's Capacity to Receive Tourists was completed at the end of last year. On the basis that projected visitor arrivals would be over 70 million in 2017, the assessment suggests that Hong Kong would generally be able to receive the visitor arrivals in 2017. Hotel rooms, however, would continue to be in tight supply. The HKSAR Government will continue to increase the supply of hotel rooms through a multi-pronged approach, and to increase our capacity to receive tourists on various fronts. We will adopt the following three-pronged approach to facilitate the long-term and stable development of our tourism industry –

- (a) continuous enhancement of our capacity to receive tourists;
- (b) developing the “Kai Tak Fantasy” and Lantau into 2 specialised tourism clusters to attract high value-added visitor segments to visit Hong Kong; and
- (c) strengthening promotion of tourist attractions in different districts so as to offer more choices to the visitors and to help alleviate congestion at traditionally popular tourist areas.

Moreover, the Central Government had agreed not to increase the number of cities under the Individual Visit Scheme (IVS) nor expand the scope of the multiple-entry permit at the current stage. The HKSAR Government will continue to maintain close liaison with the Mainland and exchange views with them on a regular basis regarding the implementation and way forward for the IVS, and to attract Mainland visitors in an appropriate and orderly manner in the light of our economic and social conditions.

CONTROLLING OFFICER’S REPLY

(Question Serial No. 4393)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-)

Programme: (1) Director of Bureau's Office

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 107):

In connection with the provision of public information and gathering of public opinions by means of the Internet, please advise on the following:

(a) the information regarding the social media platforms set up and operated by your bureau/departments/public bodies or their agents (such as out-sourced contractors or consultants) for the past year in tabulated form (see Annex 1).

| Commence-ment of operation (Month/Year) | Status (keep updating /ceased updating) (as at 31 January 2014) | Government agencies (including policy bureaux/ departments /public bodies/ government consultations) | Name | Social media (Facebook /Flickr/ Google+ /LinkedIn /Sina Weibo/ Twitter/ YouTube) | Purpose of establish-ment and no. of updates (as at 31 January 2014) | No. of “Likes”/ No. of subscribers /Average monthly visits (as at 31 January 2014) | Compiling summary of comments and following up on a regular basis (Yes/No) | Rank and No. of officers responsible for the operation (as at 31 January 2014) | Financial resources involved in the establish-ment and daily operation (as at 31 January 2014) |
|---|---|--|--------|--|--|--|--|--|--|
| | | | (1)... | (1)... | | | | | |
| | | | (2)... | (2)... | | | | | |
| | | | (3)... | (3)... | | | | | |

(b) whether the “Guidelines on the Use of Social Media” available on Government intranets give instructions to your department on the ceilings on expenditures for using social media or web-based platforms, such as registration fees, advertising expenditures and value-added services. If yes, what are the details? If not, will the guidelines be revised to set out the reasonable levels of expenditures derived from the use of social media.

(c) In recent years, governments around the world have introduced systems through which citizens may hand in their online proposals. They have also undertaken that they will give a formal online response if a certain number of citizens have indicated their support of the proposals. Has the Administration examined ways to improve the existing channels for collecting public opinions on the Internet and evaluate the feasibility of the system of collecting online proposals mentioned above? If yes, what are the details? If not, what are the reasons?

Asked by: Hon. MOK, Charles Peter

Reply:

- (a) The information relating to social media platforms set up and operated by Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) (CITB) as well as the departments and public bodies under the purview of CITB in 2013-14 are provided at Annex 1.
- (b) The Office of the Government Chief Information Officer (OGCIO) has provided information security and other guidelines for bureaux and departments' reference, including the setting up of theme page with information on various social media platforms and the tips for their usage, as well as providing technical advice and support to bureaux and departments. As for the expenditure on the social media, we will decide on the level of expenditure according to the operational needs.
- (c) We do not have any specific plan at this stage but will continue to monitor development and public reaction in order to assess the need as appropriate.

Social Media Platforms set up and operated by Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)(CITB)
as well as the departments and public bodies under the purview of CITB in 2013-14

| Commencement of operation (Month/Year) | Status (keep updating/ceased updating) (as at 31 January 2014) | Departments /Organisation | Name | Social media (Facebook/ Flickr/Google+ /LinkedIn /Sina Weibo/ Twitter/ YouTube) | Purpose of establishment and no. of updates (as at 31 January 2014) | No. of “Likes”/ No. of subscribers/ Average monthly visits (as at 31 January 2014) | Compiling summary of comments and following up on a regular basis (Yes/ No) | Rank and No. of officers responsible for the operation (as at 31 January 2014) | Financial resources involved in the establishment and daily operation (as at 31 January 2014) |
|---|---|----------------------------------|----------------------------|--|---|---|--|--|--|
| February 2010 | Keep updating | Invest Hong Kong (InvestHK) | InvestHK's YouTube channel | YouTube | To post case study videos, InvestHK corporate videos and StartmeupHK videos to promote Hong Kong's advantages as a destination for foreign direct investment (FDI) Over 146 videos have been uploaded. | 229 subscribers | No | 1 Investor Support Officer (ISO) and 2 Investment Promotion Assistants (IPAs) (Note 1) | Not applicable (Note 2) |
| February 2010 | Keep updating | InvestHK | InvestHK's Flickr channel | Flickr | To post event and press release photos and videos Around 400 photos and videos have been uploaded. | About 11 396 views | No | 1 ISO and 2 IPAs (Note 1) | Not applicable (Note 2) |

| Commencement of operation (Month/Year) | Status (keep updating/ceased updating) (as at 31 January 2014) | Departments /Organisation | Name | Social media (Facebook/ Flickr/Google+ /LinkedIn /Sina Weibo/ Twitter/ YouTube) | Purpose of establishment and no. of updates (as at 31 January 2014) | No. of "Likes"/ No. of subscribers/ Average monthly visits (as at 31 January 2014) | Compiling summary of comments and following up on a regular basis (Yes/ No) | Rank and No. of officers responsible for the operation (as at 31 January 2014) | Financial resources involved in the establishment and daily operation (as at 31 January 2014) |
|--|--|---------------------------|---|---|--|--|---|--|---|
| May 2010 | Keep updating | Invest HK | InvestHK's Twitter channel | Twitter | To post stories about InvestHK clients and Hong Kong's advantages and FDI trends Over 1 200 tweets have been issued. | About 2 430 followers | No | 1 ISO and 2 IPAs (Note 1) | Not applicable (Note 2) |
| May 2012 | Keep updating | InvestHK | InvestHK's LinkedIn group (Setting up and expanding in Hong Kong) | LinkedIn | To post discussions and stories about setting up and expanding in Hong Kong Over 110 posts | About 180 members | No | 1 ISO and 2 IPAs (Note 1) | Not applicable (Note 2) |
| August 2012 | Keep updating | InvestHK | InvestHK's LinkedIn company page | LinkedIn | To post stories about InvestHK, its clients and Hong Kong's advantages and FDI trends. Over 270 posts have been issued. | About 2 350 followers | No | 1 ISO and 2 IPAs (Note 1) | Not applicable (Note 2) |

| Commencement of operation (Month/Year) | Status (keep updating/ceased updating) (as at 31 January 2014) | Departments /Organisation | Name | Social media (Facebook/ Flickr/Google+ /LinkedIn /Sina Weibo/ Twitter/ YouTube) | Purpose of establishment and no. of updates (as at 31 January 2014) | No. of "Likes"/ No. of subscribers/ Average monthly visits (as at 31 January 2014) | Compiling summary of comments and following up on a regular basis (Yes/ No) | Rank and No. of officers responsible for the operation (as at 31 January 2014) | Financial resources involved in the establishment and daily operation (as at 31 January 2014) |
|--|--|---------------------------|----------------------------------|---|--|--|---|--|---|
| December 2012 | Keep updating | InvestHK | InvestHK's account on Sina Weibo | Sina Weibo | To post stories about InvestHK, its clients and Hong Kong's advantages and FDI trends for investment promotion More than 50 feeds have been issued. | About 150 followers | No | ISO (Note 1) | Not applicable (Note 2) |
| July 2013 | Keep updating | InvestHK | StartmeupHK Twitter channel | Twitter | To post stories about StartmeupHK Venture Programme, Startup community events and Hong Kong's advantages Over 467 tweets have been issued. | About 620 followers | No | 1 ISO, 2 IPAs and 2 interns (Note 1) | Not applicable (Note 2) |

| Commencement of operation (Month/Year) | Status (keep updating/ceased updating) (as at 31 January 2014) | Departments /Organisation | Name | Social media (Facebook/ Flickr/Google+ /LinkedIn /Sina Weibo/ Twitter/ YouTube) | Purpose of establishment and no. of updates (as at 31 January 2014) | No. of "Likes"/ No. of subscribers/ Average monthly visits (as at 31 January 2014) | Compiling summary of comments and following up on a regular basis (Yes/ No) | Rank and No. of officers responsible for the operation (as at 31 January 2014) | Financial resources involved in the establishment and daily operation (as at 31 January 2014) |
|---|---|----------------------------------|-------------------------------|--|--|---|--|---|--|
| July 2013 | Keep updating | InvestHK | StartmeupHK Venture Programme | Facebook | To post stories about StartmeupHK Venture Programme, Startup community events and Hong Kong's business advantages Over 186 posts have been issued. | About 5 636 Likes | No | 1 ISO, 2 IPAs and 2 interns (Note 1) | Not applicable (Note 2) |
| July 2009 | Keep updating | Hong Kong Observatory (HKO) | Hong Kong Observatory | YouTube | To broadcast weather programmes, to promote HKO's weather services and meteorological knowledge, and to enhance public's awareness of weather hazards. About 320 videos have been uploaded. | Average no. of monthly visitors : 77 000 | Yes | 1 Scientific Officer; 1 Chief Scientific Assistant; 2 Scientific Assistants (Note 1) | Not applicable (Note 2) |

| Commencement of operation (Month/Year) | Status (keep updating/ceased updating) (as at 31 January 2014) | Departments /Organisation | Name | Social media (Facebook/ Flickr/Google+ /LinkedIn /Sina Weibo/ Twitter/ YouTube) | Purpose of establishment and no. of updates (as at 31 January 2014) | No. of "Likes"/ No. of subscribers/ Average monthly visits (as at 31 January 2014) | Compiling summary of comments and following up on a regular basis (Yes/ No) | Rank and No. of officers responsible for the operation (as at 31 January 2014) | Financial resources involved in the establishment and daily operation (as at 31 January 2014) |
|--|--|---------------------------|-----------------------|---|---|--|---|--|---|
| September 2010 | Keep updating | Hong Kong Observatory | Observatory HKO | Twitter | To provide real-time weather information, weather reports related to hazardous weather, earthquake messages, as well as news of the HKO About 8 000 tweets have been issued. | Number of followers : about 22 000 followers | Yes | 1 Scientific Officer; 1 Analyst Programmer; 1 Scientific Assistant (Note 1) | Not applicable (Note 2) |
| March 2011 | Keep updating | Hong Kong Observatory | Hong Kong Observatory | Sino Weibo | To provide real-time weather information, weather reports related to hazardous weather, earthquake messages, as well as news of the HKO About 7 900 posts have been issued. | Number of fans : about 140 000 | Yes | 1 Scientific Officer; 1 Analyst Programmer; 1 Scientific Assistant (Note 1) | Not applicable (Note 2) |

| Commencement of operation (Month/Year) | Status (keep updating/ceased updating) (as at 31 January 2014) | Departments /Organisation | Name | Social media (Facebook/ Flickr/Google+ /LinkedIn /Sina Weibo/ Twitter/ YouTube) | Purpose of establishment and no. of updates (as at 31 January 2014) | No. of "Likes"/ No. of subscribers/ Average monthly visits (as at 31 January 2014) | Compiling summary of comments and following up on a regular basis (Yes/ No) | Rank and No. of officers responsible for the operation (as at 31 January 2014) | Financial resources involved in the establishment and daily operation (as at 31 January 2014) |
|--|--|--|---|---|--|--|---|--|---|
| April 2011 | Keep updating | Hongkong Post | hkpogovhk on YouTube channel | YouTube | To disseminate information on Hongkong Post Number of updates : 8 | No. of subscribers: 42; Average monthly visits: 727 | Not applicable | 1 Assistant Controller of Posts II (Note 1) | Not applicable (Note 2) |
| October 2013 | Ceased updating | Hongkong Post | 2013 Vintage Posting Box Photo Taking Competition | Facebook | To set up a voting platform for the 2013 Vintage Posting Box Photo Taking Competition Number of update : 1 | Total number of "Likes" : 122 | Not applicable | 1 Assistant Controller of Posts II (Note 1) | Not applicable (Note 2) |
| June 2013 | Keep updating | Intellectual Property Department (IPD) | IPD HKSARG | YouTube | To promote intellectual property protection; to disseminate IPD's TV APIs Updated on need basis, 108 videos have been uploaded. | No. of subscribers: 21 Average monthly visits: 1 175 | No | 1 Assistant Manager (Note 1) | Not applicable (Note 2) |

| Commencement of operation (Month/Year) | Status (keep updating/ceased updating) (as at 31 January 2014) | Departments /Organisation | Name | Social media (Facebook/ Flickr/Google+ /LinkedIn /Sina Weibo/ Twitter/ YouTube) | Purpose of establishment and no. of updates (as at 31 January 2014) | No. of "Likes"/ No. of subscribers/ Average monthly visits (as at 31 January 2014) | Compiling summary of comments and following up on a regular basis (Yes/ No) | Rank and No. of officers responsible for the operation (as at 31 January 2014) | Financial resources involved in the establishment and daily operation (as at 31 January 2014) |
|---|---|----------------------------------|----------------------|--|---|---|--|---|--|
| August 2013 | Ceased updating | Consumer Council | Wise Shopping Videos | YouTube | <p>Purpose: Six video episodes on the offences under the amended Trade Descriptions Ordinance were produced by the Consumer Council to provide relevant information to the public.</p> <p>No. of updates : Not applicable</p> | Average monthly visits: 356 | No | 1 Officer (Note 1) | Nil |

| Commencement of operation (Month/Year) | Status (keep updating/ceased updating) (as at 31 January 2014) | Departments /Organisation | Name | Social media (Facebook/ Flickr/Google+ /LinkedIn /Sina Weibo/ Twitter/ YouTube) | Purpose of establishment and no. of updates (as at 31 January 2014) | No. of "Likes"/ No. of subscribers/ Average monthly visits (as at 31 January 2014) | Compiling summary of comments and following up on a regular basis (Yes/ No) | Rank and No. of officers responsible for the operation (as at 31 January 2014) | Financial resources involved in the establishment and daily operation (as at 31 January 2014) |
|--|--|---|--|---|--|---|---|---|---|
| End 2009 | Keep updating | Hong Kong Economic and Trade Office, Brussels | The LinkedIn accounts of Senior Investment Promotion Executive (SIPE), Investment Promotion Executive and Investment Promotion Assistant | LinkedIn | <p>(a) To identify potential investors in a particular country and contacts of a particular company</p> <p>(b) To share information on economic developments in Hong Kong</p> <p>(c) To publicize SIPE's business trips so that interested parties may approach him in person</p> <p>(d) To promote and communicate with the Startup enterprises</p> <p>Number of updates: around 10</p> | For publicity of other activities, LinkedIn does not provide a log of the viewing statistics. | No | <p>1 Senior Investment Promotion Executive</p> <p>1 Investment Promotion Executive</p> <p>1 Investment Promotion Assistant (Note 1)</p> | Not applicable (Note 2) |

| Commencement of operation (Month/Year) | Status (keep updating/ceased updating) (as at 31 January 2014) | Departments /Organisation | Name | Social media (Facebook/ Flickr/Google+ /LinkedIn /Sina Weibo/ Twitter/ YouTube) | Purpose of establishment and no. of updates (as at 31 January 2014) | No. of "Likes"/ No. of subscribers/ Average monthly visits (as at 31 January 2014) | Compiling summary of comments and following up on a regular basis (Yes/ No) | Rank and No. of officers responsible for the operation (as at 31 January 2014) | Financial resources involved in the establishment and daily operation (as at 31 January 2014) |
|--|--|--|----------------------------------|---|--|---|---|--|---|
| November 2011 | Keep updating | Hong Kong Economic and Trade Office, London | hketolondon's channel | YouTube | To upload videos to publicize London ETO's activities as well as to promote Hong Kong 17 videos have been uploaded. | As at 31 January 2014, there were 18 "likes", 8 subscribers and over 3 800 views of the 17 videos. | No | 1 Principal Information Officer (Note 1) | Not applicable (Note 2) |
| February 2011 | Keep updating | Hong Kong Economic and Trade office, Washington | USETO's YouTube channel | YouTube | To upload relevant clips on latest developments in Hong Kong and activities of USETOs 12 clips have been uploaded. | 6 subscribers | No | 1 IT Consultant (Note 1) | Not applicable (Note 2) |
| February 2013 | Ceased updating | Hong Kong Economic and Trade Office, Singapore (Singapore ETO) | Hong Kong Movie Night in Bangkok | Facebook | To promote the event The content was updated as and when necessary. No record on the number of updates. | 301 "likes" No record on the average monthly visit was kept by the agent as it was a one-off event | No | Not applicable (the page was managed by the agent appointed by Singapore ETO for organising the event) | Additional services provided by the agent free of charge |

| Commencement of operation (Month/Year) | Status (keep updating/ceased updating) (as at 31 January 2014) | Departments /Organisation | Name | Social media (Facebook/ Flickr/Google+ /LinkedIn /Sina Weibo/ Twitter/ YouTube) | Purpose of establishment and no. of updates (as at 31 January 2014) | No. of “Likes”/ No. of subscribers/ Average monthly visits (as at 31 January 2014) | Compiling summary of comments and following up on a regular basis (Yes/ No) | Rank and No. of officers responsible for the operation (as at 31 January 2014) | Financial resources involved in the establishment and daily operation (as at 31 January 2014) |
|--|--|---------------------------|-------------------------------------|---|--|---|---|--|---|
| March 2013 | Ceased updating | Singapore ETO | Hong Kong Film Week 2013 in Vietnam | Facebook | To promote the Hong Kong Film Week The content was updated as and when necessary. No record on the number of updates. | 6 007 “likes” No record on the average monthly visit was kept by the agent as it was a one-off event | No | Not applicable (the page was managed by the agent appointed by Singapore ETO for organising the event) | HK\$18,600 was spent on the management of the Facebook page for the event |
| July 2013 | Ceased updating | Singapore ETO | “Asia On The Edge 2013” conference | Facebook | To promote the event The content was updated as and when necessary. No record on the number of updates | 1 692 “likes” No record on the average monthly visit was kept by the agent as it was a one-off event | No | Not applicable (the page was managed by the agent appointed by Singapore ETO for organising the event) | HK\$15,000 was spent on, inter alia, management of the concerned social media page/account |

| Commencement of operation (Month/Year) | Status (keep updating/ceased updating) (as at 31 January 2014) | Departments /Organisation | Name | Social media (Facebook/ Flickr/Google+ /LinkedIn /Sina Weibo/ Twitter/ YouTube) | Purpose of establishment and no. of updates (as at 31 January 2014) | No. of “Likes”/ No. of subscribers/ Average monthly visits (as at 31 January 2014) | Compiling summary of comments and following up on a regular basis (Yes/ No) | Rank and No. of officers responsible for the operation (as at 31 January 2014) | Financial resources involved in the establishment and daily operation (as at 31 January 2014) |
|--|--|---------------------------|---|---|---|---|---|--|---|
| August 2013 | Ceased updating | Singapore ETO | The Asia Tour of the Asian Youth Orchestra | (1) Facebook (2) YouTube | To promote the event on the agent’s social media platform The content was updated as and when necessary. No record on the number of updates. | 1 000 “likes” No record on the average monthly visit was kept by the agent as it was a one-off event | No | Not applicable (the page was managed by the agent appointed by Singapore ETO for organising the event) | Additional services provided by the agent free of charge |
| October 2013 | Ceased updating | Singapore ETO | “The Story of Kong Ngee” film retrospective | (1) Facebook (2) Twitter (3) Instagram | To promote the event The content was updated as and when necessary. No record on the number of updates. | (1) 221 “likes” (2) Over 6 000 followers (3) Over 600 followers No record on the average monthly visit was kept by the agent as it was a one-off event | No | Not applicable (the page was managed by the agent appointed by Singapore ETO for organising the event) | Additional services provided by the agent free of charge |

| Commencement of operation (Month/Year) | Status (keep updating/ceased updating) (as at 31 January 2014) | Departments /Organisation | Name | Social media (Facebook/ Flickr/Google+ /LinkedIn /Sina Weibo/ Twitter/ YouTube) | Purpose of establishment and no. of updates (as at 31 January 2014) | No. of "Likes"/ No. of subscribers/ Average monthly visits (as at 31 January 2014) | Compiling summary of comments and following up on a regular basis (Yes/ No) | Rank and No. of officers responsible for the operation (as at 31 January 2014) | Financial resources involved in the establishment and daily operation (as at 31 January 2014) |
|--|--|---|---|---|--|--|---|--|---|
| January 2014 | Ceased updating | Singapore ETO | Hong Kong Film Showcase of Tropfest Southeast Asia | Facebook | To promote the event The content was updated as and when necessary. No record on the number of updates. | 19 "likes" No record on the average monthly visit was kept by the agent as it was a one-off event | No | Not applicable (the page was managed by the agent appointed by Singapore ETO for organising the event) | Additional services provided by the agent free of charge |
| (1) May 2011 (2) March 2013 | Keep updating | Hong Kong Economic and Trade Office, Sydney | (1) Hong Kong In Australia and New Zealand (2) Hong Kong Business News - Australia & New Zealand | (1) Facebook (2) LinkedIn | This page shares various information, news, events and photos about Hong Kong with Australian and New Zealand audience The content was updated as and when necessary. No record on the number of updates. | (1) About 4 980 "likes" (2) About 190 members | No | 1 Public Relations Officer (Note 1) | Not applicable (Note 2) |

| Commencement of operation (Month/Year) | Status (keep updating/ceased updating) (as at 31 January 2014) | Departments /Organisation | Name | Social media (Facebook/ Flickr/Google+ /LinkedIn /Sina Weibo/ Twitter/ YouTube) | Purpose of establishment and no. of updates (as at 31 January 2014) | No. of "Likes"/ No. of subscribers/ Average monthly visits (as at 31 January 2014) | Compiling summary of comments and following up on a regular basis (Yes/ No) | Rank and No. of officers responsible for the operation (as at 31 January 2014) | Financial resources involved in the establishment and daily operation (as at 31 January 2014) |
|--|--|--|---|---|---|--|---|---|---|
| September 2013 | Ceased updating | Hong Kong Economic and Trade Office, Tokyo (Tokyo ETO) | 2013 Hong Kong Cup All Japan Students English Speech Contest | Facebook | To solicit applications for the contest No record on the number of updates was kept by the Tokyo ETO as it is a one-off event. | No record on the average monthly visit was kept by the Tokyo ETO as it was a one-off event | No | Not applicable (posted by cooperative partner) | Not applicable (Note 2) |
| (1) & (2) May 2010 (3) March 2013 | Keep updating | Hong Kong Tourism Board (HKTB) | (1) Discover Hong Kong (2) Let's Go Hong Kong (3) Discover Hong Kong (for Japan market) | Facebook | To promote Hong Kong travel information to overseas visitors Updated daily | No. of fans: over 800 000 | Yes | The digital marketing division has a total of 6 personnel, (including 1 Senior Manager, 1 Manager, 1 Assistant Manager, 2 Senior Executives and 1 Executive) (Note 1) | Not applicable (Note 2) |

| Commencement of operation (Month/Year) | Status (keep updating/ceased updating) (as at 31 January 2014) | Departments /Organisation | Name | Social media (Facebook/ Flickr/Google+ /LinkedIn /Sina Weibo/ Twitter/ YouTube) | Purpose of establishment and no. of updates (as at 31 January 2014) | No. of "Likes"/ No. of subscribers/ Average monthly visits (as at 31 January 2014) | Compiling summary of comments and following up on a regular basis (Yes/ No) | Rank and No. of officers responsible for the operation (as at 31 January 2014) | Financial resources involved in the establishment and daily operation (as at 31 January 2014) |
|--|--|---------------------------|--|---|--|--|---|--|---|
| 2009 | Keep updating | HKTB | Hong Kong Tourism Board | Sina Weibo | To promote Hong Kong travel information to overseas visitors Over 3 600 posts have been released. | No. of subscribers: about 1 377 000 | Yes | -ditto- | Not applicable (Note 2) |
| 2013 | Keep updating | HKTB | Discover HK | Twitter | To promote Hong Kong travel information to overseas visitors Over 1 800 posts have been released. | No. of subscribers: about 5 700 | Yes | -ditto- | Not applicable (Note 2) |
| October 2007 | Keep updating | HKTB | (1) Discover Hong Kong (2) Discover Hong Kong (for Taiwan market) | YouTube | To release promotional videos on the HKTB, tourist attractions and international sporting and cultural events Over 490 videos have been uploaded. | Total views of videos: over 6 150 000 | Yes | -ditto- | Not applicable (Note 2) |

| Commencement of operation (Month/Year) | Status (keep updating/ceased updating) (as at 31 January 2014) | Departments /Organisation | Name | Social media (Facebook/ Flickr/Google+ /LinkedIn /Sina Weibo/ Twitter/ YouTube) | Purpose of establishment and no. of updates (as at 31 January 2014) | No. of "Likes"/ No. of subscribers/ Average monthly visits (as at 31 January 2014) | Compiling summary of comments and following up on a regular basis (Yes/ No) | Rank and No. of officers responsible for the operation (as at 31 January 2014) | Financial resources involved in the establishment and daily operation (as at 31 January 2014) |
|--|--|---|---|---|--|--|---|--|---|
| 2013 | Keep updating | HKTB | Discover Hong Kong | Instagram | To release promotional images on Hong Kong travel information Over 160 images have been uploaded. | No. of subscribers: about 3 200 | Yes | -ditto- | Not applicable (Note 2) |
| 2013 | Keep updating | HKTB | (1) Hong Kong Tourism Board (for Mainland market) (2) Let's Go Hong Kong | WeChat | To promote Hong Kong travel information to overseas visitors Updated weekly | No. of subscribers: over 145 000 | Yes | -ditto- | Not applicable (Note 2) |
| September 2006 | Keep updating | Hong Kong Trade Development Council (HKTDC) | HKTDC page | Youtube (English) | To upload video content generated by HKTDC 1 161 videos uploaded | 2 744 Subscribers 1 050 205 views | No | 1 Video Producer and 1 Assistant Video producer (Note 1) | Not applicable (Note 2) |

| Commencement of operation (Month/Year) | Status (keep updating/ceased updating) (as at 31 January 2014) | Departments /Organisation | Name | Social media (Facebook/ Flickr/Google+ /LinkedIn /Sina Weibo/ Twitter/ YouTube) | Purpose of establishment and no. of updates (as at 31 January 2014) | No. of "Likes"/ No. of subscribers/ Average monthly visits (as at 31 January 2014) | Compiling summary of comments and following up on a regular basis (Yes/ No) | Rank and No. of officers responsible for the operation (as at 31 January 2014) | Financial resources involved in the establishment and daily operation (as at 31 January 2014) |
|--|--|---------------------------|----------------------------------|---|---|--|---|--|---|
| November 2010 | Keep updating | HKTDC | HKTDC page (Traditional Chinese) | YouTube (Cantonese) | To upload video content generated by HKTDC 829 videos uploaded | 1 758 Subscribers 612 295 views | No | 1 Video Producer and 1 Assistant Video producer (Note 1) | Not applicable (Note 2) |
| November 2010 | Keep updating | HKTDC | HKTDC page (Simplified Chinese) | YouTube (Putonghua) | To upload video content generated by HKTDC 516 videos uploaded | 502 subscribers 175 088 views | No | 1 Video Producer and 1 Assistant Video producer (Note 1) | Not applicable (Note 2) |
| September 2012 | Keep updating | HKTDC | HKTDC page (Simplified Chinese) | Youku | To upload video content generated by HKTDC 421 videos uploaded | 363 subscribers 599 391 views | No | 1 Assistant Video Producer and 1 Social Media Executive (Note 1) | Not applicable (Note 2) |
| September 2012 | Keep updating | HKTDC | HKTDC page (Simplified Chinese) | Tudou | To upload video content generated by HKTDC 442 videos uploaded | 27 subscribers 383 959 views | No | 1 Assistant Video Producer and 1 Social Media Executive (Note 1) | Not applicable (Note 2) |

| Commencement of operation (Month/Year) | Status (keep updating/ceased updating) (as at 31 January 2014) | Departments /Organisation | Name | Social media (Facebook/ Flickr/Google+ /LinkedIn /Sina Weibo/ Twitter/ YouTube) | Purpose of establishment and no. of updates (as at 31 January 2014) | No. of "Likes"/ No. of subscribers/ Average monthly visits (as at 31 January 2014) | Compiling summary of comments and following up on a regular basis (Yes/ No) | Rank and No. of officers responsible for the operation (as at 31 January 2014) | Financial resources involved in the establishment and daily operation (as at 31 January 2014) |
|--|--|---------------------------|---------------|---|---|--|---|--|---|
| August 2010 | Keep updating | HKTDC | HKTDC account | Twitter | To provide updated news about HKTDC's activities and videos 1 881 tweets posted | 3 742 followers | No | 1 Deputy Manager and 1 social media executive (Note 1) | Not applicable (Note 2) |
| October 2010 | Keep updating | HKTDC | HKTDC account | LinkedIn | To provide updated news about HKTDC's activities and videos and to network with buyers and players from different business sectors Frequency of update: About 7 -8 posts per week | 5 094 followers | No | 1 Deputy Manager and 1 social media executive (Note 1) | Not applicable (Note 2) |

| Commencement of operation (Month/Year) | Status (keep updating/ceased updating) (as at 31 January 2014) | Departments /Organisation | Name | Social media (Facebook/ Flickr/Google+ /LinkedIn /Sina Weibo/ Twitter/ YouTube) | Purpose of establishment and no. of updates (as at 31 January 2014) | No. of "Likes"/ No. of subscribers/ Average monthly visits (as at 31 January 2014) | Compiling summary of comments and following up on a regular basis (Yes/ No) | Rank and No. of officers responsible for the operation (as at 31 January 2014) | Financial resources involved in the establishment and daily operation (as at 31 January 2014) |
|---|--|---------------------------|---|---|---|---|---|--|---|
| (1) July 2011 (2) May 2012 (3) October 2012 | Keep updating | HKTDC | 3 accounts: (1) @香港貿發局時尚生活 (2) @香港貿發局 (3) @香港商貿通 | Sina Weibo | To promote HKTDC's services, Hong Kong lifestyle, design and original brands and Hong Kong as a business platform for mainland companies to venture into international markets Daily 8 – 12 posts for each account | No of fans for (1) @香港貿發局時尚生活: 14 490 (2) @香港貿發局: 50 841 (3) @香港商貿通: 20 268 | No | 1 Deputy manager and 1 New Media Executive (Note 1) | Not applicable (Note 2) |
| September 2012 | Keep updating | HKTDC | HKTDC account | Google+ | To provide updated news about HKTDC's activities and videos 447 posts uploaded | About 3 000 followers 5 237 No of +1 | No | 1 Assistant Manager (Note 1) | Not applicable (Note 2) |

| Commencement of operation (Month/Year) | Status (keep updating/ceased updating) (as at 31 January 2014) | Departments /Organisation | Name | Social media (Facebook/ Flickr/Google+ /LinkedIn /Sina Weibo/ Twitter/ YouTube) | Purpose of establishment and no. of updates (as at 31 January 2014) | No. of "Likes"/ No. of subscribers/ Average monthly visits (as at 31 January 2014) | Compiling summary of comments and following up on a regular basis (Yes/ No) | Rank and No. of officers responsible for the operation (as at 31 January 2014) | Financial resources involved in the establishment and daily operation (as at 31 January 2014) |
|--|--|---------------------------|----------------|---|---|--|---|--|---|
| June 2013 | Keep updating | HKTDC | HKTDC 香港貿發局 | Facebook | To provide updated news about HKTDC's activities Frequency of update: About 1 – 3 posts per day | 29 357 followers | No | 1 Manager and 1 Communication Executive (Note 1) | Not applicable (Note 2) |
| November 2013 | Keep updating | HKTDC | 香港貿發局 | Tencent Wechat | To promote HKTDC's fairs, services, research articles, SME success stories, etc. Frequency of update: One message per day (except weekends) | 456 subscribers | No | 1 Deputy Manager and 1 New Media Executive (Note 1) | Not applicable (Note 2) |

Note 1: It is part of the work of the relevant staff to develop/manage the social networking platforms.

Note 2: This branch/departments/organisations deploy existing resources to develop/manage the social networking platforms. While the concerned staff of some organisations also need to take up other duties. The expenditure has been subsumed under the estimates of the daily operational expenses of the branch/departments/organisations. It is difficult to quantify such expenditure separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 6170)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 95):

Regarding the Dedicated Fund on Branding, Upgrading and Domestic Sales – Enterprise Support Programme, what amount of grant has been approved so far? Has the Administration ever considered extending the scopes of funding of expanding sales to Taiwan and overseas areas at a later stage? If yes, what are the details? If no, what are the reasons?

Asked by: Hon. MOK, Charles Peter

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched on 25 June 2012. Up to the end of February 2014, 192¹ and 37 applications have been approved under the Enterprise Support Programme and the Organisation Support Programme of the BUD Fund respectively. The total amount of funding approved is about \$205 million. 6 and 5 projects have been completed under the Enterprise Support Programme and the Organisation Support Programme respectively.

The BUD Fund aims at providing funding support to individual enterprises and non-profit-distributing organisations in Hong Kong, so as to assist enterprises in capturing the opportunities arising from the National 12th Five-year Plan and enhancing their competitiveness and facilitating their business development in the Mainland. In light of the objectives of the BUD Fund, we have no plan to extend the funding scope of the BUD Fund to cover areas other than the Mainland.

¹ Excluding 13 applications that were granted conditional approval. The final approval of such applications and the amount of grants will be subject to further information submitted by the applicants.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 6175)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (7) Subvention: Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No.101):

The Government has planned to allocate an additional \$45 million for the Hong Kong Tourism Board (HKTB) to provide services and concessions for conventions and exhibitions of various scales and types in the coming 3 years. Regarding the development of convention venues, the HKTB and departments concerned have already worked with a number of hotels in providing concession plans for overseas and local companies/organisations to hire conference venues and services. However, the promotion is inadequate. Will the Administration enhance the promotion strategies and the development of conference venues? What are the work plan, timetable and estimated expenditure? If not, what are the reasons?

Asked by: Hon. MOK, Charles Peter

Reply:

In the 2014-15 Budget, the Government proposed allocating an annual additional provision of \$15 million to the Hong Kong Tourism Board (HKTB) for the next 3 years to provide more attractive and targeted supporting services and hospitality offers for organizers and participants of the MICE (meetings, incentive travels, conventions and exhibitions) events. The HKTB will make good use of this additional funding to enhance the existing hospitality offers for MICE event organizers so as to increase Hong Kong's competitiveness in bidding for international MICE events. HKTB will focus on strengthening the bidding of 3 types of MICE events, including large-scale conventions and corporate meetings, small-scale international conventions with strategic value in enhancing Hong Kong's brand image, and small to medium-sized exhibitions with potential of turning into recurrent ones. These MICE events are expected to attract more high-spending visitors to Hong Kong and to take place in various types of MICE venues in Hong Kong. The content of the supporting services and hospitality offers for an individual MICE event depends on various factors, including the scale and type of the event as well as the needs of the event organizer concerned.

On promoting MICE venues of Hong Kong, in 2014-15, the HKTB will continue to use "Hong Kong • the World's Meeting Place" as the promotional platform to step up its promotional efforts with an aim to letting more international MICE event organizers better understand the various types of MICE venues and offerings available in Hong Kong. The relevant work of the HKTB includes –

- focusing to promote Lantau Island as a one-stop MICE destination to meetings & incentive travels (M&I) event planners, and organize road shows in India and develop incentive reward packages in partnership with key attractions and MICE partners based on Lantau Island to attract M&I planners to reach early decisions on choosing Hong Kong as their host city;
- strengthening collaboration with airlines, key agents and planners from the M&I segment, to bring more M&I events to Hong Kong, and work with local venue operators to offer M&I events rental discounts and hospitality support to attract them to choose Hong Kong as their host city;
- strengthening connection with professional associations and convention organizers to promote the edge and attractiveness of Hong Kong in organizing mega conventions;
- targeting Mainland associations and their corresponding chapters in Hong Kong to conduct promotion, and organizing familiarization trips for representatives of associations from Beijing and Shanghai to visit MICE facilities in Hong Kong;
- partnering with exhibition organizers to provide customized travel packages, special offers and hospitality services to participants in order to enrich their experience, and continue to provide exhibition organizers with customized support, in order to retain the existing exhibitions in Hong Kong and attract new ones; and
- leveraging on international MICE events as promotional platforms to showcase the strength of Hong Kong on MICE to organizers so as to attract them to choose Hong Kong as the host city.

In 2014-15, the HKTB plans to spend \$48 million on MICE promotion.

As regards the provision of more convention facilities, the Government has adopted the recommendation of the Working Group on Convention and Exhibition Industries and Tourism under the Economic Development Commission and commissioned a consultancy study in early 2014 to assess the demand for convention and exhibition facilities in Hong Kong in the coming 15 years, taking into account the situation in Hong Kong and the global and regional developments of the convention and exhibition industries. The consultancy fee is about \$3.3 million. The relevant consultancy study is expected to be completed in around mid 2014. The Government will announce the result of the consultancy study after its completion at an appropriate juncture.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 6182)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (1) Director of Bureau's Office

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 117):

Regarding official entertainment expenses of bureaux and departments, will the Administration inform this Committee of:

(1) the number of exceptions where official entertainment expenses of public officers for lunch and dinner exceeded the respective ceilings per head, the number of exceptions with approval of directorate officers, the exceeded amounts and the reasons for the excess over the past three years? Please provide the information by Bureau, its department and public organisation, etc.

(2) the number of non-compliance with the guidelines on the bestowal of gifts or souvenirs by public officers during the conduct of official activities, and the number of and reasons for exceptions with approval of directorate officers over the past three years? Please provide the information by Bureau, its department and public organisation, etc.

Asked by: Hon. MOK, Charles Peter

Reply:

The Civil Service Regulations (CSRs) set out the principles, regulations and approval procedures governing official entertainment. Heads of departments are authorized to approve all expenditures from the departmental entertainment vote. In addition, according to government's internal guidelines, the expenditure limits for official lunch and dinner should generally be \$450 and \$600 per person respectively. When hosting official entertainment for guests, government officers should exercise prudent judgement and economy to avoid the public perception of extravagant entertainment. Where there are sufficient justifications for exceeding the expenditure limits, departments are required to consider these applications according to the established mechanism and properly record the detailed justifications for granting such approvals.

In line with the Government's green policy, officers should as far as possible refrain from bestowing gifts/souvenirs to others during the conduct of official activities. According to prevailing guidelines, if it is considered necessary and unavoidable to bestow gifts/souvenirs due to operational, protocol, promotion of activities or other reasons, the gift/souvenir items should not be lavish or extravagant and the number of gifts/souvenirs should be kept to a minimum or the exchange of gifts/souvenirs should be made from organisation to organisation.

In the past 3 years, no officer in this branch was subject to disciplinary actions for suspected contravention of the CSRs or other government regulations in relation to reimbursement of official entertainment expenditure or bestowal of gifts/souvenirs.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)117

(Question Serial No. 6196)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-)

Programme: (1) Director of Bureau's Office

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 144)

In respect of the public relations expenses of various government departments in the past year, please inform this Committee of:

- (1) The expenses this bureau and the subordinate departments spent on advertisement on mainstream or online media as well as the relevant details in table form (please see Annex 1):

| Published / Broadcasted Time (Month / Year) | Status (one-off / ongoing / done) (as at 31 January 2014) | Government or Public Organisation (including policy bureau / department / public organisation / government advisory body) | Name of Advertisement | Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / advertising panel / car wrap advertising / website, etc) | Purpose and Frequency of the Advertisement (as at 31 January 2014) | Rank and No. of Responsible Person(s) (as at 31 January 2014) | Financial resources for the expenses involved (as at 31 January 2014) |
|---|---|---|----------------------------|--|--|---|---|
| | | | (1)... (2)... (3)... | (1)... (2)... (3)... | | | |

- (2) The expenses this bureau and the subordinate departments spent on sponsoring media to provide programmes or materials as well as the relevant details (please see Annex 2):

| Programme / Materials Published / Broadcasted Time (Month / Year) | Status (one-off / ongoing / done) (as at 31 January 2014) | Sponsoring Government or Public Organisation (including policy bureau / department / public organisation / government advisory body) | Name of Programme / Materials | Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / website, etc) | Purpose and Frequency of the Sponsorship (as at 31 January 2014) | Rank and No. of Responsible Person(s) (as at 31 January 2014) | Expenses (as at 31 January 2014) |
|---|---|--|-------------------------------|---|--|---|----------------------------------|
| | | | (1)... (2)... (3)... | (1)... (2)... (3)... | | | |

(3) The expenses on and details of the Advertorial of this bureau and the subordinate departments (please see Annex 3):

| Programme / Materials Published / Broadcasted Time (Month/Year) | Status (one-off / ongoing / done) (as at 31 January 2014) | Government Organisation (including policy bureau / department / public organisation / government advisory body) | Name of Programme / Materials | Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / website, etc) | Purpose and Frequency of the Programme / Materials (as at 31 January 2014) | Rank and No. of Responsible Person(s) (as at 31 January 2014) | Non-government organisation / Personnel Responsible for Writing Advertisement Script (if any) | Expenses (as at 31 January 2014) |
|---|---|---|-------------------------------|---|--|---|---|----------------------------------|
| | | | (1)... (2)... (3)... | (1)... (2)... (3)... | | | | |

Asked by: Hon. MOK, Charles Peter

Reply:

- (1) The details of expenditure on advertisement on mainstream or online media in 2013-14 for Commerce and Economic and Development Bureau (Commerce, Industry and Tourism Branch) (CITB) and the departments and public organizations under its purview are at Annex 1. The related duties are only part of the work of the responsible staff as listed in the table.
- (2) The details of expenditure on sponsoring media to provide programmes or materials in 2013-14 for CITB and the departments and public organizations under its purview are at Annex 2. The related duties are only part of the work of the responsible staff as listed in the table.
- (3) The details of expenditure on the Advertorials in 2013-14 for CITB and the departments and public organizations under its purview are at Annex 3. The related duties are only part of the work of the responsible staff as listed in the table.

Details of expenditure on advertisement on mainstream or online media in 2013-14 for Commerce and Economic and Development Bureau
(Commerce, Industry and Tourism Branch) and the departments and public organizations under its purview

| Published / Broadcast Time (Month / Year) | Status (one-off / ongoing / done) (as at 31 January 2014) | Department / organisation | Name of Advertisement | Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / advertising panel / car wrap advertising / website, etc) | Purpose and Frequency of the Advertisement (as at 31 January 2014) | Rank and No. of Responsible Person(s) (as at 31 January 2014) | Government Expenditure involved (as at 31 January 2014) |
|--|--|----------------------------------|---|---|---|--|--|
| 10-11/2013 | Done | Hongkong Post | Web banner - Hongkong Post Circular Service | Yahoo HK | Promoting the Hongkong Post Circular Service Duration for 3 weeks | 1 Manager | \$50,000 |
| 4/2013 | One-off | Hongkong Post | Advertisement supporting Employees Retraining Board Manpower Developer Award Scheme | Hong Kong Economic Journal | Promoting Speedpost service 1 time | 1 Manager | \$7,920 |
| 6/2013 | One-off | Hongkong Post | Advertisement supporting Distinguished Salesperson Award | Hong Kong Economic Times | Promoting Speedpost service 1 time | 1 Manager | \$25,482 |

| Published / Broadcast Time (Month / Year) | Status (one-off / ongoing / done) (as at 31 January 2014) | Department / organisation | Name of Advertisement | Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / advertising panel / car wrap advertising / website, etc) | Purpose and Frequency of the Advertisement (as at 31 January 2014) | Rank and No. of Responsible Person(s) (as at 31 January 2014) | Government Expenditure involved (as at 31 January 2014) |
|--|--|----------------------------------|--|---|--|--|--|
| 11/2013 – 1/2014 | Done | Hongkong Post | Advertisement announcing the results for Speedpost 40 th Anniversary lucky draw | Sing Tao Daily and the Standard | Announcing the lucky draw results (3 phases) 3 times | 1 Manager | \$5,783 |
| 8/2013 | Done | Hongkong Post | Web banner - Festive Gift Fulfillment promotion | Maximizer | Promoting the Mid-Autumn Festival gift hampers order fulfillment service Duration for 3 weeks; banner placement on different websites with committed 1.96M impression | 1 Manager | \$30,000 |
| 11/2013 | Done | Hongkong Post | Web banner - PostShop new souvenirs promotion | Maximizer | Promoting PostShop new souvenirs Duration for 3 weeks; banner placement on different websites with committed 1.6M impression | 1 Assistant Controller of Posts II | \$30,000 |

| Published / Broadcast Time (Month / Year) | Status (one-off / ongoing / done) (as at 31 January 2014) | Department / organisation | Name of Advertisement | Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / advertising panel / car wrap advertising / website, etc) | Purpose and Frequency of the Advertisement (as at 31 January 2014) | Rank and No. of Responsible Person(s) (as at 31 January 2014) | Government Expenditure involved (as at 31 January 2014) |
|--|--|----------------------------------|---|--|---|--|--|
| 4/2013 – 1/2014 | Done | Hongkong Post | Hongkong Post stamp issuances or associated philatelic products promotion | Metro Daily, AM730, Sky Post HK Headline, Apple Daily Sing Tao, Oriental Daily News and The Sun, ESDlife, Whiz Kids Smart Parents, U Magazine Metro Pop | Promoting Hongkong Post stamp issuances/ associated philatelic products 50 issues | 2 Managers | About \$1,300,000 |
| 9/2013 – 1/2014 | Completed | Intellectual Property Department | “No Fakes Pledge” Scheme | MTR’s print advertisement, HK International Airport’s print advertisement, the print advertisements of KMB, NWFB and CTB, Apple Daily Smartphone App and OpenRice Smartphone App | Purpose: To promote “No Fakes Pledge” Shop Search Mobile App, encouraging tourists and consumers to use the App to search the shop information of all participating retail merchants of the “No Fakes Pledge” Scheme. Frequency: 6 | 1 Senior Manager | About \$1,120,000 |

| Published / Broadcast Time (Month / Year) | Status (one-off / ongoing / done) (as at 31 January 2014) | Department / organisation | Name of Advertisement | Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / advertising panel / car wrap advertising / website, etc) | Purpose and Frequency of the Advertisement (as at 31 January 2014) | Rank and No. of Responsible Person(s) (as at 31 January 2014) | Government Expenditure involved (as at 31 January 2014) |
|--|--|----------------------------------|---|---|---|--|--|
| 9-10/2013 | Completed | Intellectual Property Department | “No Fakes Pledge” Scheme | MTR TV advertisement | Purpose: To encourage a sense of pride in the selling and buying of genuine goods among Hong Kong retailers, tourists and local consumers. Frequency: 1 | 1 Senior Manager | About \$190,000 |
| 7-11/2013 | Completed | Intellectual Property Department | Public Consultation on Treatment of Parody under the Copyright Regime | Headline Daily, AM730, The Standard, Sing Tao Daily News, Oriental Daily News, The Sun; as well as major local websites, including the websites of Yahoo, HK Golden, AM730, AsiaTimes, Discuss.com.hk Limited, the Global , Headline Daily , Metro Daily, premium.mingpao, inews.mingpao, Oriental Daily News, orientaldaily.on.cc, PenToy, sina HK, Sing Tao Daily News, The Sun, Timway Hong Kong Search Engine, Uwants | Purpose: To encourage the public to take part in the public forums on “How should parody be appropriately taken care of under the copyright regime?”, and provide their views. Frequency: 28 | 1 Senior Manager | About \$590,000 |

| Published / Broadcast Time (Month / Year) | Status (one-off / ongoing / done) (as at 31 January 2014) | Department / organisation | Name of Advertisement | Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / advertising panel / car wrap advertising / website, etc) | Purpose and Frequency of the Advertisement (as at 31 January 2014) | Rank and No. of Responsible Person(s) (as at 31 January 2014) | Government Expenditure involved (as at 31 January 2014) |
|--|--|----------------------------------|-------------------------------|---|--|---|--|
| 8/2013 | Completed | Intellectual Property Department | Respect and protect copyright | MTR TV advertisement as well as KMB, NWFB and CTB's TV advertisements | Purpose: To encourage the general public to respect and protect copyright. Frequency: 3 | 1 Senior Manager | About \$300,000 |
| 4-10/2013 | Done | Invest Hong Kong (InvestHK) | Where Business Goes to Grow | Pipeline (magazine) | Promote InvestHK's services (four times) | 1 Investor Relations Officer (IRO), 1 Investor Support Officer (ISO) | \$52,000 |
| 5/2013 | Done | InvestHK | Where Business Goes to Grow | Jewish Times Asia (magazine) | Promote InvestHK's services (once) | 1 IRO, 1 ISO | \$5,000 |
| 6/2013 | Ongoing | InvestHK | Where Business Goes to Grow | Spanish Chamber of Commerce directory | Promote InvestHK's services (once) | 1 IRO, 1 ISO | \$10,735 |
| 6/2013 | Ongoing | InvestHK | Where Business Goes to Grow | Finnish Chamber of Commerce directory | Promote InvestHK's services (once) | 1 IRO, 1 ISO | \$10,000 |

| Published / Broadcast Time (Month / Year) | Status (one-off / ongoing / done) (as at 31 January 2014) | Department / organisation | Name of Advertisement | Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / advertising panel / car wrap advertising / website, etc) | Purpose and Frequency of the Advertisement (as at 31 January 2014) | Rank and No. of Responsible Person(s) (as at 31 January 2014) | Government Expenditure involved (as at 31 January 2014) |
|--|--|----------------------------------|------------------------------|---|---|--|--|
| 7/2013 | Ongoing | InvestHK | Where Business Goes to Grow | Korean Chamber of Commerce directory | Promote InvestHK's services (once) | 1 IRO, 1 ISO | \$4,000 |
| 7/2013 – 1/2014 | Done | InvestHK | Where Business Goes to Grow | Tram shelter billboard | Promote InvestHK's services (once) | 1 IRO, 1 ISO | \$205,000 |
| 9/2013 | Ongoing | InvestHK | Where Business Goes to Grow | French Chamber S'Installer a Hong Kong | Promote InvestHK's services (once) | 1 IRO, 1 ISO | \$13,000 |
| 9/2013 | Ongoing | InvestHK | Where Business Goes to Grow | Swedish Chamber of Commerce directory | Promote InvestHK's services (once) | 1 IRO, 1 ISO | \$8,700 |
| 9-10/2013 | Done | InvestHK | Where Business Goes to Grow | Tramcar advertising | Promote InvestHK's services (once) | 1 IRO, 1 ISO | \$269,292 |
| 9-10/2013 | Done | InvestHK | Where Business Goes to Grow | Airport Express Line seatback sticker | Promote InvestHK's services (once) | 1 IRO, 1 ISO | \$356,500 |
| 9-10/2013 | Done | InvestHK | Where Business Goes to Grow | Hong Kong International Airport baggage reclaim digital panel, trolley | Promote InvestHK's services (once) | 1 IRO, 1 ISO | \$436,000 |

| Published / Broadcast Time (Month / Year) | Status (one-off / ongoing / done) (as at 31 January 2014) | Department / organisation | Name of Advertisement | Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / advertising panel / car wrap advertising / website, etc) | Purpose and Frequency of the Advertisement (as at 31 January 2014) | Rank and No. of Responsible Person(s) (as at 31 January 2014) | Government Expenditure involved (as at 31 January 2014) |
|--|--|----------------------------------|------------------------------|---|---|--|--|
| 9-12/2013 | Done | InvestHK | Where Business Goes to Grow | Asia World Expo glass railing sticker | Promote InvestHK's services (once) | 1 IRO, 1 ISO | \$240,000 |
| 10/2013 | Ongoing | InvestHK | Where Business Goes to Grow | German Chamber of Commerce directory and Annual Report | Promote InvestHK's services (once) | 1 IRO, 1 ISO | \$22,135 |
| 10/2013 | Ongoing | InvestHK | Where Business Goes to Grow | American Chamber of Commerce directory | Promote InvestHK's services (once) | 1 IRO, 1 ISO | \$21,000 |
| 11/2013 | Ongoing | InvestHK | Where Business Goes to Grow | Italian Chamber of Commerce directory | Promote InvestHK's services (once) | 1 IRO, 1 ISO | \$6,500 |
| 11/2013 | Ongoing | InvestHK | Where Business Goes to Grow | Dutch Chamber of Commerce directory | Promote InvestHK's services (once) | 1 IRO, 1 ISO | \$15,000 |
| 11-12/2013 | Done | InvestHK | StartmeupHK | HK Magazine | Promote StartmeupHK Venture Programme (twice) | 1 IRO, 1 ISO | \$43,120 |
| 1/2014 | Ongoing | InvestHK | Where Business Goes to Grow | French Chamber of Commerce directory | Promote InvestHK's services (once) | 1 IRO, 1 ISO | \$16,000 |

| Published / Broadcast Time (Month / Year) | Status (one-off / ongoing / done) (as at 31 January 2014) | Department / organisation | Name of Advertisement | Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / advertising panel / car wrap advertising / website, etc) | Purpose and Frequency of the Advertisement (as at 31 January 2014) | Rank and No. of Responsible Person(s) (as at 31 January 2014) | Government Expenditure involved (as at 31 January 2014) |
|--|--|---|--|---|--|---|--|
| 1/2014 | Ongoing | InvestHK | Where Business Goes to Grow | Indian Chamber of Commerce directory | Promote InvestHK's services (once) | 1 IRO, 1 ISO | \$6,000 |
| 4/2013 - 1/2014 | Done | Support and Consultation Centre for SMEs of Trade and Industry Department (TID) | SME Seminar (Eight seminars on different themes) | Hong Kong Economic Times, Headline Daily, AM730, Metro Daily | To promote the seminars to SMEs. Advertised eight times in each newspaper. | 1 Trade Officer 1 Trade Assistant | \$362,952 |
| 4-5/2013 | Done | Hong Kong Tourism Board (HKTB) | Hong Kong Cultural Celebrations | Banner display at various tram stations | Purpose: to promote the event to visitors HKTB has no information since the locations were allocated by the concerned organisations free of charge. | A total of 4 members of the Marketing Department, including 1 Senior Manager, 1 Assistant Manager, 1 Senior Executive and 1 Executive | (Provided by the concerned organisations free of charge) |

| Published / Broadcast Time (Month / Year) | Status (one-off / ongoing / done) (as at 31 January 2014) | Department / organisation | Name of Advertisement | Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / advertising panel / car wrap advertising / website, etc) | Purpose and Frequency of the Advertisement (as at 31 January 2014) | Rank and No. of Responsible Person(s) (as at 31 January 2014) | Government Expenditure involved (as at 31 January 2014) |
|--|--|----------------------------------|--------------------------------|--|---|---|--|
| 6/2013 | Done | HKTB | Hong Kong Dragon Boat Carnival | (1) Banners display at major ports-of-entry (2) Outdoor display (3) Local publications (AM730, Headline Daily, Apple Daily, ODN, Sudden Weekly, Next Magazine, U Magazine) (4) Bus body advertising | Purpose: to promote the event to visitors Frequency: (1) & (2) 1 (3) A total of 8 (4) 1 | A total of 3 members of the Marketing Department, including 1 Senior Manager, 1 Assistant Manager and 1 Senior Executive | \$768,000 |
| 6-8/2013 | Done | HKTB | Hong Kong Summer Spectacular | (1) Banners display at major ports-of-entry (2) Outdoor display (3) U Magazine | Purpose: to promote the event to visitors Frequency: (1)-(3) 1 | A total of 4 members of the Marketing Department, including 1 Senior Manager, 1 Manager, 1 Senior Executive and 1 Executive | \$45,000 |

| Published / Broadcast Time (Month / Year) | Status (one-off / ongoing / done) (as at 31 January 2014) | Department / organisation | Name of Advertisement | Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / advertising panel / car wrap advertising / website, etc) | Purpose and Frequency of the Advertisement (as at 31 January 2014) | Rank and No. of Responsible Person(s) (as at 31 January 2014) | Government Expenditure involved (as at 31 January 2014) |
|--|--|----------------------------------|---|---|---|--|--|
| 7/2013 | Done | HKTB | Hong Kong Summer Spectacular – Summer Pop | Local publications (Headline Daily, AM730, Sudden Weekly, Milk, East Touch, Next Magazine) | Purpose: to attract local residents and visitors to take part in the event Frequency: A total of 8 | 1 Senior Executive from the Marketing Department | \$162,000 |
| Since 7/2013 | Some parts are ongoing | HKTB | happy@hongkong | (1) Banners display at major ports-of-entry (2) Bus body advertising (3) Tram body wrap advertising | Purpose: to promote Hong Kong's hospitable culture Frequency: (1) 1 (2) 2 (3) 1 | A total of 3 members of the Marketing Department, including 1 Senior Manager, 1 Manager and 1 Senior Executive | \$1,648,000 |

| Published / Broadcast Time (Month / Year) | Status (one-off / ongoing / done) (as at 31 January 2014) | Department / organisation | Name of Advertisement | Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / advertising panel / car wrap advertising / website, etc) | Purpose and Frequency of the Advertisement (as at 31 January 2014) | Rank and No. of Responsible Person(s) (as at 31 January 2014) | Government Expenditure involved (as at 31 January 2014) |
|--|--|----------------------------------|--|--|--|--|--|
| 8-9/2013 | Done | HKTB | Hong Kong Mid-Autumn Festival | (1) Banners display at major ports-of-entry (2) Local publications (U Magazine, Sudden Weekly, AM730) | Purpose: to promote the event to local residents and visitors Frequency: (1) 1 (2) A total of 4 | A total of 5 members of the Marketing Department, including 1 Senior Manager, 1 Assistant Manager, 2 Senior Executives and 1 Executive | \$136,000 |
| 10/2013 | Done | HKTB | American Express Hong Kong Wine & Dine Month | (1) Banners display at major ports-of-entry (2) Outdoor display (3) Local publications (SCMP, ODN, AM730, Hong Kong Economic Times (HKET), Next Magazine, Eat & Weekend Weekly, HK Magazine) (4) Commercial Radio | Purpose: to attract local residents and visitors to take part in the event Frequency: (1) & (2) 1 (3) A total of 10 (4) 12 | A total of 5 members of the Marketing Department, including 1 Senior Manager, 1 Assistant Manager, 2 Senior Executives and 1 Executive | \$530,000 |

| Published / Broadcast Time (Month / Year) | Status (one-off / ongoing / done) (as at 31 January 2014) | Department / organisation | Name of Advertisement | Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / advertising panel / car wrap advertising / website, etc) | Purpose and Frequency of the Advertisement (as at 31 January 2014) | Rank and No. of Responsible Person(s) (as at 31 January 2014) | Government Expenditure involved (as at 31 January 2014) |
|--|--|----------------------------------|---|---|---|---|--|
| 11-12/2013 | Done | HKTB | Hong Kong WinterFest | (1) Banners display at major ports-of-entry (2) Outdoor display (3) Magazines (Citylife, HK Map, WhereHK, U Magazine) | Purpose: to promote the event to local residents and visitors Frequency: (1) & (2) 1 (3) A total of 4 | A total of 4 members of the Marketing Department, including 1 Senior Manager, 1 Manager, 1 Senior Executive and 1 Executive | \$251,000 |
| 12/2013 | Done | HKTB | New Year ● New World – Hong Kong Countdown Celebrations | (1) Banners display at major ports-of-entry (2) Outdoor display (3) Local publications (U Magazine, Sudden Weekly, The Standard, ODN, Hong Kong Daily, HKET, Headline Daily, AM730) | Purpose: to promote the event to local residents and visitors Frequency: (1) & (2) 1 (3) A total of 10 | A total of 4 members of the Marketing Department, including 1 Senior Manager, 1 Manager, 1 Senior Executive and 1 Executive | \$197,000 |

| Published / Broadcast Time (Month / Year) | Status (one-off / ongoing / done) (as at 31 January 2014) | Department / organisation | Name of Advertisement | Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / advertising panel / car wrap advertising / website, etc) | Purpose and Frequency of the Advertisement (as at 31 January 2014) | Rank and No. of Responsible Person(s) (as at 31 January 2014) | Government Expenditure involved (as at 31 January 2014) |
|--|--|----------------------------------|--|--|--|--|--|
| 1-2/2014 | Done | HKTB | Hong Kong Chinese New Year | (1) Banners display at major ports-of-entry (2) Outdoor display (3) Local publications (Headline Daily, AM730, ODN, Apple Daily, U Magazine, Sudden Daily) | Purpose: to promote the event to local residents and visitors Frequency: (1) & (2) 1 (3) A total of 10 | A total of 6 members of the Marketing Department, including 1 Manager, 1 Assistant Manager, 2 Senior Executives and 2 Executives | \$376,000 |
| 08/2013 | Done | Consumer Council | Publicity Campaign for Consumers on Newly Amended Trade Descriptions Ordinance | Roadshow | Purpose: To promote the newly amended Trade Description Ordinance Frequency: Daily 12 times x 60-sec x 2,600 buses x 20 days | 1 Officer | \$418,000 |

| Published / Broadcast Time (Month / Year) | Status (one-off / ongoing / done) (as at 31 January 2014) | Department / organisation | Name of Advertisement | Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / advertising panel / car wrap advertising / website, etc) | Purpose and Frequency of the Advertisement (as at 31 January 2014) | Rank and No. of Responsible Person(s) (as at 31 January 2014) | Government Expenditure involved (as at 31 January 2014) |
|--|--|---------------------------------------|--|---|--|--|--|
| 11-12/2013 | Done | Hong Kong Productivity Council (HKPC) | A good helping hand for doing business and upgrading in the Mainland | Commercial Radio (CR) (CR 1) | To publicise the Enterprise Support Programme of the Dedicated Fund on Branding, Upgrading and Domestic Sales An 8-second advertisement (7 days, 8 to 10 times per day and 66 times in total) | Administered by HKPC staff. It is difficult to quantify them separately. | \$49,000 (The expenses aimed to promote the Enterprise Support Programme.) |

Remarks : Hong Kong Trade Development Council (HKTDC) has organised about 340 trade promotional events in 2013-14 including local trade fairs, conferences, Hong Kong Pavilion and promotional stands set up at overseas and mainland trade fairs, business missions, and promotions at Design Gallery shops. Of these activities, over 80 events incurred expenses on advertisements in local mainstream and online media, and some advertisements were in the format of advertorials. In addition, HKTDC has also provided a lot of services such as advisory services to small and medium enterprises, business matching and China business advisory services and incurred expenses on sponsoring media to provide programmes or materials for promoting these services. As a lot of events and services are involved, it is difficult to retrieve and set out all the required details. HKTDC also does not have separate breakdown of the manpower and resources involved for the relevant work.

Details of expenditure on sponsoring media to provide programmes or materials in 2013-14 for Commerce and Economic and Development Bureau (Commerce, Industry and Tourism Branch) and the departments and public organizations under its purview

| Programme / Materials Published / Broadcast Time (Month / Year) | Status (one-off / ongoing / done) (as at 31 January 2014) | Department / organisation | Name of Programme / Materials | Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / website, etc) | Purpose and Frequency of the Sponsorship (as at 31 January 2014) | Rank and No. of Responsible Person(s) (as at 31 January 2014) | Government Expenditure (as at 31 January 2014) |
|--|--|----------------------------------|--|--|--|---|--|
| Hong Kong Dragon Boat Carnival 6/2013 | Done | Hong Kong Tourism Board (HKTB) | Interviews during the programme “On a Clear Day” and commercials during other time slots | Commercial Radio 1 & 2 | Purpose: to introduce the event and encourage visitors to attend Frequency: 6 interviews and 42 commercials | A total of 3 members of the Corporate Communications Department, including 1 Senior Manager, 1 Manager and 1 Senior Executive | The total cost of all contracts is about \$521,500 (including an event held in 2/2013) |
| New Year ● New World – Hong Kong Countdown Celebrations 12/2013 | Done | HKTB | Interviews during the programme “On a Clear Day” and commercials during other time slots | Commercial Radio 1 & 2 | Purpose: to introduce the event and encourage visitors to attend Frequency: 4 interviews and 72 commercials | A total of 3 members of the Corporate Communications Department, including 1 Senior Manager, 1 Manager and 1 Executive | |
| New Year ● New World – Hong Kong Countdown Celebrations 12/2013 | Done | HKTB | Book A , Facebook | Travel Weekly and its Facebook Page | Purpose: to introduce the event and encourage visitors to attend Frequency: 1 two-page article and 2 Facebook posts | A total of 3 members of the Corporate Communications Department, including 1 Senior Manager, 1 Manager and 1 Executive | |

| Programme / Materials Published / Broadcast Time (Month / Year) | Status (one-off / ongoing / done) (as at 31 January 2014) | Department / organisation | Name of Programme / Materials | Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / website, etc) | Purpose and Frequency of the Sponsorship (as at 31 January 2014) | Rank and No. of Responsible Person(s) (as at 31 January 2014) | Government Expenditure (as at 31 January 2014) |
|---|--|----------------------------------|--|--|--|--|---|
| Cathay Pacific International Chinese New Year Night Parade 1/2014 | Done | HKTB | Interviews during the programme "On a Clear Day" and commercials during other time slots | Commercial Radio 1 & 2 | Purpose: to introduce the event and encourage visitors to attend Frequency: Interviews in 5 episodes and 42 commercials | A total of 3 members of the Corporate Communications Department, including 1 Senior Manager, 1 Manager and 1 Assistant Manager | (-ditto-) |
| 08-11/2013 Broadcast on "Holo Good Joe" on every Saturday afternoon, from 12:15 pm to 2:00 pm, from 24 August 2013 | Done | Consumer Council | 13 Segments on Newly Amended Trade Description Ordinance | Radio One, RTHK | Purpose: To promote the newly amended Trade Description Ordinance to consumers Frequency: 1 (13 segments) | 1 Officer | \$200,000 |

Remarks : Hong Kong Trade Development Council (HKTDC) has organised about 340 trade promotional events in 2013-14 including local trade fairs, conferences, Hong Kong Pavilion and promotional stands set up at overseas and mainland trade fairs, business missions, and promotions at Design Gallery shops. Of these activities, over 80 events incurred expenses on advertisements in local mainstream and online media, and some advertisements were in the format of advertorials. In addition, HKTDC has also provided a lot of services such as advisory services to small and medium enterprises, business matching and China business advisory services and incurred expenses on sponsoring media to provide programmes or materials for promoting these services. As a lot of events and services are involved, it is difficult to retrieve and set out all the required details. HKTDC also does not have separate breakdown of the manpower and resources involved for the relevant work.

Details of expenditure on the Advertorials in 2013-14 for Commerce and Economic and Development Bureau
(Commerce, Industry and Tourism Branch) and the departments and public organizations under its purview

| Programme / Materials Published / Broadcast Time (Month/Year) | Status (one-off / ongoing / done) (as at 31 January 2014) | Department/ organisation | Name of Programme / Materials | Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / website, etc) | Purpose and Frequency of the Programme / Materials (as at 31 January 2014) | Rank and No. of Responsible Person(s) (as at 31 January 2014) | Non- government organisation / Personnel Responsible for Writing Advertisemen t Script (if any) | Government Expenditure (as at 31 January 2014) |
|--|--|-------------------------------------|--|--|---|--|--|---|
| 9/2013 | One-off | Hongkong Post | ShopThruPost | Metro Pop | Promoting ShopThruPost 1 time | 1 Assistant Controller of Posts II | Metro Pop | \$28,000 |
| 9-10/2013 | Done | Hongkong Post | Love Post Day | Metro Pop | Promoting the Love Post Day 2 times | 1 Manager | Metro Pop | \$56,000 |
| 11/2013 | One-off | Hongkong Post | Smart Post | Metro Pop | Promoting new service 1 time | 1 Manager | Metro Pop | \$30,000 |
| 11/2013 | One-off | Hongkong Post | Make My Card – Baby Horse | Baby Mo | Promoting new card series 1 time | 1 Manager | Baby Mo | \$20,000 |

| Programme / Materials Published / Broadcast Time (Month/Year) | Status (one-off / ongoing / done) (as at 31 January 2014) | Department/organisation | Name of Programme / Materials | Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / website, etc) | Purpose and Frequency of the Programme / Materials (as at 31 January 2014) | Rank and No. of Responsible Person(s) (as at 31 January 2014) | Non-government organisation / Personnel Responsible for Writing Advertisement Script (if any) | Government Expenditure (as at 31 January 2014) |
|--|--|----------------------------------|--------------------------------------|---|---|--|--|---|
| 4/2013 | Completed | Intellectual Property Department | The World Intellectual Property Day | AM730, The Standard, Education page of Sing Tao Daily News and "Ming Teens" of Ming Pao Daily News Student Post | <p>Purpose: To enhance the understanding of intellectual property (IP) and promote the awareness of respecting IP rights among the general public, including young people, and the business sector, including SMEs, through the promotion of the World Intellectual Property Day and the latest development of IP</p> <p>Frequency: 4</p> | 1 Assistant Manager | Staff of news agencies | About \$230,000 |

| Programme / Materials Published / Broadcast Time (Month/Year) | Status (one-off / ongoing / done) (as at 31 January 2014) | Department/organisation | Name of Programme / Materials | Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / website, etc) | Purpose and Frequency of the Programme / Materials (as at 31 January 2014) | Rank and No. of Responsible Person(s) (as at 31 January 2014) | Non-government organisation / Personnel Responsible for Writing Advertisement Script (if any) | Government Expenditure (as at 31 January 2014) |
|--|--|--------------------------------|--|--|--|---|--|---|
| <p>Visa go Hong Kong Super Shopper</p> <p>8/2013</p> | Done | Hong Kong Tourism Board (HKTB) | Articles, production and broadcast of videos | Website of House News | <p>Purpose: to introduce the event to visitors and local citizens</p> <p>Frequency: 4 articles and 1 video</p> | A total of 3 members, 2 from the Public Relations Department, including 1 Senior Manager and 1 Assistant Manager, and 1 Senior Executive from the Corporate Communications Department | Website of House News | Owing to contract terms, the HKTB cannot provide relevant information |

| Programme / Materials Published / Broadcast Time (Month/Year) | Status (one-off / ongoing / done) (as at 31 January 2014) | Department/organisation | Name of Programme / Materials | Name of Publisher or Broadcasting Media (newspaper / radio station / TV station / website, etc) | Purpose and Frequency of the Programme / Materials (as at 31 January 2014) | Rank and No. of Responsible Person(s) (as at 31 January 2014) | Non-government organisation / Personnel Responsible for Writing Advertisement Script (if any) | Government Expenditure (as at 31 January 2014) |
|--|--|--------------------------------|--------------------------------------|--|--|---|--|---|
| Hong Kong Wine & Dine Festival 10/2013 | Done | HKTBC | Article | Time Out Hong Kong | Purpose: to introduce the event to visitors and local citizens Frequency: 1 | A total of 3 members, 2 from the Public Relations Department, including 1 Senior Manager and 1 Manager, and 1 Senior Executive from the Corporate Communications Department | Time Out Hong Kong | \$500,000 |

Remarks : Hong Kong Trade Development Council (HKTDC) has organised about 340 trade promotional events in 2013-14 including local trade fairs, conferences, Hong Kong Pavilion and promotional stands set up at overseas and mainland trade fairs, business missions, and promotions at Design Gallery shops. Of these activities, over 80 events incurred expenses on advertisements in local mainstream and online media, and some advertisements were in the format of advertorials. In addition, HKTDC has also provided a lot of services such as advisory services to small and medium enterprises, business matching and China business advisory services and incurred expenses on sponsoring media to provide programmes or materials for promoting these services. As a lot of events and services are involved, it is difficult to retrieve and set out all the required details. HKTDC also does not have separate breakdown of the manpower and resources involved for the relevant work.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 0699)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 27):

As stated in paragraphs 86 and 87 of the Budget Speech, the Government appreciates that an excessive number of visitors may exert pressure on our society and should therefore strive to ensure that there is sufficient capacity to receive visitors and maintain an adequate supply of hotel accommodation. In this connection, has the Administration formulated any short, medium and long term measures to increase the supply of hotel accommodation? If yes, what are the specific measures and targets? If no, what are the reasons?

Asked by: Hon. POON Siu-ping

Reply:

In recent years, the Government has been implementing various measures to encourage investors to build different types of hotels. These include such as the launch of the "hotel only" scheme and revitalisation policies for industrial and historic buildings for suitable uses including hotel use.

Since the launch of the "hotel only" scheme in 2008, the Government has sold five hotel sites and another site for mixed uses which must include hotel development. As at February 2014, there were a total of four cases of lease modification and land exchange opting for "hotel only" development. These hotel developments altogether are estimated to be capable of providing about 4 250 hotel rooms in total. The 2014-15 Land Sale Programme includes one hotel site which can provide about 1 140 rooms and other commercial sites which can be developed for hotel use.

The Government implemented on 1 April 2010 a set of revitalisation measures for industrial buildings with a view to providing more floor space for suitable uses (including hotel use, etc.) to meet Hong Kong's changing social and economic needs. The Government has also revitalised suitable historic buildings as hotels or hostels under the Revitalising Historic Buildings Through Partnership Scheme. For example, the Mei Ho House at Shek Kip Mei Estate has been revitalised as a youth hostel and has commenced operation in December 2013. On the other hand, our two flagship theme parks (i.e. Ocean Park and the Hong Kong Disneyland) are expediting their hotel development plans which are expected to provide about 1 200 hotel rooms in 2017.

Apart from the above measures, the Government endeavours to explore the feasibility of gradually releasing the six sites within the “hotel belt” of the Kai Tak Runway Precinct to the market starting from the end of next year (2015) with a view to attracting more high value-added visitors to Hong Kong. In addition, developers could convert Commercial/Business sites for hotel use through applying for planning permission (if applicable). All these measures will facilitate the increase of hotel room supply. We will continue to liaise with the stakeholders concerned and the hotel trade, and closely monitor the supply and demand situation of the hotel market in Hong Kong.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2962)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 1):

Regarding the development of the Kai Tak Cruise Terminal, will the Bureau advise on the following:

- (a) the estimated expenditure on and manpower involved in cruise-related promotion work in 2014-15;
- (b) the details and timetable of the promotion work;
- (c) the plan and progress of cooperating with the industry and neighbouring ports and of developing as a cruise homeport; and
- (d) a breakdown of the expenditures involved in developing the second berth of the cruise terminal, the latest progress of the construction works and the finalised timetable for completion of works.

Asked by: Hon. QUAT, Elizabeth

Reply:

In response to Part (a) – (c) of the question, our consolidated reply is as follows –

To tie in with the opening of the Kai Tak Cruise Terminal, we have already provided additional resources for the Hong Kong Tourism Board (HKTB) to step up the promotion of cruise tourism. In 2014-15, the major initiatives of the HKTB for promoting cruise tourism include:

- (1) Fostering regional co-operation in promoting cruise tourism
 - (i) Strengthen exchange with neighbouring ports, including those in Taiwan, Hainan and Japan, on ways to enhance the appeal of cruise itineraries in the region and explore the possibility of regional co-operation to promote the attractiveness of regional ports to the cruise industry and international media.

- (ii) Conduct research to gauge the potentials of different ports in the region as well as consumer patterns in key source markets to facilitate itinerary planning by cruise companies.
 - (iii) Promote Hong Kong's appeal in cruise tourism to the industry and the media extensively through large-scale regional and global cruise industry trade shows and events, such as participating in Cruise Shipping Miami staged in the US in March 2014, and holding Cruise Shipping Asia-Pacific in Hong Kong in November 2014.
- (2) Encouraging cruise lines to include Hong Kong in their itineraries
- (i) Initiate the "Asia Cruise Fund" with neighbouring ports (such as Taiwan) to encourage international cruise lines to include Hong Kong and other partnering ports in their Asian itineraries through providing financial incentive to international cruise lines for supporting part of their costs in marketing and product development, thereby assisting international cruise lines to better promote their cruise products featuring Hong Kong and other partnering ports.
 - (ii) Conduct joint promotions with the operators of the Kai Tak Cruise Terminal and Ocean Terminal to showcase Hong Kong's capability in receiving cruise vessels.
- (3) Raising consumers' awareness through targeted promotion
- (i) Conduct promotions in various long- and short-haul markets (such as Guangdong and India) targeting young professionals, families and seniors. In particular, the HKTB will promote Meetings, Incentive Travels, Conventions and Exhibitions-cruise in India and, in partnership with airlines and cruise lines, promote fly-cruise in the long-haul markets.
 - (ii) Actively promote Hong Kong's appeal as a cruise destination to consumers through market promotions, public relations and digital channels (such as DiscoverHongKong.com, key travel portals and social media).

The HKTB's estimated budget for promoting cruise tourism in 2014-15 is \$16.2 million. Initiatives in this area will be carried out by the HKTB's Cruise Department and relevant worldwide offices.

(d) The terminal building and the first berth of the Kai Tak Cruise Terminal (the "Terminal") came into operation last June. Cruise lines and passengers have found the Terminal's facilities and services satisfactory. With construction works now in the final stage, the second berth is planned to be commissioned this year. Upon completion of the relevant dredging works in the seabed by end 2015 as planned, the second berth will also be able to accommodate the largest cruise ships in the world. The Terminal is developed mainly under two project items at an estimated total expenditure of \$8,156 million. The first project item involves the site formation works, construction of berthing facilities of the Terminal (including the construction of the second berth) and seabed dredging works (\$2,304 million); while the second project item involves the construction of the terminal building and other ancillary facilities (\$5,852 million).

CONTROLLING OFFICER'S REPLY**(Question Serial No. 2963)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 2):

According to paragraphs 89 to 90 of the Budget Speech, 6 hotel sites adjacent to the Kai Tak Cruise Terminal will be released, and the hotel project at the Murray Building site, the Ocean Hotel in the Ocean Park and the third hotel in the Hong Kong Disneyland are coming on stream. In addition, the Assessment Report on Hong Kong's Capacity to Receive Tourists points out that the 99 approved hotel projects are expected to provide around 16 000 rooms by 2017 and that the total number of hotel room supply in 2017 will be around 84 000. Please provide the following information:

- a) a breakdown, by the 18 districts, of the number of additional rooms in hotels of various star ratings and the percentages in the total number of hotel rooms for last year, this year and the coming 4 years according to the Government's planning;
- b) the monthly average occupancy rates of hotel rooms in Hong Kong over the past 3 years;
- c) the respective supply and average occupancy rates of rooms in hotels and guesthouses of various ratings over the past 3 years;
- d) the changes in the ratio of Mainland to non-Mainland visitors among the total overnight visitor arrivals over the past 3 years in Hong Kong; and
- e) the respective ratio of visitors from the Mainland and other overseas regions or countries among the overnight visitor arrivals over the past 3 years in Hong Kong.

Asked by: Hon. QUAT, Elizabeth

Reply:

a) According to the information provided by the Hong Kong Tourism Board (HKTB), there were 225 hotels offering 70 017 rooms as at end 2013. Amongst them, 34 were high tariff A hotels offering a total of 17 522 rooms; 83 were high tariff B hotels offering a total of 26 999 rooms; 88 were medium tariff hotels offering a total of 20 048 rooms; and 20 unclassified hotels offering a

total of 5 448 rooms. Change in the number of hotels and hotel rooms in Hong Kong categorized by District Council district in 2013 are listed out in the table below:

| District | Change in the number of hotels in 2013 (Change in the number of hotel rooms) | % of the change in hotel room number out of total number of hotel rooms in Hong Kong in 2013 |
|-------------------|---|---|
| Central & Western | -1 (-207) | 0.3% |
| Wan Chai | +6 (+653) | 0.9% |
| Eastern | +1 (+66) | 0.1% |
| Southern | +1 (+42) | 0.1% |
| Yau Tsim Mong | +3 (+301) | 0.4% |
| Sham Shui Po | +1 (+129) | 0.2% |
| Kowloon City | Unchanged (+76) | 0% |
| Wong Tai Sin | +1 (+695) | 1.0% |
| Kwun Tong | Unchanged (unchanged) | 0% |
| Kwai Tsing | Unchanged (unchanged) | 0% |
| Tsuen Wan | Unchanged (unchanged) | 0% |
| Tuen Mun | Unchanged (unchanged) | 0% |
| Yuen Long | Unchanged (unchanged) | 0% |
| North | Unchanged (unchanged) | 0% |
| Tai Po | Unchanged (unchanged) | 0% |
| Sha Tin | +1 (+539) | 0.8% |
| Sai Kung | Unchanged (unchanged) | 0% |
| Islands | +1 (+329) | 0.5% |

The HKTB and the hotels which submitted their data have signed confidentiality agreements. To avoid disclosing commercially sensitive information of individual hotels, the HKTB does not disclose the classification of these new hotels in individual districts. As mentioned in the table above, there were a total of 2 623 new hotel rooms in all districts in 2013, including 1 741 hotel rooms in high tariff B hotels, 482 hotel rooms in medium tariff hotels and 400 hotel rooms in unclassified hotels.

According to the information provided by the HKTB, the expected change in the number of new hotels and hotel rooms categorized by District Council district in the coming 4 years are listed out in the table below:

| District | Change in the number of hotels in 2014-2017 (Change in the number of hotel rooms) |
|-------------------|--|
| Central & Western | +5 (+900) |
| Wan Chai | +6 (+444) |
| Eastern | +5 (+1 384) |
| Southern | +2 (+244) |
| Yau Tsim Mong | +23 (+2 626) |
| Sham Shui Po | +3 (+204) |
| Kowloon City | +6 (+1 614) |
| Wong Tai Sin | +1 (+334) |
| Kwun Tong | +5 (+1 018) |
| Kwai Tsing | +2 (+928) |
| Tsuen Wan | +1 (+78) |
| Tuen Mun | Unchanged (unchanged) |
| Yuen Long | Unchanged (unchanged) |
| North | Unchanged (unchanged) |

| District | Change in the number of hotels in 2014-2017 (Change in the number of hotel rooms) |
|-----------------|--|
| Tai Po | Unchanged (unchanged) |
| Sha Tin | Unchanged (unchanged) |
| Sai Kung | +2 (+288) |
| Islands | Unchanged (unchanged) |

The above number excludes 41 hotel projects which have been approved by the Building Authority but the developers do not choose to disclose the completion dates. Generally speaking, these projects will complete in the coming few years. Since the hotels have not yet been completed, the HKTB cannot classify them at this stage.

b) According to the information provided by the HKTB, the monthly average occupancy rate of all hotels in Hong Kong over the past 3 years (2011-2013) is as follows:

| Occupancy rate (%) Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 2011 | 87 | 85 | 91 | 88 | 88 | 87 | 93 | 92 | 84 | 89 | 94 | 93 |
| 2012 | 85 | 88 | 89 | 89 | 86 | 89 | 93 | 94 | 83 | 88 | 94 | 92 |
| 2013 | 87 | 84 | 90 | 89 | 85 | 89 | 91 | 93 | 86 | 87 | 92 | 92 |

c) According to the information provided by the HKTB, the number of rooms for all categories of hotels and tourist guesthouses in Hong Kong over the past 3 years (2011-2013) is as follows:

| Rooms Year | High Tariff A Hotels | High Tariff B Hotels | Medium Tariff Hotels | All Hotels | Tourist Guesthouses |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------|----------------------------|
| 2011 | 17 181 | 24 315 | 17 072 | 62 830 | 6 211 |
| 2012 | 17 522 | 25 258 | 19 566 | 67 394 | 6 818 |
| 2013 | 17 522 | 26 999 | 20 048 | 70 017 | 7 630 |

According to the information provided by the HKTB, the average occupancy rate for for all categories of hotels and tourist guesthouses in Hong Kong over the past 3 years (2011-2013) is as follows:

| Occupancy rate (%) Year | High Tariff A Hotels | High Tariff B Hotels | Medium Tariff Hotels | All Hotels | Tourist Guesthouses |
|--|-----------------------------|-----------------------------|-----------------------------|-------------------|----------------------------|
| 2011 | 85 | 91 | 93 | 89 | 86 |
| 2012 | 85 | 91 | 92 | 89 | 85 |
| 2013 | 86 | 89 | 91 | 89 | 86 |

d) According to the information provided by the HKTB, the percentage of Mainland and non-Mainland same-day visitors compared to total same-day visitors in the past 3 years (2011-2013) is as follows:

| Year | Percentage of same-day Mainland visitors compared to total same-day visitors | Percentage of same-day non-Mainland visitors compared to total same-day visitors |
|-------------|---|---|
| 2011 | 74% | 26% |
| 2012 | 80% | 20% |
| 2013 | 83% | 17% |

e) According to the information provided by the HKTB, the percentage of overnight visitors from Mainland China and other market regions compared to total number of overnight visitors in the past 3 years (2011-2013) is as follows:

| Market Region | 2011 | 2012 | 2013 |
|---|-------------|-------------|-------------|
| The Americas | 6% | 5% | 5% |
| Europe, Africa and the Middle East | 7% | 7% | 6% |
| Australia, New Zealand and the South Pacific | 3% | 2% | 2% |
| North Asia | 7% | 6% | 5% |
| South and Southeast Asia | 13% | 11% | 11% |
| Taiwan | 3% | 3% | 3% |
| Macau SAR | 1% | 1% | 1% |
| Mainland China | 61% | 64% | 67% |

Remark: Add-ups may not be equal to total due to rounding.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)121****(Question Serial No. 2964)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume 1 Page 303 (if applicable)

Question (Member Question No. 3):

1. How will the Government work with the Hong Kong Tourism Board, the tourism sector and relevant government departments to promote the culture or green tourism products in Hong Kong in 2014-15? What is the major difference as compared with last year? What are the new events or directions? What will be the manpower and resources involved?
2. Please provide details of the culture or green tourism promotion projects, including the event titles, contents, organisers and dates, launched in the past two years and in 2014-15.

Asked by: Hon. QUAT, Elizabeth

Reply:

The Tourism Commission (TC), in collaboration with relevant government departments, the Hong Kong Tourism Board (HKTB), the travel trade and event organisers, has been actively promoting Hong Kong's greenery and major arts and cultural activities. In 2014-15, the TC, through the HKTB, will continue its effort in these areas and step up the promotion of Hong Kong's arts and cultural events. Initiatives include:

Promotion of green tourism:

The TC is partnering with the Agriculture, Fisheries and Conservation Department and the HKTB to promote nature-based green tourism products through the HKTB's "Great Outdoors Hong Kong" marketing platform. Contents of "Great Outdoors Hong Kong" in 2012-13 and 2013-14 are shown below:

| Year | Promotional period | Key contents |
|---------|--------------------------------|---|
| 2012-13 | November 2012 | Promoting Hong Kong Global Geopark of China (Geopark), hiking trails and island tours |
| 2013-14 | November 2013 to February 2014 | Promoting Geopark, hiking trails, island tours and cycling tours |

In 2014-15, the HKTB will continue to leverage the “Great Outdoors Hong Kong” marketing platform to promote the Geopark, hiking trails and island tours, and the natural scenery of Hong Kong through various channels. Details of the campaign are as follows:

- Targeting visitors and consumers:
To promote various hiking trails and outlying islands, as well as the guided activities and green tourism products of local travel agents and other organisations through different channels, such as digital media, hiking guidebooks, visitor centres and visitor hotline.
- Targeting overseas media:
To arrange overseas media to visit Hong Kong’s outlying islands and green attractions.
- Targeting the overseas travel trade:
To encourage the overseas travel trade to include elements of green tourism in the itineraries of visitors, including Meetings, Incentive Travels, Conventions and Exhibitions (MICE) visitors.

Promotion of cultural tourism

In 2012-13 and 2013-14, the Tourism Commission, in conjunction with the HKTB and the Travel Industry Council of Hong Kong, partnered with the Chinese Artists Association of Hong Kong in organising the “Experience Cantopera – A Taste of Hong Kong’s Intangible Cultural Heritage” programme specially for visitors at the revitalised Yau Ma Tei Theatre to promote Cantonese opera to visitors.

Traditional festivals and local living culture has all along been one of the major themes for the HKTB’s overseas promotion. Every year, the HKTB organises several major events such as the International Chinese New Year Night Parade during Chinese New Year, the Hong Kong Cultural Celebrations in April and May, and the Hong Kong Dragon Boat Carnival in June, to promote traditional festivals and activities in Hong Kong to visitors.

In addition, the HKTB has been promoting major local art venues as well as arts and cultural activities to visitors and overseas media through different channels, such as digital media, public relations, visitor hotline and visitor centres, etc. In 2012-13 and 2013-14, the HKTB promoted over 300 arts and cultural activities held in Hong Kong to visitors, including the Hong Kong Arts Festival, the Hong Kong International Film Festival, the Chinese Opera Festival and Le French May, etc. In 2014-15, the HKTB will strengthen its efforts in promoting various arts and cultural events in Hong Kong. Apart from actively promoting the Hong Kong Arts Festival and the Affordable Art Fair in February and March, the HKTB will also focus on promoting several large-scale arts exhibitions in May and June such as Le French May and Art Basel Hong Kong, etc., as well as step up the promotion of the Business of Design Week at the end of the year.

The HKTB will also continue to encourage the travel trade to develop different creative themed tours through the New Tour Product Development Scheme. These include tour products using heritage, and art and cultural tourism as their theme.

The HKTB’s estimated marketing budget for 2014-15 is \$330.6 million, which includes the expenditures for promoting green tourism and arts and cultural activities. This promotion work covers a wide range of areas and is undertaken by various departments of the HKTB.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2965)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 4):

1. Please provide the total annual expenditure of the Bureau for promoting honest tourism and hospitality culture in collaboration with local stakeholders and Mainland tourism authorities in the past 5 years;
2. Please provide the titles, content, organisers, co-organisers and duration of the promotion events launched each year;
3. How does the Administration assess the effectiveness of promoting honest tourism and hospitality culture? Is the assessment conducted annually? Does the Administration consider that there are visible improvements in the quality of Hong Kong's tourism services in recent years? If yes, what are the performance indicators?
4. The recent actions initiated by netizens and certain groups against Mainland visitors have seriously affected the image and reputation of Hong Kong as an open and civilised international tourist destination. Will the Administration provide additional resources and manpower for taking remedial measures?

Asked by: Hon. QUAT, Elizabeth

Reply:

- (1) – (2) The Tourism Commission (TC) under the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau is responsible for promoting honest tourism and hospitality culture in collaboration with local stakeholders and Mainland tourism authorities. The projects include strengthening promotion of “Quality and Honest Hong Kong” (Q&H) tours to Mainland consumers via online platforms, consumer promotions and the media by the Hong Kong Tourism Board (HKTB). As at December 2013, there were 58 Q&H tours online counters. Resources allocated to the Q&H tours by the HKTB in the past 5 years are as follows:

| Year | Allocated Resources (\$million) |
|---------|---------------------------------|
| 2009-10 | 5 |
| 2010-11 | 3 |
| 2011-12 | 6.5 |
| 2012-13 | 6.2 |
| 2013-14 | 7 |

In addition, the Consumer Council has established the “Shop Smart” website since 2007 to provide general shopping information in Hong Kong targeting Mainland visitors. In October 2012, the website was enhanced by providing practical shopping tips to Mainland visitors. The website is hyperlinked with the websites of a number of consumer organisations and tourism authorities in the Mainland. During major holidays, promotional materials of the website are distributed through the visitor centers of the HKTB to raise visitors’ awareness. In the past 5 years, the Consumer Council spent about \$100,000 every year on the Shop Smart website.

On fostering a hospitable culture, the TC has launched the Hong Kong Young Ambassador Scheme since 2001 to train young people to be polite and helpful to visitors, as well as to develop a strong hospitable culture in schools and the community. The Scheme is jointly organised by the TC and the Hong Kong Federation of Youth Groups, with the Hong Kong Association for Customer Service Excellence as co-organiser. The resources allocated for the Scheme from 2009-10 to 2013-14 are as follows:

| Year | Allocated Resources (\$million) |
|---------|---------------------------------|
| 2009-10 | 0.9 |
| 2010-11 | 0.9 |
| 2011-12 | 1.1 |
| 2012-13 | 1.1 |
| 2013-14 | 1.2 |

Besides, the HKTB rolled out the “happy@hongkong” Campaign in 2013-14, during which promotional videos and outdoor advertising were launched in Hong Kong, the Mainland, Taiwan and Southeast Asia to promote Hong Kong’s service culture and travel experience, thereby strengthening Hong Kong’s image as a world-class travel destination. The related promotional expenditure is about \$5 million.

- (3) The HKTB conducts the “Departing Visitor Survey” at major ports-of-entry regularly to learn about visitors’ satisfaction level with their trips in Hong Kong. According to the survey, the satisfaction level of overnight visitors from the Mainland was 8.3 points (out of 10 points) in 2013, which was the same as the satisfaction level of overall visitors. In addition, the ratio of complaints lodged by Mainland visitors against tour groups received by the HKTB dropped by 39% compared to 2012. We will continue to ensure the effectiveness of efforts in promoting honest tourism and hospitality culture through regular communication with local stakeholders and Mainland tourism authorities.

- (4) We will strengthen promotion of attractions in different districts so as to offer more choices to visitors and to help alleviate congestion at traditionally popular areas. We will also make greater efforts to enhance our capacity to receive tourists on various fronts, and endeavour to balance the impact of tourism on economic development and the livelihood of our community. On the other hand, the HKTB will continue to promote our hospitality culture and, through the internet and publicity materials, advise tourists on the points to note when travelling in Hong Kong so as to deepen their understanding of Hong Kong's society.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2966)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (5) Subvention: Consumer Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 5):

Please provide:

- (a) the subject and content of the in-depth studies carried out by the Consumer Council in the past 2 years and planned to be carried out in 2014 and the estimated expenditure and manpower involved; and
- (b) the balance of the Consumer Legal Action Fund as at end of 2013 and the content of the claim cases handled with the assistance of the Fund in the past 3 years.

Asked by: Hon. QUAT, Elizabeth

Reply:

(a)

In-depth studies are comprehensive studies on products, services and prices in addition to product tests and surveys. While in-depth studies do not usually involve purchasing a lot of test samples, they usually require relatively more manpower resources of the Consumer Council (CC) in collecting and analyzing the relevant data. Since the manpower and expenses involved in conducting in-depth studies have been included in the establishment of and provision for the CC, it is difficult to quantify separately. The subjects and contents of the in-depth studies carried out by the CC in the past two years are as follows.

2012-13

Table Wines; Supplements for Body Building; Advice for Pregnant Women When Taking Medications; Analgesics; Anticoagulants; Breast Health; Eye Drops; Foot Sole Patch Claimed to Alleviate Diabetes; Nanoparticles in Sunscreens; Treatments for Attention Deficit-Hyperactivity Disorder; Inverter Type Room Air Conditioners; Electric Pest/Mosquito Repellers; Hair Straighteners and Curlers; Permanent Hair Straighteners; Funeral Ceremonies Held in Hospitals; Online Florists; Budget Airlines; Packaging of Gift Sets; Old Age Living Allowance; Mandatory Window Inspection Scheme; and Loco London Gold Trading.

2013-14 (up to end February 2014)

Drugs for Athletes' Foot and Nail Fungus ; Surgical Masks; Facial Steamers / Electric Face Brushes / Ion Beauty Devices; Health Claims of Blenders and Juicers; Domestic RF Facial Devices; Domestic LED Facial Devices; Drugs for Canker Sores; Eye Diseases Commonly Found in Elderly People; Fish Maw; Rotavirus Vaccines; Ceramic Knives; Mandatory Window Inspection Scheme; Broadband Speed Test; Liberalization of Fresh Beef Market; Online Securities Trading; Funeral Service for Pets; Online Hotel Booking; Garage for Car Repair and Maintenance Service; Reduction of Waste During Festive Season; Life Insurance Policy Switching; Instant Messaging Apps and Protection of Personal Data; and Dating Services.

The list of in-depth studies in 2014-15 is yet to be confirmed and may be adjusted depending on the latest market developments. If the demand for in-depth studies increases, the CC will deploy resources to handle them.

(b)

As at 31 December 2013, the balance of the Consumer Legal Action Fund (CLAF) is \$17.77 million. In 2011-12, 2012-13 and 2013-14 (up to end February 2014), the CLAF has provided assistance to 6 cases, with particulars as follows :

| <u>2011-12</u> | | |
|--|--|--|
| 1. | Lehman-related financial product | The assisted consumer claimed that the bank officer concerned had made false or misleading representations regarding the nature and potential risks of an Equity Linked Note and complained that the bank officer filled in inaccurate information in the risk assessment form. The assisted consumer settled the case with the defendant bank. |
| <u>2012-13</u> | | |
| 2. | Purchase of an old model private vehicle | The assisted consumer claimed that a salesperson had made false representations in the course of selling a vehicle. The case is being processed. |
| 3. | Purchase of beauty services under the pretext of a spokesperson campaign | The assisted consumer claimed that a beauty services provider repeatedly engaged in unscrupulous sales tactics involving misrepresentation and high pressure sales. The case is being processed. |
| <u>2013-14 (up to end February 2014)</u> | | |
| 4. | Lehman-related financial product | The assisted consumers claimed that the bank officer concerned had made false or misleading representations regarding the nature and potential risks of an Equity Linked Note, and that the bank officer had failed to conduct a risk assessment for them before they purchased the note. They also doubted the accuracy of the outcome of the risk assessment. The assisted consumers settled the case with the defendant bank. |
| 5. | Management company of a housing estate charging a fee of 3% headquarters and professional staff cost | The assisted consumers claimed that the management company of the housing estate had charged a fee of 3% headquarters and professional staff cost in the absence of their knowledge and consent. They cast doubt on certain questions including whether the management company was entitled to such a fee, how the charging rate was fixed and how it could be proved that the fee was spent on the estate. The case is being processed. |

| | | |
|----|---------------------|---|
| 6. | Time-sharing scheme | The assisted consumer claimed that he was induced to enter into a time sharing membership scheme by misleading and unscrupulous sales tactics. The case is being processed. |
|----|---------------------|---|

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2967)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not specified

Programme: (4) Posts, Competition Policy and Consumer Protection

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)(Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 6):

Please advise:

- (a) the number of prosecutions initiated by the Bureau under the Trade Descriptions Ordinance (false trade descriptions), the number of successful convictions, the nature and categories of the cases concerned as well as the prices/charges of the commodities/services involved over the past three years;
- (b) the number of cases requiring investigation by the Bureau into false trade descriptions and mis-statements on Internet trading platforms, the number of prosecutions and successful convictions, the nature and categories of these cases as well as the prices/charges of the commodities/services involved over the past three years; and
- (c) the number of complaints the Bureau received in tackling unfair trade practices that deployed in consumer transactions, the number of investigation, and the details of successful convictions since the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 came into operation.

Asked by: Hon. QUAT, Elizabeth

Reply:

- (a) The number of prosecutions and successful convictions, the nature and categories of the cases concerned, and the values of goods involved in the successful convictions initiated by the Customs and Excise Department (C&ED) in respect of false trade descriptions under the Trade Descriptions Ordinance (the Ordinance) in the past 3 years are as follows —

| Year | 2011 | | 2012 | | 2013 | |
|--|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Nature and category of cases concerned | Unfair trade practices (Note 1) | False trade descriptions (Note 2) | Unfair trade practices (Note 1) | False trade descriptions (Note 2) | Unfair trade practices (Note 3) | False trade descriptions (Note 4) |
| Number of prosecutions | 0 | 58 | 2 | 77 | 0 | 57 |
| Number of successful convictions | 0 | 55 | 2 | 75 | 0 | 55 |
| Values of goods involved in successful convictions | - | About \$3.21 million | About \$0.15 million | About \$9.58 million | - | About \$7.56 million |

- (b) The number of investigations, prosecutions and successful convictions, the nature and categories of the cases concerned, and the values of goods involved in successful convictions initiated by C&ED in respect of false trade descriptions (covering mis-statements) on Internet trading platforms in the past 3 years are as follows –

| Year | 2011 | 2012 | 2013 |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| Nature and category of cases concerned | False trade descriptions (Note 2) | False trade descriptions (Note 2) | False trade descriptions (Note 4) |
| Number of investigations | 10 | 18 | 55 |
| Number of prosecutions | 0 | 1 | 0 |
| Number of successful convictions | 0 | 1 | 0 |
| Values of goods involved in successful convictions | - | \$51,104 | - |

- (c) Since the implementation of the amended the Ordinance on 19 July 2013, as at 28 February 2014, C&ED received 2,786 complaints against unfair trade practices. C&ED has, upon preliminary examination of 977 complaints, found no contravention of the Ordinance and closed the cases. For another 474 complaints, although evidence of breaching the Ordinance was not found, C&ED has reminded the traders of the need to comply with the relevant provisions of the Ordinance. Besides, C&ED has launched detailed investigation into another 896 complaints. These 896 complaints, together with the cases proactively developed by C&ED, were consolidated into 724 detailed investigation cases (more than one complaint might be involved in certain cases). 311 of these investigation cases have been completed. Amongst them, C&ED has issued warning or advisory letters to the owner and sales staff concerned in 27 cases, urging them to comply with the statutory requirements. C&ED has also instituted prosecution of another 13 cases. With the written consent of the Secretary for Justice, C&ED has accepted the traders' written undertakings of ceasing the trade conduct concerned in 2 cases.

From 19 July 2013 to 28 February 2014, the Office of the Communications Authority (OFCA) has received 298 complaints. OFCA has, upon preliminary examination of 127 complaints, found no contravention of the Ordinance and closed the cases. For another 3 complaints, although evidence of breaching the Ordinance was not found, OFCA has reminded the traders to comply with the statutory requirements. Besides, OFCA is investigating into another 166 complaints. OFCA has not initiated prosecution or accepted undertakings from traders yet.

(Note 1) : Offences covered by sections 13A, 13B and 13C of the Ordinance before amendment on 19 July 2013.

(Note 2) : Offences covered by section 7 of the Ordinance.

(Note 3) : Offences covered by sections 13E to 13I of the Ordinance amended as from 19 July 2013.

(Note 4) : Offences covered by section 7 of the Ordinance and section 7A of the Ordinance amended as from 19 July 2013.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2968)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (5) Subvention: Consumer Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 7):

Please provide:

- (a) the subjects and contents of the in-depth studies carried out by the Consumer Council in the past 5 years and the expenditures and manpower involved;
- (b) the subjects and contents of the in-depth studies planned to be carried out by the Consumer Council in 2014 and the estimated expenditure and manpower involved; and
- (c) the balance of the Consumer Legal Action Fund as at end of 2013 and the contents of the claim cases handled with the assistance of the Fund in the past 5 years.

Asked by: Hon. QUAT, Elizabeth

Reply:

(a)
In-depth studies are comprehensive studies on products, services and prices in addition to product tests and surveys. While in-depth studies do not usually involve purchasing a lot of test samples, they usually require relatively more manpower resources of the Consumer Council (CC) in collecting and analyzing the relevant data. Since the manpower and expenses involved in conducting in-depth studies have been included in the establishment of and provision for the CC, it is difficult to quantify separately. The subjects and contents of the in-depth studies carried out by the CC in the past five years are as follows.

2009-10

Chinese Cold Dishes; Chinese New Year Treats and Presents; Chocolates; Cooking Oils; Dried Antlers; Dried Scallops; Infant Formula Labelling; Collagen Health Supplements; Computer Usage and Eye Health; Hormone Replacement Therapy; Human Papillomavirus Vaccine; Medicines for Impotence; Medicine Labelling; Medicine Patches; Rheumatic Arthritis and Biologic Therapy; Skin Care Products; Surgical Masks; Toothbrushes, Dental Floss and Mouthwashes; Tooth Whitening Products; Digital Photo Frames Shopping Tips; LCD TVs; Lithium Ion Rechargeable Batteries; Mandatory Energy Efficiency Labelling; Netbook Computers; Energy Saving Rings; Household Paints; Toilet Rolls; Buffets and All-you-can-eat Meals; Cupping Therapy; Hospice Care Services;

Household Content Insurance Policy; Household Expenditure Survey; Loco London Gold Trading; No Fakes Pledge; Playgroups; Quality Tourism Services Scheme; and RMB Bond Investment.

2010-11

Acrylamide - Genotoxic Carcinogen; Canola Oil; Food Colourants; Nutrition Labelling – Serving Size; Nutrition Labelling Survey - Breakfast Cereals; Nutrition Labelling Survey - Canned Food and Bread; Nutrition Labelling Survey - Chips and Crisps; Organic Food; Acnes Treatments; Glucosamine Health Food Products; Interactions Between Food and Drugs; Misunderstanding about Drugs 1; Misunderstanding about Drugs 2; Natural and Organic Skin Care Products; Registration of Proprietary Chinese Medicine; Skin Care Products for Acnes; Topical Face Sculpturing and Body Slimming Products; Compact Fluorescent Lamps - Labelling Issues; Dehumidifiers - Safety Tips; Gas Water Heaters - Safety Tips; Solar Water Heaters; Table Lamps - Health Claims; Children's Safety at Home; Environmentally Friendly Refrigerants; Hydraulic/Pneumatic Beds - Fatal Incident; Hydraulic/Pneumatic Beds - Safety Recommendations; Nanotechnology Products; Water Saving Shower Heads; Cosmetic Contact Lenses; Hand Warmers and Warm Pads; Health Ornaments; Acupuncture Service; Corporate Social Responsibility of Digital Camera Manufacturers; Credit Card Instalment Payment Plans; Guidelines on Credit Cards Instalment Payment Plans; Octopus Card; Slimming and Fitness Service for Men; and Stem Cells Storage Services.

2011-12

Health Claims of Follow-up Formulas; Legibility of Nutrition Labels; Use of Nutrition Labelling among Students; Drugs for Dementia; Drugs for Diabetes; Health Impact from Mobile Phone Radiations and Bluetooth Headsets; Health Product Claims; Labelling and Instruction Manuals of Proprietary Chinese Medicine; Medications for Gastric Reflux; Microneedle Therapy System Beauty Treatment; Shaving Products; Targeted Therapy; Treatments for Tuberculosis; Digital TV Recorders; Eco-design of TVs; Electric Foot Spa Massagers; Electric Steam Cleaners; Energy Labelling Requirements of Washing Machines and Dehumidifiers; Energy Saving Devices; Rice Cookers Scalding Hazards; Baby Cribs; Extendable Window Wipers and Glass Cleaning Agents; Folding Tables; Down Jackets; Quality of Sports Wear in the Mainland; Car Emissions and Eco Cars; Electric Cars; Car Rental Abroad; Chinese New Year Cleaning Services; Complaints of Fee Disputes of Bank Charges; Extra Reward Schemes of Credit Cards; Health Check Packages; Home Nursing Care Services; Jeans Manufacturing and Corporate Social Responsibility; Melanoma; Minor Works Control System; Monthly Fund Investment Plans; and Online Group Purchase Services.

2012-13

Table Wines; Supplements for Body Building; Advice for Pregnant Women When Taking Medications; Analgesics; Anticoagulants; Breast Health; Eye Drops; Foot Sole Patch Claimed to Alleviate Diabetes; Nanoparticles in Sunscreens; Treatments for Attention Deficit-Hyperactivity Disorder; Inverter Type Room Air Conditioners; Electric Pest/Mosquito Repellers; Hair Straighteners and Curlers; Permanent Hair Straighteners; Funeral Ceremonies Held in Hospitals; Online Florists; Budget Airlines; Packaging of Gift Sets; Old Age Living Allowance; Mandatory Window Inspection Scheme; and Loco London Gold Trading.

2013-14 (up to the end February 2014)

Drugs for Athletes' Foot and Nail Fungus ; Surgical Masks; Facial Steamers / Electric Face Brushes / Ion Beauty Devices; Health Claims of Blenders and Juicers; Domestic RF Facial Devices; Domestic LED Facial Devices; Drugs for Canker Sores; Eye Diseases Commonly Found in Elderly People; Fish Maw; Rotavirus Vaccines; Ceramic Knives; Mandatory Window Inspection Scheme; Broadband Speed Test; Liberalization of Fresh Beef Market; Online Securities Trading; Funeral Service for Pets; Online Hotel Booking; Garage for Car Repair and Maintenance Service; Reduction of Waste During Festive Season; Life Insurance Policy Switching; Instant Messaging Apps and Protection of Personal Data, Dating Services.

(b)

The list of in-depth studies in 2014-15 is yet to be confirmed and may be adjusted depending on the latest market developments. If the demand for in-depth studies increases, the CC will deploy resources to handle them.

(c)

As at 31 December 2013, the balance of the Consumer Legal Action Fund (CLAF) is \$17.77 million. In 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 (up to end February 2014), the CLAF has provided assistance to 12 cases, with particulars as follows :

| <u>2009-10</u> | | |
|----------------|--|---|
| 1. | Height enhancement and nose re-contouring services | The assisted consumer claimed that the sale of the height enhancement treatment involved misrepresentation and issued a claim against the service provider. The assisted consumer settled the case with the defendant trader. |
| <u>2010-11</u> | | |
| 2. | Lehman-related financial product | The assisted consumer purchased an Equity Link Note allegedly in reliance on the false or misleading representations of a bank officer including that the nature of the Note was similar to a fixed deposit and that the assisted consumer would suffer only a limited loss even if the stock market should fall substantially. The assisted consumer settled the case with the defendant bank. |
| 3. | Lehman-related financial product | The assisted consumers purchased the relevant Credit Link Note through a bank. The elderly couple claimed that the bank officer falsely described the note as a “bond” and most suitable for the retired. The assisted consumers settled the case with the defendant bank. |
| 4. | Lehman-related financial product | The assisted consumer claimed that an officer of the bank involved had made false or misleading representations regarding the nature and potential risks of a certain type of note. The case also involved the issue of the duties owed by the bank as a financial advisor to a customer. The assisted consumer settled the case with the defendant bank. |
| 5. | Time-sharing scheme | The assisted consumer claimed to have entered into an agreement for membership of a time-sharing scheme due to the misrepresentation and unconscionable conduct of the seller. The assisted consumer settled the case with the defendant trader. |
| 6. | Delay in completion of a residential development | The assisted consumers claimed damages from the developer for alleged delay in completion of a residential development. After the courts ruled in favour of the assisted consumers with regard to the legal effect of the alleged “settlement agreement”, the parties to the proceedings reached an out of court settlement. |

| <u>2011-12</u> | | |
|--|--|--|
| 7. | Lehman-related Financial Product | The assisted consumer claimed that the bank officer concerned had made false or misleading representations regarding the nature and potential risks of an Equity Linked Note and complained that the bank officer filled in inaccurate information in the risk assessment form. The assisted consumer settled the case with the defendant bank. |
| <u>2012-13</u> | | |
| 8. | Purchase of an old model private vehicle | The assisted consumer claimed that a salesperson had made false representations in the course of selling a vehicle. The case is being processed. |
| 9. | Purchase of beauty services under the pretext of a spokesperson campaign | The assisted consumer claimed that a beauty services provider repeatedly engaged in unscrupulous sales tactics involving misrepresentation and high pressure sales. The case is being processed. |
| <u>2013-14 (up to end February 2014)</u> | | |
| 10. | Lehman-related financial product | The assisted consumers claimed that the bank officer concerned had made false or misleading representations regarding the nature and potential risks of an Equity Linked Note, and that the bank officer had failed to conduct a risk assessment for them before they purchased the note. They also doubted the accuracy of the outcome of the risk assessment. The assisted consumers settled the case with the defendant bank. |
| 11. | Management company of a housing estate charging a fee of 3% headquarters and professional staff cost | The assisted consumers claimed that the management company of the housing estate had charged a fee of 3% headquarters and professional staff cost in the absence of their knowledge and consent. They cast doubt on certain questions including whether the management company was entitled to such a fee, how the charging rate was fixed and how it could be proved that the fee was spent on the estate. The case is being processed. |
| 12. | Time-sharing scheme | The assisted consumer claimed that he was induced to enter into a time sharing membership scheme by misleading and unscrupulous sales tactics. The case is being processed. |

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2970)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 9):

1. On tourism facilities, please list the projects carried out/to be carried out by the Administration to develop new tourist attractions and facilities and to enhance the existing ones, and their respective expenditures and manpower involved for the past 3 years as well as 2014-15.
2. Please list in detail the specific projects which the Government plans to carry out to develop new tourist attractions and facilities in each of the 18 districts.

Asked by: Hon. QUAT, Elizabeth

Reply:

- (1) In the past 3 years and 2014-15, major capital investment projects on the tourism front include the expansion of the Hong Kong Disneyland and Ocean Park, and the Kai Tak Cruise Terminal project. During this period, we also continued to enhance a number of existing tourist attractions and facilities. Projects completed include the Ngong Ping Piazza Project and Enhancement of Footbridges in Tsim Sha Tsui East. Projects in progress and under planning include Aberdeen Tourism Project and Lei Yue Mun Waterfront Enhancement Project. Expenditure and staffing involved in these projects are set out below:

(a) Expansion of Hong Kong Disneyland

Hong Kong Disneyland's previous phase of expansion (including Toy Story Land, Grizzly Gulch, Mystic Point) was completed in mid-2013. To further enhance its appeal and receiving capacity, the Hong Kong Disneyland will unleash a series of new initiatives in the coming years, including a new night time parade called "Disney Paint the Night" in September 2014 as well as a new themed area based on Marvel's Iron Man franchise in late 2016. The above new initiatives will be funded by its own operating surplus. In addition, a new hotel is being planned for opening in early 2017 subject to scrutiny of its financial arrangements by the Finance Committee of Legislative Council.

(b) Expansion of Ocean Park

The Ocean Park completed the Master Redevelopment Plan (MRP) in mid 2012. Major attractions newly introduced included 'Aqua City', 'Rainforest', 'Thrill Mountain' and 'Polar Adventure'. Total cost of the MRP amounted to around \$5.55 billion. The Government loan and the commercial loan guaranteed by the Government each contributed to one-fourth of the total cost respectively. Besides, the Ocean Park will implement the Tai Shue Wan Development Project to construct an all-weather indoor cum outdoor waterpark. The project is scheduled for completion in the second half of 2017. The estimated capital cost of the project is \$2.29 billion and will be supported by Government loan. Meanwhile, construction of the Ocean Hotel is expected to commence within this year for completion in 2017. This project will be undertaken by the successful tenderer and there is no need for the Government to bear the cost.

(c) Kai Tak Cruise Terminal

The terminal building and the first berth of the Kai Tak Cruise Terminal came into operation last June. With construction works now in the final stage, the second berth is planned to be commissioned this year. The estimated total expenditure for the project is \$8,156 million. The actual expenditure in 2011-12 and 2012-13 were \$1,743 million and \$2,656 million respectively. The estimated expenditure in 2013-14 and 2014-15 are \$580 million and \$130 million respectively.

(d) Ngong Ping Piazza

The Ngong Ping Piazza, covering an area of about 1.5 hectares, opened in August 2010. It has four components, namely the new Pai Lau, the Di Tan, the Bodhi Path and the Chinese landscaped garden. The Ngong Ping Piazza Project has been completed with a total expenditure of \$68.18 million. The actual expenditure in 2011-12, 2012-13 and 2013-14 were \$2.83 million, \$230,000 and \$560,000 respectively.

(e) Enhancement of Footbridges in Tsim Sha Tsui East

The project for Enhancement of Footbridges in Tsim Sha Tsui East was completed in August 2013. The project aims to enhance the two existing footbridges across Mody Road and Salisbury Road in Tsim Sha Tsui East including refurbishment of the footbridges, replacement of the original ramps with lifts, and associated works such as re-paving of footpaths. The estimated total expenditure for the project is \$71.4 million. The actual expenditures in 2011-12 and 2012-13 were \$13.846 million and \$21.103 million, and the estimated expenditures for 2013-14 and 2014-15 are \$3.612 million and \$1.41 million respectively.

(f) Aberdeen Tourism Project

The scope of the Aberdeen Tourism Project being implemented includes the improvement works for the promenade on both sides of the Aberdeen Harbour as well as Ap Lei Chau Main Street and adjacent streets, with the theme of a traditional fishermen's village. The estimated total expenditure for the project is \$288.1 million. The actual expenditure in 2011-12 and 2012-13 were \$22.41 million and \$74.6 million respectively. The estimated expenditure in 2013-14 and 2014-15 are \$59.87 million and \$48.46 million respectively.

(g) Lei Yue Mun Waterfront Enhancement Project

The scope of the Lei Yue Mun Waterfront Enhancement Project includes the construction of a public landing facility, a breakwater and a waterfront promenade; the provision of several lookout points and streetscape improvement works along the footpath linking up the lookout points; as well as the construction of a new viewing platform, etc. The relevant works department is working on the required statutory procedures for gazettal of the project works under the Foreshore and Seabed (Reclamations) Ordinance. As the project is still at the planning stage, there is no expenditure incurred.

The staffing of the above projects has been subsumed into the establishment of the Commerce, Industry and Tourism Branch of this Bureau for 2011-12 to 2014-15, and it is difficult to quantify the amount separately.

- (2) Apart from promoting major tourist attractions to visitors, the Tourism Commission, in collaboration with the Hong Kong Tourism Board (HKTB), also encourages visitors to explore, visit and spend in different districts, so as to broaden the overall economic benefits brought about by the tourism industry to Hong Kong. In recent years, the HKTB has made use of different channels, including the Internet, social media, smartphone applications with augmented reality technology, pamphlets, etc., to promote a number of themed routes bundling various attractions in different districts. Examples include “Travel Through Time” of Central and Sheung Wan, “Evolvement of a Fishing Village” of Shau Kei Wan, “A Popular Temple and a City Transformed” of Wong Tai Sin and Kowloon City, Yuen Long Ping Shan Heritage Trail, Fanling Lung Yeuk Tau Heritage Trail, etc.

To better utilise the tourism resources of each district and to encourage visitors to gain an in-depth and comprehensive understanding of the specialties and local living culture of various districts, the HKTB will strengthen the promotion of attractions in different districts in 2014-15, including setting up a dedicated webpage in a progressive manner to showcase various tourism offerings in the 18 districts. The webpage will feature unique historical attractions and buildings, living culture, dining delights, themed shopping streets and specialty markets, etc., so as to offer more choices to visitors.

The HKTB will also continue to encourage the travel trade to develop new and attractive themed tours taking visitors to explore and spend at different districts through the New Tour Product Development Scheme (the Scheme). As at the end of 2013, the Scheme has subsidised 12 themed tours, including the “Sham Shui Po Foodie Tour” which takes visitors on a local culinary journey, the “Six Senses Heritage Experience” which features a cycling tour in Yuen Long and a big bowl feast in the walled village. In 2014-15, the HKTB will continue to run the Scheme and encourage the travel trade to unleash their creativity and utilise the tourism resources of different districts.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)127****(Question Serial No. 2971)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (4) Posts, Competition Policy and Consumer Protection

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 10):

The Administration will continue to facilitate the setting up of the Competition Commission and the Competition Tribunal, and prepare for the full implementation of the Competition Ordinance in 2014-15. Please provide details of the work, timetable, estimated expenditures, and the manpower involved.

Asked by: Hon. QUAT, Elizabeth

Reply:

Since the appointments of Members to the Competition Commission (Commission) took effect in May 2013, the Commission has worked to set up its internal procedures, its financial and administrative systems, as well as to recruit the Chief Executive Officer and other staff members. To facilitate its work, the Commission has established a Staff Committee and a Finance and Administration Committee. A Government team has been seconded to the Commission to support its initial work before recruitment of its own staff. The Commission has initiated the first round of recruitment since September 2013, with global recruitment conducted for the top executives including the Chief Executive Officer, and local open recruitment for staff of all tiers. The first round recruitment has almost been completed and most of the new recruits are expected to gradually report duty in the first half of 2014. Upon completion of all rounds of recruitment, the Commission is expected to have some 50 staff members, with their annual salary and allowance totaling \$46 million.

One of the major tasks of the Commission leading to the full commencement of the Competition Ordinance (the Ordinance) is the preparation of guidelines. In 2014-15, the Commission's priority is to conduct consultation on various documents required to be prepared under the Ordinance, including guidelines on the competition rules, complaint handling and investigations. The Commission has engaged legal consultants to advise on the preparation of these documents required for the commencement of the Ordinance. The Commission's plan is to conduct promotion of the Ordinance, and engage members of the public and various sectors on what the Commission should take into account when formulating the guidelines. The Commission expects that such promotion and discussions will enhance public understanding of the Ordinance, enable small and medium enterprises and other sectors to have a better grasp of the provisions of the Ordinance and their

implementation details, as well as to facilitate their making of necessary preparation for the full implementation of the Ordinance.

The Commission plans to start the relevant work in the first half of 2014 and, depending on work progress, consult the Legislative Council on the relevant documents before end of 2014. With the establishment of the Commission in 2013, the provision earmarked for the Commission under Programme (4) have been reassigned to the new Programme (9). The Government's proposed allocation for the Commission in 2014-15 under the new Programme (9) is \$83.9 million.

Separately, we have also been working closely with the Judiciary to prepare for the establishment of the Competition Tribunal (Tribunal) and related matters. The Judiciary is formulating Tribunal Rules relating to the operation and proceedings of the Tribunal and the President's directions, as well as making other necessary administrative arrangements to prepare for the full operation of the Tribunal. On manpower requirements of the Tribunal, according to the Ordinance, every judge of the Court of First Instance of the High Court ("CFI") will, by virtue of that appointment, be a member of the Tribunal. The Ordinance also provides that every Registrar, Senior Deputy Registrar and Deputy Registrar of the High Court, by virtue of that appointment, holds the corresponding office or position in the Tribunal. In addition, there will be a total of nine non-directorate posts for providing the necessary support to the Tribunal. Some of these posts have been filled while others will be created in stages before the full operation of the Tribunal. The Judiciary has earmarked about \$21 million in 2014-15 under Programme (1) of Head 80 to cover the related recurrent expenses.

We will bring the Ordinance into full operation when all relevant preparatory work in respect of the Commission and the Tribunal is completed. During the transitional period, the public and the business sector can familiarise themselves with the Ordinance and make necessary adjustments to their business operations.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)128

(Question Serial No. 2972)

Head: (152) Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (5) Subvention: Consumer Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 11):

Provision for 2014-15 is about \$103 million, which is \$11.1 million (12.1%) higher than the revised estimate for 2013-14. This is mainly due to the provision of additional time-limited subvention in support of the Council's high priority initiatives. Please give an account of the content and background of the time-limited subvention.

Asked by: Hon. QUAT, Elizabeth

Reply:

In 2014-15, we will provide the Consumer Council (CC) with a time-limited subvention of about \$11.1 million. Of this, about \$7 million will be used to support the CC in undertaking new studies on individual consumption markets and legal protection for consumers, and about \$4 million will be used to support the CC in implementing initiatives including educational activities and improving its website.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 2976)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 29):

According to the Assessment Report on Hong Kong's Capacity to Receive Tourists (Report), based on the existing trend and assuming a steady growth of Mainland and short-haul visitor arrivals, as well as a very mild growth from the long-haul market, it is projected that visitor arrivals in 2017 would exceed 70 million, while that in 2023 could exceed 100 million under rather conservative assumptions. Please provide the following information:

1. the statistics of the designed maximum capacity of passenger clearance, the highest throughput and the average throughput of each of the 14 existing immigration control points in Hong Kong;
2. the plans and timetable for enhancing the handling capacity of and expanding the facilities of control points to cater for the increasing number of visitors to Hong Kong in the future, and the estimated resource cost of respective measures; and
3. the future specific planning of the Administration to increase the capacity of public transport in the wake of the Report.

Asked by: Hon. QUAT, Elizabeth

Reply:

1. At present, there are a total of 14 immigration control points (the service at Tuen Mun Ferry Terminal has been suspended since 1 July 2012). The designed daily passenger clearance capacity of the hardware facilities at various boundary control points, and the actual daily highest and average passenger throughput in 2013 are set out below:

| Boundary Control Point | Designed daily passenger clearance [^] capacity (no. of passenger trips) | Actual daily highest passenger throughput (no. of passenger trips) | Actual daily average passenger throughput (no. of passenger trips) |
|------------------------|---|--|--|
| Airport | 123 000 | 152 195 | 112 193 |
| Lo Wu | 425 000 | 362 212 | 252 330 |

| Boundary Control Point | Designed daily passenger clearance [^] capacity (no. of passenger trips) | Actual daily highest passenger throughput (no. of passenger trips) | Actual daily average passenger throughput (no. of passenger trips) |
|---|---|--|--|
| Hung Hom | 15 000 | 15 037 | 12 199 |
| Lok Ma Chau Spur Line | 176 000 | 173 385 | 127 862 |
| Lok Ma Chau (Huanggang) | 181 000 | 102 644 | 77 901 |
| Man Kam To | 39 000 | 13 439 | 7 985 (26 August 2013 to 31 December 2013)* |
| Sha Tau Kok | 16 000 | 14 636 | 9 300 |
| Shenzhen Bay | 111 000 | 129 219 | 88 904 |
| Macau Ferry Terminal | 121 000 | 89 427 | 48 476 |
| China Ferry Terminal | 47 000 | 43 271 | 25 207 |
| Tuen Mun Ferry Terminal (service suspended since 1 July 2012) | 12 000 | 0 | 0 |
| Kai Tak Cruise Terminal | - | ** | ** |
| Harbour Control | - | 8 505 | 1 762 |
| River Trade Terminal | - | 21 | Less than 1 |

[^] Except for the Airport, the relevant figures are extracted from the findings of a review report prepared by the Planning Department in 2011. The figure of the daily passenger clearance capacity of the Airport is provided by the Airport Authority. Figures include entry and exit of Hong Kong residents and visitors.

* Due to reconstruction works at the passenger clearance area of the Shenzhen side of the Man Kam To Control Point, clearance services for passengers at the boundary control point had been suspended since 22 February 2010. Following completion of the works, the boundary control point became fully operational again on 26 August 2013. The visitor arrivals listed above cover the period from 26 August to 31 December 2013.

** Owing to the seasonal nature of cruise operations, the utilisation of the cruise terminal during certain periods (such as the typhoon season) is lower. Hence, its utilisation rate should not be analysed in terms of its daily passenger clearance capacity.

- To cope with the ever-increasing workload in relation to immigration control, the Immigration Department (ImmD) implements various measures flexibly, including enhancement of existing facilities of boundary control points, flexible deployment of manpower, streamlining of workflow and further use of information technology so as to enhance its handling capacity for passenger throughput. The measures introduced in recent years, such as the extension of e-Channel service to frequent visitors and implementation of non-stamping immigration clearance for visitors, have begun to bear fruit.

To tie in with the introduction of the card-type electronic Exit-entry Permit for Travelling to and from Hong Kong and Macao (e-EEP) by the Mainland authorities, the ImmD will extend e-Channel service to eligible e-EEP holders. The ImmD estimates that the number of incoming visitors holding electronic travel documents will continue to increase, accounting for over 60% of all incoming visitors by 2016, and even over 90% by 2020.

Furthermore, the ImmD has begun work on developing the New Immigration Control System so as to cope with the perennial growth of passenger traffic in the coming years. The new system will introduce further automation in the immigration clearance procedures, including self-service departure e-Channels, and is expected to be launched in 2016. The handling capacity at boundary control points will then be raised significantly and visitors' waiting time at different periods of time will be shortened.

In the coming few years, the HKSAR Government and the relevant Mainland authorities will establish new boundary control point facilities, of which the construction of the Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) and the West Kowloon Terminus commenced in January 2010 and is expected to be completed in 2015; the construction of the Hong Kong-Zhuhai-Macao Bridge Hong Kong Boundary Crossing Facilities commenced in late 2011 and is expected to be commissioned in late 2016; and the site formation and construction of connecting roads for the Liantang/Heung Yuen Wai Boundary Control Point commenced by phases in April 2013 with a view to commissioning the boundary control point in 2018. These new boundary control points are expected to help ease the pressure at current boundary control points.

3. The passenger loading of and waiting time for the public transport services in Hong Kong vary on different days (holidays versus working days), during different periods (peak versus non-peak hours) and in different districts (commercial versus residential areas). The capacity of Hong Kong's public transport network to receive a large number of visitors will thus vary accordingly. This shows that the receiving capacity of public transport modes has certain flexibility.

In the planning of future public transport services, the Government will assess and respond to the overall passenger demand (including that of local residents and of tourists). The Transport Department will continue to work with the public transport operators to introduce new services or adjust existing road-based public transport services where necessary and feasible. As for the railway, the MTR Corporation Limited (MTRCL) has strengthened the train service by adding 1 300 train trips per week throughout the network in the past 2 years to alleviate crowdedness and shorten the waiting time during peak hours. The MTRCL has also announced plans to increase some 300 heavy train trips and some 140 Light Rail train trips per week in the coming few months. The MTRCL will continue to closely monitor the service level of every railway line and arrange for service adjustments as required to meet the overall passenger demand. The MTRCL has also begun upgrading the signalling system for existing railway lines in phases. With the completion of the upgrade, carrying capacity will be increased by around 10%. The MTRCL is studying the feasibility of a fare concession scheme in encouraging some of the commuters to take their MTR rides outside peak hours. The MTRCL will make reference to similar practices adopted by overseas cities, so as to decide how best the scheme could be implemented in Hong Kong for achieving passenger diversion. The conclusion will be made known to the public once available. The 5 railway projects under construction, namely the West Island Line, the South Island Line (East), the Kwun Tong Line Extension, the XRL and the Shatin to Central Link (SCL), will be commissioned in phases between end-2014 and 2020. Upon their commissioning, it will help increase the overall carrying capacity of the MTR system and the diversion of the existing patronage. In particular, upon the full commissioning of the SCL in 2020 that will extend to Admiralty and form the "North South Corridor" with the East Rail Line (ERL), it is estimated that about 20% of the passengers from the section between Tai Wai and Kowloon Tong will switch to the SCL for onward trips to Kowloon East and Hong Kong Island, thus alleviating the loading of the ERL. Moreover, the SCL will provide an additional rail line across the harbour, thereby alleviating the passenger flow served by the existing MTR cross-harbour routes during peak hours.

The Government has commissioned a consultant to conduct a study for the Review and Update of the “Railway Development Strategy 2000”, with a view to updating the long-term railway development blueprint for Hong Kong to cater for the latest development needs of the society. The Government is finalising the blueprint for railway development beyond 2020 having regard to transport demand, cost-effectiveness and development needs of New Development Areas. The Transport and Housing Bureau will announce the way forward for the new railway proposals as soon as possible.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0428)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: Not Specified

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 46):

As regards “earmarking \$50 million to support retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity”, please advise:

1. the eligibility criteria and application procedures of the financial assistance;
2. the reasons for supporting retailers alone and whether the financial assistance will be made available to other industries. If it will, what are the details; if not, what are the reasons; and
3. whether supplementary provision will be sought if the financial assistance attracts overwhelming responses. If it will, what are the details; if not, what are the reasons?

Asked by: Hon. SHEK Lai-him, Abraham

Reply:

In the Budget Speech 2014-15, the Financial Secretary has announced acceptance of the recommendations of the Task Force on Manpower Development of the Retail Industry and pursuit of the following implementation measures –

- (a) supporting retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity;
- (b) assisting the Vocational Training Council in strengthening vocational education and training with reference to the Specifications of Competency Standards for the Retail Industry (which was newly drawn up under the Qualifications Framework), including running retail courses through a professional institution and launching pilot courses combining classroom learning and work placement;
- (c) working with the industry to enhance the image of the trade; and
- (d) providing targeted recruitment and employment services and organising large-scale and district-based job fairs dedicated to the retail industry.

The Government has allocated \$130 million to add to existing resources to take forward the above measures.

The target of the funding support for productivity enhancement is small and medium sized enterprises of the retail industry. We plan to partner with the Hong Kong Productivity Council in rolling out the scheme concerned, and are working with it and the industry on detailed parameters such as application eligibility and procedures, the technologies to be covered, expected results, etc. We will shortly present the detailed proposal to the Panel on Commerce and Industry and the Finance Committee to seek support for early launching of the scheme.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)131

(Question Serial No. 1674)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 1):

It is stated in the Budget Speech: "In order to attract high-spending visitors to Hong Kong, thus bring about more economic benefits from tourism, we should continue to upgrade our tourist facilities, host attractive mega events and maintain an adequate supply of high-end hotel accommodation". How much will be spent by the Administration in 2014-15 to study and review the tourist facilities of Hong Kong and increase the supply of hotel accommodation? What are the number and rank(s) of government officers responsible for the above work? And what will be included in the specific work plan?

Asked by: Hon. SIN Chung-kai

Reply:

The Tourism Commission (TC) under the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau has been playing a key coordinating and facilitating role to monitor and review the existing tourism and related facilities in collaboration with the relevant government departments from time to time. The Tourism Commission will join hands with the relevant departments to take appropriate follow-up actions when necessary.

The relevant monitoring and review work is ongoing in nature, and officers of various ranks in the TC have been following up such work according to their respective policy areas. The expenditure on such work has been subsumed into the provision for 2014-15 for CITB and it is difficult to quantify such expenditure separately.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)132

(Question Serial No. 1679)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry, (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 6):

The Administration has mentioned that it will continue to make use of the dedicated fund and extend the network of the HKTDC Design Gallery to assist Hong Kong enterprises in developing brands, in upgrading and restructuring, as well as in exploring market opportunities in the Mainland in 2014-15. What are the specific plans and expenditure to be incurred? How much resources will be earmarked for promoting creative industries in 2014-15? What are the specific plans?

Asked by: Hon. SIN Chung-kai

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched on 25 June 2012. Up to the end of February 2014, 192¹ and 37 applications have been approved under the Enterprise Support Programme and the Organisation Support Programme of the BUD Fund respectively. The total amount of funding approved is about \$205 million. 6 and 5 projects have been completed under the Enterprise Support Programme and the Organisation Support Programme respectively. We will continue to implement the BUD Fund in 2014-15 to assist Hong Kong enterprises of various industries (including the creative industries) in developing brands, upgrading and restructuring their business operations and exploring domestic sales in the Mainland. Provision for the BUD Fund is provided under Programme (3) Support for Small and Medium Enterprises and Industries of Head 181 Trade and Industry Department. The estimated expenditure of the BUD Fund in 2014-15 is \$107.4 million.

The Hong Kong Trade Development Council (HKTDC) has been actively expanding its Design Gallery network in the Mainland since last year to provide platforms for Hong Kong enterprises (including the creative industries), particularly small and medium enterprises to showcase their products and build up greater awareness of Hong Kong brands in the Mainland. The HKTDC opened new Design Gallery shops in Qingdao in August 2013 and in Shanghai in March 2014 respectively. In addition, the HKTDC collaborated with department stores in the Mainland to open a series of Design Gallery “shops-in-shop” inside the stores. The first “shop-in-shop” was opened in Shanghai in March 2013. A total of four additional “shops-in-shop” were subsequently opened in

Wuhan, Shanghai and Beijing in the rest of 2013. The HKTDC's relevant expenditure in 2013-14 is around \$12 million.

In 2014-15, the HKTDC plans to open more new Design Gallery shops in major cities in East and West China, and continue to collaborate with department stores in the Mainland to open more "shops-in-shop" in cities such as Shenyang, Chengdu, Chongqing, Beijing and Shanghai. The HKTDC's relevant budget in 2014-15 is around \$15 million.

¹ Excluding 13 applications that were granted conditional approval. The final approval of such applications and the amount of grants will be subject to further information submitted by the applicants.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1683)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (1) Director of Bureau's Office

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 10):

In 2014-15, what is the estimated expenditure on the salary for Secretary for Commerce and Economic Development, the Under Secretary for Commerce and Economic Development and the Political Assistant to Secretary for Commerce and Economic Development respectively?

Asked by: Hon. SIN Chung-kai

Reply:

For budgetary purposes, the provisions for the salary in respect of the positions of Secretary for Commerce and Economic Development (SCED), Under Secretary for Commerce and Economic Development and Political Assistant to SCED for 2014-15 are \$3.38 million, \$2.2 million and \$1.18 million respectively.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)134****(Question Serial No. 1684)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 11):

It is stated in the Budget Speech that “we shall continue to seek to host mega events, including through financial support for the Mega Events Fund, on the Victoria harbourfront for the enjoyment of residents and visitors”. How much public money will be spent by the Administration in 2014-15 to host events for the enjoyment of residents and visitors? What are the number and rank(s) of government officers responsible for the above work? What will be included in the specific work plan?

Asked by: Hon. SIN Chung-kai

Reply:

We sought approval from the Finance Committee of the Legislative Council in 2012 to allocate \$150 million for extending the operation of the Mega Events Fund (MEF) for 5 years and to modify the MEF into a two-tier system, which enabled the Fund to support international acclaimed mega events to come to Hong Kong on the one hand, and improved the original mechanism for applications by local non-profit-making organizations on the other. We have not laid down an annual budget ceiling for the Tier-one and Tier-two schemes of the MEF respectively. On the MEF Tier-one scheme, an independent consultant commissioned by the Government has provided some recommendations on international mega events that are suitable to be held in Hong Kong for the MEF Assessment Committee's reference. The MEF Secretariat has embarked on the discussion with relevant event organizers on the terms and conditions of co-operation. The discussion involves commercially-sensitive information and it is therefore premature to make public the details at this stage. As regards the MEF Tier-two scheme, we have completed assessment of the third round of applications, and decided to support the “2014 Hong Kong Dragon Boat Carnival” which will be held from 6 to 8 June 2014 in the Victoria Harbour along the Tsim Sha Tsui East harbourfront. We plan to invite application under the fourth round in mid 2014. While we shall continue to support large-scale arts, cultural, sports and entertainment events in Hong Kong organized by local non-profit-making organizations, the number of events receiving the MEF's funding support as well as their respective nature and funding amount, etc. will depend on the number of applications received and how many of them can successfully pass the assessment.

The organizers of the MEF supported mega events will be responsible for all the organizing and promotional matters related to the events. The Tourism Commission (TC) under the Commerce, Industry and Tourism Branch (CITB) of Commerce and Economic Development Bureau is responsible for monitoring the operation of the MEF. The expenditure on such work has been subsumed into the provision for 2014-15 for CITB and it is difficult to quantify such expenditure separately. Apart from the Commissioner for Tourism and relevant staff in the TC under his charge who are responsible for such work, the Secretary for Commerce and Economic Development and the Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) also participate in the supervision, with the latter being the Controlling Officer of the MEF.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1764)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme:

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 53):

What are the duties of the Task Force on Manpower Development of the Retail Industry (Task Force) mentioned in paragraph 107 of the 2014-15 Budget? Will the Task Force study issues involving labour importation? How are its members appointed? Will similar task forces be set up for other industries?

Asked by: Hon. SIN Chung-kai

Reply:

The Financial Secretary announced in 2013-14 Budget the setting up of the Task Force on Manpower Development of the Retail Industry. Its terms of reference were to review the manpower needs of the retail sector, and advise the Government on matters relating to the overall manpower development of the industry in order to sustain its longer term growth. Its members were appointed by the Financial Secretary. The Task Force submitted its recommendations to the Government by end 2013, and relayed its different observations on relaxing the importation of labour schemes for retail industry to the Steering Committee on Population Policy for consideration in the latter's public engagement exercise.

In the Budget Speech 2014-15, the Financial Secretary has announced acceptance of the recommendations of the Task Force and pursuit of the following implementation measures –

- (a) supporting retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity;
- (b) assisting the Vocational Training Council in strengthening vocational education and training with reference to the Specifications of Competency Standards for the Retail Industry (which was newly drawn up under the Qualifications Framework), including running retail courses through a professional institution and launching pilot courses combining classroom learning and work placement;
- (c) working with the industry to enhance the image of the trade; and

- (d) providing targeted recruitment and employment services and organising large-scale and district-based job fairs dedicated to the retail industry.

The Government has allocated \$130 million to add to existing resources to take forward the above measures.

The Government has no plan at this stage to set up task force on manpower development for other industries.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2496)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 19):

With regard to “at the same time, we must nurture with patience new industries which have potential and international competitiveness. By doing so, we are opening up more new opportunities for our future economic development” , please inform this Committee of:

- (a) the estimated expenditure on nurturing new industries in 2014-15;
- (b) the number of officers undertaking this task and their ranks;
- (c) the specific work plan and the projects included; and
- (d) the schedule or timetable for 2014-15.

Asked by: Hon. SIN Chung-kai

Reply:

The Economic Development Commission (EDC) established by the Chief Executive in January 2013 is providing visionary direction and advice to the Government on the overall strategy and policy to broaden Hong Kong's economic base and to enhance Hong Kong's economic growth and development; and in particular, is exploring and identifying growth sectors or clusters of sectors which present opportunities for Hong Kong's further economic growth, and will recommend possible policy and other support for these industries. Its four Working Groups (namely, the Working Group on Convention and Exhibition Industries and Tourism, the Working Group on Manufacturing Industries, Innovative Technology, and Cultural and Creative Industries, the Working Group on Transportation and the Working Group on Professional Services) are considering and studying the policy and support measures (including those for nurturing new industries) that the Government should put in place in respect of the industries under their respective purviews, and will make specific recommendations to the EDC.

Since their establishment, the EDC and its Working Groups have been in active operation and making good progress. Relevant Bureaux are coordinating closely with the Working Groups in following up on or conducting in-depth study of the subjects with which the Working Groups are concerned. The Working Group on Manufacturing Industries, Innovative Technology, and Cultural

and Creative Industries has made a number of specific recommendations, including allowing more young design talents to attend overseas work attachment; further improving the current Innovation and Technology Fund; encouraging companies to employ research and development talents; and strengthening the incubation programmes, which have been endorsed by the EDC. The Government is planning for the implementation arrangements. Separately, the Government has adopted the recommendation of the Working Group on Convention and Exhibition Industries and Tourism and commissioned a consultancy study in early 2014 to assess the demand for convention and exhibition facilities in Hong Kong in the coming 15 years, taking into account the situation in Hong Kong and the global and regional developments of the convention and exhibition industries. The consultancy study is expected to be completed in around mid 2014 and the estimated expenditure in 2014-15 is \$2.64 million. The Government also agreed with the recommendations made by the Working Group that we should accord our priority to attract visitors who would bring the largest economic benefits to Hong Kong as our preferred segments. In this connection, the Hong Kong Tourism Board (HKTB) will actively pursue its marketing and promotion strategies in targeting our preferred segments in 2014-15. The budgetary expenditure on the relevant promotional work has been subsumed into the overall promotional budget of the HKTB for 2014-15 and we do not have further breakdown on this front. In addition, the Government has adopted the recommendation of the Working Group to develop “Kai Tak Fantasy” and Lantau into specialized tourism clusters by bringing in new tourist attractions and facilities, such as hotels, restaurants and shopping centres. The related work involves various bureaux and departments, and the expenditure and budget involved have been correspondingly subsumed into the allocation to relevant bureaux/departments in 2014-15 which are difficult to quantify separately.

The EDC and its Working Groups in coordination with the Government will continue to consider and study the necessary support policy and measures for industries with potential, ensuring that they are practicable and effective.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2497)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 20):

On the introduction of the draft legislation for the establishment of the Travel Industry Authority into the LegCo, please advise:

- (a) What is the approximate estimated expenditure of the Bureau in this area for 2014-15?
- (b) What are the number and ranks of officers responsible for this task?
- (c) What items are included in the specific action plan?
- (d) What is the progress or timetable in 2014-15?

Asked by: Hon. SIN Chung-kai

Reply:

- (a) – (d) The Government announced in end-2011 to establish the Travel Industry Authority (TIA) to take over the current regulatory and licensing functions of the Travel Industry Council of Hong Kong and the Travel Agents Registry. Targets of regulation include travel agents, tour escorts and tourist guides. We are setting in hand the drafting work for the new legislation for the establishment of the TIA and implementation of the new regulatory framework, and will continue to discuss some of the detailed arrangements with the travel trade. At this stage, we expect that the draft new legislation could be introduced into the Legislative Council within the next legislative session and the TIA could be established in late 2015 the earliest.

The Tourism Commission (TC) under the Commerce, Industry and Tourism Branch (CITB) of the Commerce and Economic Development Bureau is responsible for the preparation work for the establishment of the TIA. The expenditure on such work has been subsumed into the provision for 2014-15 for CITB. It is difficult to quantify such expenditure separately. Apart from the Commissioner for Tourism and other staff in the TC who are responsible for such work, the Secretary for Commerce and Economic Development and the Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) also supervise this work.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2498)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-)

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew H Y WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 21):

Regarding the work to “oversee negotiations for an ASEAN-Hong Kong Free Trade Agreement”, would the Administration please advise on:

- (a) the estimated expenditure to be involved by the Bureau in 2014-15;
- (b) the number and rank(s) of officers undertaking the task;
- (c) items to be included in specific projects; and
- (d) progress or time table within 2014-15?

Asked by: Hon. SIN Chung-kai

Reply:

Hong Kong agreed with the Association of Southeast Asian Nations (ASEAN) in April 2013 to pursue a Hong Kong - ASEAN Free Trade Agreement (FTA) and held the first “ASEAN Senior Economic Officials - Hong Kong Consultation Meeting” in July 2013. We are now actively preparing for the formal negotiations to be commenced later this year. We are also enhancing liaison with the business sectors and government officials of the ASEAN Member States; and explaining to them the mutual benefits to be brought about by the FTA so as to strive for an early conclusion of the negotiations.

The negotiations for the Hong Kong – ASEAN FTA are part of the overall work of commercial relations. Officials participating in the relevant work range from the Bureau Secretary to Assistant Trade Officers. As the relevant manpower and financial resources have been subsumed within the overall estimated expenditure of Commerce and Economic Development Bureau and Trade and Industry Department, it is difficult to quantify them separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3346)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 22):

As regards the item, namely, "study the future development of Government Electronic Trading Services", would the Administration advise on the following:

- (a) the Bureau's estimated expenditure for this item in 2014-15;
- (b) the number and rank(s) of officers undertaking this task;
- (c) the specific work plan and projects to be included; and
- (d) the schedule or timetable for 2014-15?

Asked by: Hon. SIN Chung-kai

Reply:

- (a)-(b) We plan to tender for a consultant to study the future development of the Government Electronic Trading Services. The expenditure of the study is subject to the result of the tender exercise. This Bureau will co-ordinate and monitor the study, involving officials at different levels. The manpower and expenditure of the above work will be subsumed into the establishment and provision for this Branch. It is difficult to quantify them separately.
- (c)-(d) The study will identify ways to ensure the seamless continuation of services on the expiry of the existing contracts between the Government and service providers by end 2016, and review the scope of development to better meet the needs of the trading community and to enhance the competitiveness of Hong Kong. The study is expected to commence in the second half of 2014.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0707)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 22):

Concerning the introduction of the draft legislation for the establishment of the Travel Industry Authority (TIA) into the Legislative Council (LegCo), please provide the following information in table form:

1. The respective numbers of local tour escorts (TEs) and tourist guides (TGs) holding a Pass and those holding both a TE Pass and a TG Pass at the same time in each of the past five years;
2. The number of cases in which a person was found to have taken on the additional job of tourist guide without a valid TG Pass, and the details of travel agents having been penalised for hiring those TGs in each of the past five years. How will the Government monitor the situation to ensure that all TGs are TG Pass holders?
3. The number of complaint cases received on outbound tours not having a TE in each of the past five years. Is there any plan to require outbound tours to have a TE for the safety of travellers? If yes, what are the details? If no, what are the reasons?
4. Are there supporting measures for the occupational safety and retirement protection of local TGs? What are the details of these measures and the expenditures involved?
5. When is the draft legislation expected to be introduced into the LegCo and what is the timetable?

Asked by: Hon. TANG Ka-piu

Reply:

1. The respective numbers of holders of valid Tour Escort (TE) Pass and Tourist Guide (TG) Pass issued by the Travel Industry Council of Hong Kong (TIC) and holders of both valid Passes concurrently in the past 5 years (as at 31 December of the respective year) are as follows —

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|--|--------------------------|-------------|-------------|-------------|-------------|
| Number of valid TE Pass holders | 17 732 ^{Note 1} | 17 624 | 18 611 | 19 370 | 19 952 |
| Number of valid TG Pass holders | 6 805 | 6 226 | 6 278 | 6 748 | 6 799 |
| Number of holders having both valid TE Pass and TG Pass concurrently ^{Note 2} | 2 015 | 2 213 | 2 506 | 2 775 | 3 182 |

Note 1: The TIC does not have the relevant statistics as at 31 December 2009. The figure is an estimation made by the TIC.

Note 2: The figures include only holders having both Passes as at 31 December of the respective year and that such persons are still holding valid TE Passes and TG Passes now (6 March 2014).

- At present, the TIC has stipulated in its directives that all TGs assigned by travel agents to receive visitors to Hong Kong must have a valid TG Pass issued by the TIC. According to the “Demerit System for Mainland Tour Reception Services: Members” (Demerit System) implemented by the TIC with effect from 1 February 2011, travel agents which, after that date, assigned TGs whose TG Passes have expired or were suspended/TGs who did not have a TG Passes to receive visitors to Hong Kong, will be fined as well as given demerit points. The TIC will verify if travel agents have observed the concerned rules when conducting inspections on the operation of inbound tours. The number of cases in which a person was found to have taken on the job of TG without a valid TG Pass, and the details of travel agents having been penalised by the TIC for hiring those TGs in the past 5 years are as follows –

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|--|-----------------|----------------|---|---|---------------|
| Number of cases where the TG’s TG Pass has either expired or was not valid | 8 | 1 | 2 | 5 | 1 |
| Number of cases where the TG did not have a TG Pass | 4 | 2 | 0 | 0 | 0 |
| Penalties imposed against the travel agent concerned | Fine (12 cases) | Fine (3 cases) | Fine (1 case) Fine and demerit points (1 case) | Fine (2 cases) Fine and demerit points (3 cases) | Fine (1 case) |

After the establishment of the Travel Industry Authority (TIA), TGs and TEs must apply for licences issued by the TIA. The TIA will require all TGs and TEs employed by travel agents to be holders of valid licences. Detailed rules and regulations under the new regulatory framework will have to be worked out after the establishment of the TIA, taking into account market needs at the time and the views of various stakeholders including travellers, tourism practitioners and trade operators.

3. The number of complaint cases received by the TIC on outbound tours not having a TE in the past 5 years are as follows. The Tourism Commission and the Travel Agents Registry did not receive any complaints in this respect during the same period.

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| Number of complaint cases | 8 | 5 | 10 | 9 | 6 |

The above number of complaints on outbound tours not having a TE accounted for only around 1% of the total complaints from outbound travellers of the respective year. This is not a high ratio. Among the complaint cases handled, no violation of rules was involved and no travel agent was required by the Consumer Relations Committee under the TIC to provide compensation for its arrangement regarding accompanying escorts. In fact, there is already a TIC directive requiring travel agents to clearly make known to consumers about the accompanying escort arrangement before consumers sign up for a tour, so that they can make a suitable choice. To protect the safety of travellers, travel agents in general will arrange other staff such as local TGs to take care of tour group members in outbound tours without an accompanying TE. Tour group members will also be provided with the telephone numbers of more than one local staff as far as possible so that they could be given prompt assistance when in need.

Whether or not to require outbound tours to have a TE under the new regulatory regime in future involves consideration from various perspectives, including the public, consumers, TEs, travel agents, etc. It will have to be worked out after the establishment of the TIA, taking into account market needs at the time and the views of various stakeholders.

4. At present, contents of the TIC-approved TG courses in general cover work skills of the TG in receiving a tour, prevention of incidents and emergency handling, etc. These not only protect the safety of travelers but also help to ensure the occupational safety of TGs. It is expected the TIA will make reference to the contents of relevant current courses when it determines the standards and requirements of the training courses in future.

The Mandatory Provident Fund system, voluntary private savings and the non-contributory social security system are the 3 pillars of the existing retirement protection system in Hong Kong, which is applicable to employees of various sectors, including TGs. The Chief Executive stated in the 2014 Policy Address that the Commission on Poverty (CoP) has commissioned a consultancy study to make recommendations on the way forward for retirement protection. The consultancy team estimates that it will be in a position to submit the final report to the Social Security and Retirement Protection Task Force of CoP for consideration by mid-2014.

5. We are setting in hand the drafting work for the new legislation for the establishment of the TIA and the implementation of the new regulatory framework. At this stage, we expect that the draft new legislation could be introduced into the Legislative Council within the next legislative session and the TIA could be established in late 2015 the earliest.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 0714)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 23):

Regarding the supply of talents in the tourism industry, would the Administration advise on the following:

1. Please provide information in table form, by nature of work, on the number of tourism-related practitioners employed each year, income distribution, age profile and job vacancies of the industry in the past 5 years;
2. Following the establishment of the Travel Industry Authority, tour leaders and tour guides will be required to complete training programmes prior to their participation in the qualification examination. Has the Administration assessed whether the existing training courses are sufficient to meet the future demand? If yes, what are the details? If not, what are the reasons?
3. Does the Administration have any plan to organise training programmes in collaboration with the industry? If yes, please list in detail the name of collaborators, course content and the related expenses. If not, what are the reasons?

Asked by: Hon. TANG Ka-piu

Reply:

1. According to the latest figures released by the Census and Statistics Department (C&SD), statistics on the number of tourism-related practitioners employed in the past 5 years are as follows —

| | Employment | | | | |
|--|-------------------|-------------|-------------|-------------|-------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 |
| Tourism | 194 800 | 192 200 | 215 100 | 235 900 | 250 900 |
| • Inbound Tourism | 161 200 | 163 600 | 187 800 | 206 300 | 218 800 |
| - Retail trade | 75 900 | 82 200 | 88 800 | 91 300 | 100 200 |
| - Accommodation services ^{Note 1} | 28 500 | 27 100 | 34 500 | 39 000 | 39 400 |

| | Employment | | | | |
|---|-------------------|-------------|-------------|-------------|-------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 |
| - Food and beverage services | 31 300 | 27 900 | 37 300 | 42 800 | 45 900 |
| - Cross-boundary passenger transport services | 11 300 | 11 600 | 11 700 | 13 400 | 13 600 |
| - Others | 14 200 | 14 800 | 15 500 | 19 700 | 19 700 |
| ● Outbound Tourism | 33 600 | 28 700 | 27 200 | 29 700 | 32 100 |
| - Travel agency, reservation service and related activities | 20 800 | 19 700 | 19 100 | 19 400 | 19 800 |
| - Cross-boundary passenger transport services | 12 800 | 8 900 | 8 200 | 10 300 | 12 200 |

Note 1: Accommodation services cover hotels, guesthouses, boarding houses and other establishments providing short term accommodation.

Figures for 2013 are not yet available.

According to the C&SD's Quarterly Survey of Employment and Vacancies, statistics on the number of vacancy for selected tourism-related industries are as follows –

| | Number of vacancies | | | | |
|--|----------------------------|-------------|-------------|-------------|------------------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013^{Note 2} |
| Retail | 3 840 | 4 940 | 5 910 | 7 900 | 8 900 |
| Accommodation services and food services | 5 360 | 6 970 | 8 210 | 12 030 | 14 290 |

Note 2: Figures refer to the average of the first 3 quarters.

According to the C&SD's General Household Survey, statistics on median age and median monthly employment earnings of employed persons for the retail, accommodation and food services sectors are as follows –

| | Median age (year) | | | | |
|--|--------------------------|-------------|-------------|-------------|-----------------------|
| | 2009 | 2010 | 2011 | 2012 | Quarter 4 2013 |
| Retail | 38 | 38 | 38 | 38 | 38 |
| Accommodation services and food services | 41 | 40 | 41 | 42 | 41 |

| | Median monthly employment earnings (\$) | | | | |
|--|--|-------------|-------------|-------------|-----------------------|
| | 2009 | 2010 | 2011 | 2012 | Quarter 4 2013 |
| Retail | 8,000 | 8,100 | 8,500 | 9,000 | 10,000 |
| Accommodation services and food services | 8,000 | 8,000 | 8,500 | 9,100 | 10,000 |

Figures for full year of 2013 are not yet available.

2. According to the proposed arrangement for the new regulatory framework for the tourism sector, training institutions interested in running pre-examination training courses for Tourist Guide or Tour Escort Licences under the new regulatory regime will be required to apply to the Travel Industry Council of Hong Kong (TIC) for accreditation of their course. The TIC will accredit these courses according to some pre-determined standards and requirements set by the Travel Industry Authority. All courses accredited by the TIC will be included in the “List of Accredited Training Courses for Tourist Guide/Tour Escort Licensing Examinations” for enrolment by applicants for tourist guide or tour escort licences according to their own preference. The number of training courses to be organised in future will depend on the market demand at the time. It is difficult to make an accurate assessment in this respect at this stage.
3. At present, various education institutions, training institutions and the trade (such as universities, the Vocational Training Council, the Employees Retraining Board and the TIC) provide tourism-related courses covering a wide range of areas including MICE (Meetings, Incentive travels, Conventions and Exhibitions), hotels, cruise tourism, tour guiding and tour escorting services, etc. The Tourism Commission will continue to proactively promote exchanges and co-operation amongst training institutions, the travel trade, the TIC and the Hong Kong Tourism Board, in order to meet the training needs of trade members and facilitate the overall development of the travel industry.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)142****(Question Serial No. 1165)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (6) Travel and Tourism, (7) Subvention: Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 64):

1. The number and percentage of visitor arrivals per annum in the past five years in terms of visit purpose and arrival routes, and the details and expenditures of the measures taken by the Administration in response to the slowing growth in the seat capacity of arrival flights.
2. The amount and percentage of total tourism expenditure associated with inbound tourism per annum in the past five years in terms of expense items, and the details and expenditures of the measures taken by the Administration in response to the potential weakening in the tourists' purchasing power in Hong Kong as the US dollar strengthens?

Asked by: Hon. TANG Ka-piu

Reply:

- (1) Visitor arrivals to Hong Kong in the past 5 years (i.e. 2009-2013) categorized by purpose of visit are set out in the table below:

| ('000) | Vacation (% of total visitors) | Business (% of total visitors) | Visiting friends/relatives (% of total visitors) | En route & others (% of total visitors) | Total Visitors |
|--------|--------------------------------------|--------------------------------------|---|--|----------------|
| 2013 | 32 802.4 (60.4%) | 6 549.1 (12.1%) | 6 313.8 (11.6%) | 8 633.4 (15.9%) | 54 298.8 |
| 2012 | 28 220.7 (58.0%) | 6 537.7 (13.4%) | 6 001.1 (12.3%) | 7 855.6 (16.2%) | 48 615.2 |
| 2011 | 23 557.3 (56.2%) | 6 339.4 (15.1%) | 5 104.6 (12.2%) | 6 920.0 (16.5%) | 41 921.4 |
| 2010 | 18 863.3 (52.4%) | 5 880.9 (16.3%) | 4 704.6 (13.1%) | 6 581.6 (18.3%) | 36 030.3 |
| 2009 | 14 595.0 (49.3%) | 5 231.6 (17.7%) | 4 178.2 (14.1%) | 5 585.9 (18.9%) | 29 590.7 |

Remark: Add-ups may not be equal to total due to rounding.

Visitor arrivals to Hong Kong in the past 5 years (i.e. 2009-2013) categorized by mode of entry are set out in the table below:

| ('000) | Entry by air (% of total visitors) | Entry via sea (% of total visitors) | Entry via land (% of total visitors) | Total Visitors |
|--------|--|---|--|----------------|
| 2013 | 12 331.6 (22.7%) | 5 056.5 (9.3%) | 36 910.7 (68.0%) | 54 298.8 |
| 2012 | 11 559.3 (23.8%) | 4 693.8 (9.7%) | 32 362.0 (66.6%) | 48 615.1 |
| 2011 | 11 026.4 (26.3%) | 4 468.5 (10.7%) | 26 426.4 (63.0%) | 41 921.3 |
| 2010 | 10 186.8 (28.3%) | 3 980.8 (11.0%) | 21 862.8 (60.7%) | 36 030.3 |
| 2009 | 8 624.4 (29.1%) | 3 342.5 (11.3%) | 17 623.7 (59.6%) | 29 590.7 |

Remark: Add-ups may not be equal to total due to rounding.

Airlines often adjust the number of flights between Hong Kong and other destinations in the light of the global economic environment and their operations in individual markets. In 2014, it is expected that flight capacity between Hong Kong and a number of long-haul markets, such as the United States, and short-haul markets, such as South Korea and various Southeast Asian countries, will increase. The Hong Kong Tourism Board (HKTB) will capitalise on the opportunities provided by the expanded flight capacity by intensifying promotion in these markets in 2014-15. It will also co-operate with the airlines in these markets to maximise promotional effectiveness.

As for key source markets in Europe, such as France and Germany, flight capacity to Hong Kong is expected to decline in 2014. Nevertheless, flight adjustment by airlines is periodic. When the market environment improves, airlines are likely to increase flight capacity correspondingly to meet demand. Therefore, the HKTB will adopt a more cautious promotional strategy in the said markets at this stage, and will suitably conduct promotion works in these markets to maintain Hong Kong's presence, so that it can capture the opportunities in time once the airlines increase flight capacity.

The HKTB's proposed budget for marketing in visitor source markets in 2014-15 is \$166.7 million.

(2) Visitor spending in the past 5 years (i.e.2009-2013) by spending category are set out in the table below:

| (\$million) | | Shopping (% of total) | Hotel (% of total) | Dining (% of total) | Entertainment (% of total) | Sightseeing (% of total) | Others (% of total) | Total |
|-------------|-----------|--------------------------|-----------------------|------------------------|-------------------------------|-----------------------------|------------------------|-----------|
| 2013 | Overnight | 127,584.4 (61.2%) | 38,931.9 (18.7%) | 23,222.8 (11.1%) | 7,053.1 (3.4%) | 726.7 (0.3%) | 10,928.9 (5.2%) | 208,447.8 |
| | Same-day | 61,760.4 (90.8%) | 353.7 (0.5%) | 2,166.6 (3.2%) | N/A | N/A | 3,753.2 (5.5%) | 68,033.9 |

| (\$million) | | Shopping (% of total) | Hotel (% of total) | Dining (% of total) | Entertainment (% of total) | Sightseeing (% of total) | Others (% of total) | Total |
|-------------|-----------|--------------------------|-----------------------|------------------------|-------------------------------|-----------------------------|------------------------|-----------|
| 2012 | Overnight | 110,657.5 (59.5%) | 37,663.5 (20.3%) | 20,806.0 (11.2%) | 5,770.4 (3.1%) | 832.7 (0.4%) | 10,111.3 (5.4%) | 185,841.4 |
| | Same-day | 47,474.0 (90.2%) | 285.6 (0.5%) | 1,851.4 (3.5%) | N/A | N/A | 2,995.5 (5.7%) | 52,606.3 |
| 2011 | Overnight | 98,880.0 (59.3%) | 34,560.2 (20.7%) | 18,612.3 (11.2%) | 5,102.5 (3.1%) | 740.5 (0.4%) | 8,798.6 (5.3%) | 166,694.1 |
| | Same-day | 34,692.7 (88.1%) | 173.1 (0.4%) | 1,531.1 (3.9%) | N/A | N/A | 2,961.2 (7.5%) | 39,358.1 |
| 2010 | Overnight | 83,363.7 (61.7%) | 25,115.3 (18.6%) | 15,084.6 (11.2%) | 3,805.0 (2.8%) | 510.4 (0.4%) | 7,262.3 (5.4%) | 135,141.3 |
| | Same-day | 26,227.0 (89.4%) | 80.9 (0.3%) | 1,108.2 (3.8%) | N/A | N/A | 1,934.5 (6.6%) | 29,350.6 |
| 2009 | Overnight | 62,065.6 (63.6%) | 16,280.7 (16.7%) | 10,680.5 (10.9%) | 2,622.1 (2.7%) | 568.9 (0.6%) | 5,446.2 (5.6%) | 97,663.9 |
| | Same-day | 20,053.6 (88.4%) | 107.3 (0.5%) | 843.2 (3.7%) | N/A | N/A | 1,686.5 (7.4%) | 22,690.6 |

Remark: Add-ups may not be equal to total due to rounding.

Visitors' spending during their stay in Hong Kong is affected not only by exchange rates but also factors like the living standard of Hong Kong, economic situations of visitor source markets and consumer patterns, etc. Although it is expected that the strengthening of the US dollar in the coming year may affect the sentiment to visit Hong Kong among visitors from regions not using the US dollar, it does not mean that visitors' spending in Hong Kong must decline.

To further attract high-spending visitors, the HKTB will focus on the high-spending Mid-Career and Achiever vacation visitor segments in 2014-15, and attract them to vacation in Hong Kong by highlighting the city's offerings in areas such as wine and dine, arts and culture, greenery and cruise tourism. Furthermore, the HKTB will continue to actively promote MICE (Meetings, Incentive Travels, Conventions and Exhibitions) tourism, leveraging "Hong Kong • the World's Meeting Place" as the promotional platform, and step up effort in bidding for medium-sized MICE events to boost MICE arrivals. Also, the HKTB will actively bid for world-renowned and influential medium and small international conventions to attract high-spending visitors.

The HKTB's proposed overall marketing budget for 2014-15 is \$330.6 million.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 1166)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 49):

Regarding the co-ordination of work on policy and project initiatives to facilitate tourism development, would the Administration provide the following information:

- a. A table showing the tourism development projects completed/in progress/under planning/under examination in each District Council district over the past 5 years and the expenditures involved;
- b. Has the Administration examined the resources available for tourism development in all 18 districts in Hong Kong so as to divert tourists and boost economic activities in the locality? If yes, what are the details? If no, what are the reasons?

Asked by: Hon. TANG Ka-piu

Reply:

- (a) In the past 5 years, major capital investment projects on the tourism front include the expansion of the Hong Kong Disneyland and Ocean Park, and the Kai Tak Cruise Terminal project. During this period, we also continued to enhance a number of existing tourist attractions and facilities. Projects completed include the Ngong Ping Piazza Project and Enhancement of Footbridges in Tsim Sha Tsui East. Projects in progress and under planning include Aberdeen Tourism Project and Lei Yue Mun Waterfront Enhancement Project. Details and expenditures of the projects are set out in the table below:

| <u>Major Tourism District</u> | <u>Improvement programme</u> |
|-------------------------------|--|
| Tsim Sha Tsui | <ul style="list-style-type: none"> • The project for Enhancement of Footbridges in Tsim Sha Tsui East was completed in August 2013. The project aims to enhance the two existing footbridges across Mody Road and Salisbury Road in Tsim Sha Tsui East including refurbishment of the footbridges, replacement of the original ramps with lifts, and associated works such as re-paving of footpaths. The estimated total expenditure for the project is \$71.4 million. |

| Major Tourism District | <u>Improvement programme</u> |
|------------------------|---|
| Southern | <ul style="list-style-type: none"> • The Ocean Park completed the Master Redevelopment Plan (MRP) in mid 2012. Major attractions newly introduced included 'Aqua City', 'Rainforest', 'Thrill Mountain' and 'Polar Adventure'. Total cost of the MRP amounted to around \$5.55 billion. The Government loan and the commercial loan guaranteed by the Government each contributed to one-fourth of the total cost respectively. Besides, the Ocean Park will implement the Tai Shue Wan Development Project to construct an all-weather indoor cum outdoor waterpark. The project is scheduled for completion in the second half of 2017. The estimated capital cost of the project is \$2.29 billion and will be supported by Government loan. Meanwhile, construction of the Ocean Hotel is expected to commence within this year for completion in 2017. This project will be undertaken by the successful tenderer and there is no need for the Government to bear the cost. • The scope of the Aberdeen Tourism Project being implemented includes the improvement works for the promenade on both sides of the Aberdeen Harbour as well as Ap Lei Chau Main Street and adjacent streets, with the theme of a traditional fishermen's village. The estimated total expenditure for the project is \$288.1 million. |
| Kowloon City | <ul style="list-style-type: none"> • The terminal building and the first berth of the Kai Tak Cruise Terminal came into operation last June. With construction works now in the final stage, the second berth is planned to be commissioned this year. The estimated total expenditure for the project is \$8,156 million. |
| Lei Yue Mun, Kwun Tong | <ul style="list-style-type: none"> • The scope of the Lei Yue Mun Waterfront Enhancement Project includes the construction of a public landing facility, a breakwater and a waterfront promenade; the provision of several lookout points and streetscape improvement works along the footpath linking up the lookout points; as well as the construction of a new viewing platform, etc. The relevant works department is working on the required statutory procedures for gazettal of the project works under the Foreshore and Seabed (Reclamations) Ordinance. As the project is still at the planning stage, there is no expenditure incurred. |
| Islands | <ul style="list-style-type: none"> • The Ngong Ping Piazza, covering an area of about 1.5 hectares, opened in August 2010. It has four components, namely the new Pai Lau, the Di Tan, the Bodhi Path and the Chinese landscaped garden. The Ngong Ping Piazza Project has been completed with a total expenditure of \$68.18 million. • Hong Kong Disneyland's previous phase of expansion (including Toy Story Land, Grizzly Gulch, Mystic Point) was completed in mid-2013. To further enhance its appeal and receiving capacity, the Hong Kong Disneyland will unleash a series of new initiatives in the coming years, including a new night time parade called |

| <u>Major Tourism District</u> | <u>Improvement programme</u> |
|-------------------------------|---|
| | <p>“Disney Paint the Night” in September 2014 as well as a new themed area based on Marvel’s Iron Man franchise in late 2016. The above new initiatives will be funded by its own operating surplus. In addition, a new hotel is being planned for opening in early 2017 subject to scrutiny of its financial arrangements by the Finance Committee of Legislative Council.</p> |

- (b) Apart from promoting major tourist attractions to visitors, the TC, in collaboration with the Hong Kong Tourism Board (HKTB), also encourages visitors to explore, visit and spend in different districts, so as to broaden the overall economic benefits brought about by the tourism industry to Hong Kong. In recent years, the HKTB has made use of different channels, including the Internet, social media, smartphone applications with augmented reality technology, pamphlets, etc., to promote a number of themed routes bundling various attractions in different districts. Examples include “Travel Through Time” of Central and Sheung Wan, “Evolvement of a Fishing Village” of Shau Kei Wan, “A Popular Temple and a City Transformed” of Wong Tai Sin and Kowloon City, Yuen Long Ping Shan Heritage Trail, Fanlung Lung Yeuk Tau Heritage Trail, etc.

To better utilise the tourism resources of each district and to encourage visitors to gain an in-depth and comprehensive understanding of the specialties and local living culture of various districts, the HKTB will strengthen the promotion of tourist attractions in different districts in 2014-15, including setting up a dedicated webpage in a progressive manner to showcase various tourism offerings in the 18 districts. The webpage will feature unique historical attractions and buildings, living culture, dining delights, themed shopping streets and specialty markets, etc., so as to offer more choices to visitors.

The HKTB will also continue to encourage the travel trade to develop new and attractive themed tours taking visitors to explore and spend at different districts through the New Tour Product Development Scheme (the Scheme). As at the end of 2013, the Scheme has subsidised 12 themed tours, including the “Sham Shui Po Foodie Tour” which takes visitors on a local culinary journey, the “Six Senses Heritage Experience” which features a cycling tour in Yuen Long and a big bowl feast in the walled village. In 2014-15, the HKTB will continue to run the Scheme and encourage the travel trade to unleash their creativity and utilise the tourism resources of different districts.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)144****(Question Serial No. 4788)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No.48):

Please provide the following information in relation to the support given to the Hong Kong Tourism Board in Meetings, Incentive Travels, Conventions and Exhibitions (MICE) promotion work:

1. The frequency, number of participants and ancillary benefits of meetings and exhibitions held in Hong Kong in each of the past 5 years with breakdown by venues in table form;
2. The monthly utility rate of respective exhibition venues in Hong Kong over the past 5 years in table form. Does the Administration have any plan to provide more venues for meetings and exhibitions? If yes, what are the details? If no, what are the reasons?
3. What are the promotion work on MICE? What are the details and expenditure involved?

Asked by: Hon. TANG Ka-piu

Reply:

1. At present, there are two major convention and exhibition venues in Hong Kong, namely the Hong Kong Convention and Exhibition Centre (HKCEC) in Wan Chai and the AsiaWorld-Expo (AWE) on Lantau Island.

According to the information provided by the Hong Kong Convention and Exhibition Centre (Management) Limited (HKCEC (Management) Ltd), the number of exhibitions (excluding public shows) and large-scale international conventions held in the HKCEC and the corresponding number of participants over the past five years (i.e. 2009 to 2013) are tabulated below:

| Year | Exhibitions | Exhibitors and buyers/visitors participating in the exhibitions | Large-scale international conventions | Participants of large-scale international conventions |
|-------------|--------------------|--|--|--|
| 2009 | 109 | 3 836 100 | 26 | 17 300 |
| 2010 | 110 | 4 608 560 | 41 | 55 100 |
| 2011 | 117 | 4 604 530 | 32 | 55 130 |
| 2012 | 116 | 4 217 100 | 37 | 51 120 |
| 2013 | 111 | 4 701 650 | 32 | 64 630 |

According to the information provided by the AsiaWorld-Expo Management Limited (AWE Management Ltd), the number of exhibitions (excluding public shows) and major conventions, meetings and incentive travels (MIC) events held in the AWE over the past five years (i.e. 2009 to 2013) are tabulated below:

| Year | Exhibitions | Major MIC events |
|-------------|--------------------|-------------------------|
| 2009 | 35 | 50 |
| 2010 | 36 | 64 |
| 2011 | 39 | 94 |
| 2012 | 40 | 160 |
| 2013 | 42 | 164 |

Note: * Major MIC events include conventions, meetings and incentive travels, as well as international examinations with overseas attendance, but exclude concerts, cocktail receptions and banquets etc.

The AWE Management Ltd has not kept statistics about the total number of visitors for exhibitions and MIC events held each year in the past. In 2013, AWE received over 4 million visitors.

According to the biennial Economic Impact Study on the Hong Kong exhibition industry commissioned by the Hong Kong Exhibition and Convention Industry Association, the economic impact of Hong Kong's exhibition industry in 2010 and 2012 are tabulated below:

| | Benefits (2010) | Benefits (2012) |
|---------------------------------|--|--|
| Expenditure | \$35.8 billion | \$40.8 billion |
| Employment Opportunities | 69 150 full time equivalent employment | 69 600 full time equivalent employment |

2. In general, the supply of exhibition and convention facilities at the HKCEC and the AWE is tight during the purchasing peak seasons.

According to the information provided by the HKCEC (Management) Ltd, the number of days (including fair period, move-in and dismantling) that purposely-built exhibition facilities of the HKCEC reached saturation over the past five years (i.e. 2009 to 2013) are tabulated below:

| Year | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|-------------|-------------|-------------|-------------|-------------|
| Number of days that purposely-built exhibition facilities reached saturation (including fair period, move-in and dismantling) | 57 | 69 | 68 | 69 | 65 |

According to the information provided by the AWE Management Ltd, the number of days (including fair period, move-in and dismantling) the AWE reached saturation over the past five years (i.e. 2009 to 2013) are tabulated below:

| Year | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|-------------|-------------|-------------|-------------|-------------|
| Number of days that AWE reached saturation (including fair period, move-in and dismantling) | 4 | 4 | 8 | 8 | 27 |

As regards the provision of more convention and exhibition facilities, the Government adopted the recommendation of the Working Group on Convention and Exhibition Industries and Tourism under the Economic Development Commission and commissioned a consultancy study in early 2014 to assess the demand for convention and exhibition facilities in Hong Kong in the coming 15

years, taking into account the situation in Hong Kong and the global and regional developments of the convention and exhibition industries. The consultancy study is expected to be completed in around mid 2014. The Government will announce the result of the consultancy study after its completion at an appropriate juncture.

3. In 2014-15, the Hong Kong Tourism Board (HKTB) will continue to use “Hong Kong • the World’s Meeting Place” as the promotional platform to step up its promotional efforts with an aim to strengthening the image of Hong Kong as the preferred MICE (meetings, incentive travels, conventions and exhibitions) destination in the region. The relevant work of the HKTB in respective segmentation of MICE is as follows –

Meetings and incentive travels (M&I)

- (a) stepping up promotions in 3 priority markets namely Mainland China, India and Indonesia, and targeting its promotion at 6 high-potential sectors, namely pharmaceuticals, direct sales, insurance, automobile, information technology and finance;
- (b) showcasing Hong Kong’s MICE strengths at a number of international trade shows with the support of the local MICE trade;
- (c) focusing to promote Lantau Island as a one-stop MICE destination to M&I event planners, and organize road shows in India and develop incentive reward packages in partnership with key attractions and MICE partners based on Lantau Island to attract M&I planners to reach early decisions on choosing Hong Kong as their host city;
- (d) building up long-term working relationship with the M&I event planners and organizing familiarization trips as business-building platforms for overseas MICE agents and local trade partners; and
- (e) strengthening collaboration with airlines, key agents and planners from the M&I segment, to bring more M&I events to Hong Kong, and working with local venue operators to offer M&I events rental discounts and hospitality support to attract them to choose Hong Kong as their host city.

Conventions

- (a) focusing resources on bidding for large-scale conventions and corporate meetings, and small-scale international conventions with strategic value in enhancing Hong Kong’s brand image; and strengthening connection with professional associations and convention organizers to promote the edge and attractiveness of Hong Kong in organizing mega conventions;
- (b) working closely with the Hong Kong Economic and Trade Offices in Europe to engage key associations together with the important European professional conference organizers to lobby the associations to stage their mega conventions in Hong Kong;
- (c) leveraging on international MICE events as promotional platforms to showcase the strength of Hong Kong to MICE organizers so as to attract them to choose Hong Kong as the host city;
- (d) targeting Mainland associations and their corresponding chapters in Hong Kong to conduct promotion, and organizing familiarization trips for representatives of associations from Beijing and Shanghai to visit MICE facilities in Hong Kong; and
- (e) working closely with government departments and local tertiary institutions to bid for international government-related events or large-scale academic conferences.

Exhibitions

- (a) collaborating with the exhibition sector to promote Hong Kong's strengths as an exhibition hub at international trade events so as to attract decision makers of the event organizers to choose Hong Kong as their host city; and
- (b) partnering with exhibition organizers to provide customized travel packages, special offers and hospitality services to participants in order to enrich their experience, and continue to provide exhibition organizers with customized support, in order to retain the existing exhibitions in Hong Kong and attract new ones.

In the 2014-15 Budget, the Government proposed allocating an annual additional provision of \$15 million to the HKTB for the next 3 years to provide more attractive and targeted supporting services and hospitality offers for organizers and participants of the MICE events. In 2014-15, the HKTB plans to spend \$48 million on MICE promotion.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 4789)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (5) Subvention: Consumer Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 52):

Please provide the following information regarding the Consumer Council:

1. The number of complaints received in each of the past 5 years with breakdown by categories in table form. Of which, how many involved travel-related products and services?
2. The number of traders being “named and shamed” because of unfair trade practices over the past 5 years with breakdown by nature of business in table form;
3. The measures taken by the Administration to protect consumer interests, in particular those concerning travel-related products and services. And what are the details of the measures and the expenditures involved?

Asked by: Hon. TANG Ka-piu

Reply:

1. The number of complaints received by the Consumer Council in each of the past 5 years with breakdown on goods and services is set out below:

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|----------|-------------|-------------|-------------|-------------|-------------|
| Services | 22,766 | 17,786 | 15,940 | 16,475 | 16,426 |
| Goods | 11,348 | 11,262 | 11,601 | 10,852 | 13,580 |
| Total | 34,114 | 29,048 | 27,541 | 27,327 | 30,006 |

During the same period, the number of complaints relating to travel-related products or services among the total number of complaints relating to services is set out below:

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------|-------------|-------------|-------------|-------------|-------------|
| Total | 1,030 | 911 | 1,169 | 1,177 | 1,673 |

2.

The number of traders having been named and censured because of unfair trade practices over the past 5 years with breakdown by nature of business is set out below:

| Year of Naming | Business Nature of Trader | Number of Trader Named and Censured |
|-----------------------|---|--|
| 2009 | marketing of high definition television set-top box | 9 |
| 2010 | - | 0 |
| 2011 | audio-video shop | 2 |
| 2012 | beauty centre | 1 |
| 2013 | - | 0 |

3.

The Travel Industry Council of Hong Kong (TIC) has formulated codes and directives requiring travel agents to fulfill their responsibilities in protecting the interests of customers. The codes and directives cover a wide range of areas, including standard of service, advertising and promotion, alterations to travel arrangements, booking conditions, provision of information, charges, etc. The TIC has also put in place a mechanism to handle consumers' complaints against travel agents.

Separately, the Trade Descriptions Ordinance, which prohibits commonly seen unfair trade practices, covers travel services and protects the consumer interests.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)146****(Question Serial No. 0549)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-)

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 1):

Under Matters Requiring Special Attention in 2014-15, it is stated that the Commerce, Industry and Tourism Branch will continue to oversee efforts for seeking better market access and facilitation of trade and investment in the Mainland through the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), and for ensuring effective implementation of measures announced. In this regard, would the Administration please advise the relevant work carried out in 2013-14 and the expenditure involved? What are the action plans and estimated expenditure for 2014-15?

Asked by: Hon. TIEN Pei-chun, James

Reply:

The HKSAR Government is committed to assisting Hong Kong services in accessing the Mainland market through the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), by seeking various preferential and facilitation measures for the trade, lowering the entry threshold and relaxing the scope of services, etc. In August last year, the Mainland and Hong Kong signed Supplement X to CEPA to further strengthen the economic and trade cooperation between the two places. The HKSAR Government will continue to strive to further open up the Mainland market for Hong Kong services sectors by broadening and deepening the scope of liberalisation.

In the mean time, the HKSAR Government also attaches great importance to the effective implementation of CEPA. We have been working closely with the Mainland authorities at central, provincial and municipal levels to address and follow up on problems encountered by Hong Kong enterprises in using CEPA liberalisation measures in the Mainland. Last year, the HKSAR Government and the Ministry of Commerce set up a joint working group to further enhance the mechanism for implementation of CEPA measures. The joint working group convened meetings in June and December respectively in Guangdong and Shanghai to discuss the problems encountered by the trade in using CEPA at provincial and municipal levels and achieved positive outcome. In future, Hong Kong and the Mainland will continue to work closely to assist the trade in making better use of CEPA liberalisation measures and gaining greater access to the Mainland market.

Apart from providing free information and advisory services on CEPA, the Trade and Industry Department (TID) has established a notification mechanism with the Mainland authorities to disseminate information in relation to the promulgation of relevant regulations and implementation details on its CEPA website for the trade's reference.

The CEPA-related work outlined above is carried out by different government agencies. The Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) is responsible for the overall policy on CEPA; TID oversees bilateral discussions on further liberalisation and implementation of liberalisation measures under CEPA; and individual bureaux and departments deal with liberalisation and specific implementation issues in the relevant service sectors. The manpower and financial resources involved in the work are absorbed by relevant bureaux or departments. We do not have information on the actual amount.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0550)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 2):

Under the "Matters Requiring Special Attention in 2014-15", it is stated that the Commerce, Industry and Tourism Branch will continue to monitor the operation of the time-limited special concessionary measures under the Small and Medium Enterprises Financing Guarantee Scheme. In this regard, would the Government please advise:

- (1) the annual default rate and the amount of bad debts borne by the Administration since the implementation of the Scheme?
- (2) the highest, average and lowest lending rates respectively?
- (3) the estimated additional expenditure to be borne by the Administration every year if the special concessionary measures are to be regularised?

Asked by: Hon. TIEN Pei-chun, James

Reply:

The Hong Kong Mortgage Corporation Limited (HKMC) launched the special concessionary measures under its existing SME Financing Guarantee Scheme (SFGS) on 31 May 2012 to provide 80% loan guarantees at concessionary fee rates. The Government provides a total loan guarantee commitment of \$100 billion. As at the end of February 2014, the HKMC has received over 9 300 applications and approved over 8 300 applications, involving a total loan amount of about \$35.1 billion and a total guarantee amount of about \$28.1 billion. The average annual interest rate is about 4.77%. Most of the loans have an annual interest rate between 3% and 7%; around 240 loans have an annual interest rate of 3% or below and only three loans are between 10% and 12%. The amount of net default claims received is about \$144 million, and the default rate is about 0.51%. About \$3 million has been compensated to date.

The special concessionary measures are time-limited special measures. The original application period was 9 months, which was later extended for one year up to the end of February 2014. In the light of the prevailing uncertain external economic environment, the Government has further extended the application period of the special concessionary measures for one more year up to the end of February 2015 to continue to assist enterprises in obtaining financing in the commercial lending market. We do not have plans to turn the measures into a regular scheme.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)148****(Question Serial No. 0779)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 29):

It is stated in paragraph 101 of the Budget Speech that the Government will lend support to local small and medium enterprises in financing, market expansion, brand building and productivity enhancement through seven specific measures. Will the Administration tabulate the estimated expenditure for each of these items?

Asked by: Hon. TIEN Pei-chun, James

Reply:

The Government attaches great importance to the development of SMEs. We review the various support measures from time to time in order to provide adequate and timely support to SMEs.

The 2014-15 Budget announced that the Government will continue to implement various existing measures and launch new initiatives to support SMEs as follows:

- (1) The Hong Kong Mortgage Corporation Limited (HKMC) launched the special concessionary measures under its existing SME Financing Guarantee Scheme (SFGS) on 31 May 2012 to provide 80% loan guarantees at concessionary fee rates. The Government provides a total loan guarantee commitment of \$100 billion. The special concessionary measures are time-limited special measures. The original application period was 9 months, which was later extended for one year up to the end of February 2014. In the light of the prevailing uncertain external economic environment, the Government has further extended the application period of the special concessionary measures for one more year up to the end of February 2015 to continue to assist enterprises in obtaining financing in the commercial lending market. Extension of the application period does not involve additional government resources.
- (2) The Hong Kong Export Credit Insurance Corporation (ECIC) has launched a "Small Business Policy" (SBP) scheme for Hong Kong enterprises with an annual business turnover of less than \$50 million since 1 March 2013, providing exporters with more flexibility in taking out insurance cover. Within two years from 1 March 2013, SBP policyholders will enjoy waiver of the annual policy fee and up to 20 per cent premium discount. In 2014-15, the ECIC will continue to launch the SBP scheme. This measure is launched within the ECIC's overall budget, and does not involve Government resources.

- (3) The Government has earmarked \$50 million to support retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity. This would help manage manpower demand of the retail industry.
- (4) In 2014-15, the Office of the Government Chief Information Officer has earmarked \$3 million under Programme (3) IT in the Community of Head 47 to launch a Cloud Promotion Campaign, which would comprise training and promotional activities, to encourage SMEs to adopt cloud computing services in enhancing their productivity.
- (5) The HKMC will continue to implement the Microfinance Scheme in 2014-15 to assist persons who may wish to start their own business but cannot do so due to a lack of financial means or difficulties in obtaining loans from traditional finance sources. The tentative maximum aggregate loan amount of the scheme is \$100 million. The HKMC is responsible for the relevant loan funding and all administrative expenses; the Microfinance Scheme does not involve any expenditure of the Government.
- (6) The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched on 25 June 2012 to provide funding support to Hong Kong enterprises and non-profit-distributing organisations to assist enterprises in enhancing their competitiveness and facilitating their business development in the Mainland. We will continue to implement the BUD Fund in 2014-15. Provision for the BUD Fund is provided under Programme (3) Support for Small and Medium Enterprises and Industries of Head 181 Trade and Industry Department. The estimated expenditure of the BUD Fund in 2014-15 is \$107.4 million.

In addition, the Hong Kong Trade Development Council (HKTDC) has been actively expanding its Design Gallery network in the Mainland since last year to provide platforms for Hong Kong enterprises, particularly small and medium enterprises to showcase their products and build up greater awareness of Hong Kong brands in the Mainland. The HKTDC opened new Design Gallery shops in Qingdao in August 2013 and in Shanghai in March 2014 respectively. In addition, the HKTDC collaborated with department stores in the Mainland to open a series of Design Gallery “shops-in-shop” inside the stores. The first “shop-in-shop” was opened in Shanghai in March 2013. A total of four additional “shops-in-shop” were subsequently opened in Wuhan, Shanghai and Beijing in the rest of 2013. In 2014-15, the HKTDC plans to open more new Design Gallery shops in major cities in East and West China, and continue to collaborate with department stores in the Mainland to open more “shops-in-shop” in cities such as Shenyang, Chengdu, Chongqing, Beijing and Shanghai. The HKTDC’s relevant budget in 2014-15 is around \$15 million.

- (7) Developing creative clusters is one of the Government’s strategies for promoting the development of local creative industries. Create Hong Kong will continue to draw on the existing resources of the CreateSmart Initiative under Programme (1) Broadcasting and Creative Industries of Head 55 Government Secretariat: Commerce and Economic Development Bureau (Communications and Technology Branch) to provide the trade and relevant bodies with funding support for organising activities to support the development and promotion of creative clusters such as the Comix Home Base, PMQ, etc. Create Hong Kong has earmarked \$850,000 to provide sponsorship to the Comix Home Base and PMQ in 2013-14 and 2014-15 for producing tourist guide maps and promotional materials, as well as organising small-scale exhibitions at Government venues to promote local creative clusters.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 6152)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme:

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 77):

In 2014-15, the Commerce, Industry and Tourism Branch will strengthen efforts to promote the business advantages of Hong Kong in the Mainland, Taiwan and the Association of Southeast Asian Nations ("ASEAN") as well as to attract more multinational companies to set up regional or global operations in Hong Kong. In this regard, will the Government advise this Committee of the specific work plan and timetable? What is the estimated expenditure involved?

Asked by: Hon. TIEN Pei-chun, James

Reply:

In 2014-15, Invest Hong Kong (InvestHK) will conduct marketing campaigns, seminars and investment promotion visits to attract and assist more companies from the Mainland, Taiwan and the Association of Southeast Asia Nations (ASEAN) to set up or expand their business operations in Hong Kong. For the Mainland market, InvestHK will continue to organise investment promotion seminars in the high-growth Mainland cities including Chongqing, Yinchuan, Nanchang, Wuhan, Nanjing, Quanzhou, Kunming, Wuxi, Xiamen and Xian, in collaboration with the Mainland authorities and business associations, to promote Hong Kong as an ideal platform for Mainland companies to go global.

As regards the Taiwan market, InvestHK will continue to reach out to a wide spectrum of Taiwan companies to provide them with the necessary support in setting up or expanding their operations in Hong Kong. InvestHK will strengthen its partnership with the Taiwan business community and organise seminars and conduct investment promotion visits in various Taiwan cities, with the support of its Investment Promotion Unit in the Hong Kong Economic, Trade and Cultural Office in Taiwan. InvestHK will also maintain close liaison with the Taiwan business community in Hong Kong and offer aftercare services to facilitate the expansion of their business.

For the ASEAN markets, InvestHK will strengthen its promotion efforts in 2014-15 through conducting investment promotion visits in target markets, including Singapore, Thailand, Indonesia and Malaysia, to promote Hong Kong's business advantages and to attract more companies in setting up business in Hong Kong. InvestHK will also organise other investment promotion events,

including local networking receptions, inviting the participation of representatives from companies, consulates and chambers of commerce from the target ASEAN markets. To better support the investment promotion work in the ASEAN markets, InvestHK has strengthened its staffing complement in the investment promotion unit at the Economic and Trade Office in Singapore in early 2014.

In 2014, InvestHK targets to complete 72 investment projects from the Mainland, 11 from Taiwan and 14 from ASEAN. The estimated expenditure in 2014-15 for conducting investment promotion activities in the Mainland, Taiwan and ASEAN markets is around \$7.6 million. This figure does not include staff cost or general marketing and promotion expenses which cannot be separately itemised.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 6153)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-)

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 78):

In 2014-15, the Commerce, Industry and Tourism Branch will continue to oversee participation in the work of Asia-Pacific Economic Cooperation (APEC) including advocating for achieving the APEC's goal of free and open trade and investment in the region. In this regard, will the Administration advise this Committee of the specific work plan for achieving the goal? What is the estimated expenditure involved?

Asked by: Hon. TIEN Pei-chun, James

Reply:

To achieve the goal of free and open trade and investment in the region, the member economies of Asia-Pacific Economic Cooperation (APEC) have endeavoured in the past years through series of initiatives such as lowering tariffs, reducing non-tariff trade barriers, liberalising and facilitating trade in services and improving the investment environment with a view to achieving complete liberalisation of trade and investment in the region by 2020. APEC also reviews biannually the progress of achieving this goal to ensure that the member economies are adopting appropriate and effective measures in moving forward and developing towards this goal. As for Hong Kong, it has all along been committed to taking part in the above work.

In 2014-15, APEC will undertake periodic reviews of the above work. We will continue to participate actively in the relevant work and discussions, and support the work in trade facilitation and investment liberalisation with a view to early achievement of the shared goal of free and open trade and investment in the region.

The above work relating to APEC is part of the overall work on commercial relations. The relevant expenditure has been subsumed under the overall estimated expenditure of Commerce and Economic Development Bureau and the Trade and Industry Department. It is difficult to account for the expenditure involved separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 6154)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 79):

In 2014-15, the Commerce, Industry and Tourism Branch will continue to promote co-operation between major convention and exhibition facilities to achieve better utilisation. In this regard, will the Administration advise this Committee of the utilisation of each of the major convention and exhibition facilities over the year (i.e. 2013-14) and the respective breakdown of provisions involved? Has their cost-effectiveness been assessed?

Asked by: Hon. TIEN Pei-chun, James

Reply:

At present, there are two major convention and exhibition facilities in Hong Kong, namely the Hong Kong Convention and Exhibition Centre (HKCEC) in Wan Chai and the AsiaWorld-Expo (AWE) on Lantau Island. The supply of convention and exhibition facilities at the two venues is tight during the major purchasing seasons in recent years. According to the information provided by the management companies of the two venues, in 2013, the purposely-built exhibition facilities of HKCEC reached saturation on 65 days (including fair period, move-in and dismantling), while AWE reached saturation on 27 days, which were mainly during the peak seasons of the exhibition industry.

The Government will continue to encourage HKCEC and AWE to enhance collaboration to utilise effectively the existing convention and exhibition facilities in Hong Kong. The Government has not provided funding for the two venues over the year (i.e. 2013-14).

CONTROLLING OFFICER'S REPLY**(Question Serial No. 1600)**

| | | | |
|---------------------------------------|--|------|-----------------|
| <u>Head:</u> | 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) | | |
| <u>Subhead (No. & title):</u> | (-) Not Specified | | |
| <u>Programme:</u> | (2) Commerce and Industry | | |
| <u>Controlling Officer:</u> | Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG) | | |
| <u>Director of Bureau:</u> | Secretary for Commerce and Economic Development | | |
| <u>This question originates from:</u> | Estimates on Expenditure Volume | Page | (if applicable) |

Question (Member Question No. 37):

The Budget of last year announced the setting up of the Task Force on Manpower Development of the Retail Industry (the Task Force), and \$130 million has been allocated to the Task Force to study the outlook of the retail industry and its manpower demand and supply. It is stated in the Budget this year that the Government will continue to support the work of the Task Force. In this connection, would the Administration advise on the following:

- (a) The breakdown of expenditure for work undertaken by the Task Force and the total expenditure in 2013-14;
- (b) The work direction and specific plans of the Task Force in 2014-15; and
- (c) Further to the above, please provide a breakdown of the estimated expenditure for each items of work as well as the total estimated expenditure in 2014-15.

Asked by: Hon. TIEN Puk-sun, Michael

Reply:

The Financial Secretary announced in 2013-14 Budget the setting up of the Task Force on Manpower Development of the Retail Industry, its terms of reference were to review the manpower needs of the retail sector, and advise the Government on matters relating to the overall manpower development of the industry in order to sustain its longer term growth. The Task Force submitted its recommendations to the Government by end 2013. The Government supported the work of the Task Force through re-deployment of resources. The related expenditure has been subsumed under the establishment of and provision for the Commerce, Industry and Tourism Branch of this Bureau. It is difficult to quantify such expenditure separately.

In the Budget Speech 2014-15, the Financial Secretary has announced acceptance of the recommendations of the Task Force on Manpower Development of the Retail Industry and pursuit of the following implementation measures –

- (a) supporting retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity;

- (b) assisting the Vocational Training Council in strengthening vocational education and training with reference to the Specifications of Competency Standards for the Retail Industry (which was newly drawn up under the Qualifications Framework), including running retail courses through a professional institution and launching pilot courses combining classroom learning and work placement;
- (c) working with the industry to enhance the image of the trade; and
- (d) providing targeted recruitment and employment services and organising large-scale and district-based job fairs dedicated to the retail industry.

The Government has allocated \$130 million to add to existing resources to take forward the above measures. We will shortly present the detailed proposal to the Panel on Commerce and Industry and the Finance Committee to seek support for early implementation of the measures.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1601)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 38):

With regard to the trade fairs organised in Hong Kong, please list the following information for the years from 2012 to 2014:

- a. the number of fairs held locally by traders and the respective percentages of Mainland traders, overseas traders and local traders;
- b. the types of fairs held locally by traders and the respective percentages of the different types of fairs;
- c. of the fairs held locally by traders, the number of fairs organised by the Hong Kong Trade Development Council (HKTDC) and those by local fair operators, and their respective percentages.

Asked by: Hon. TIEN Puk-sun, Michael

Reply:

According to the annual survey of the exhibition industry in Hong Kong announced by the Hong Kong Exhibition and Convention Industry Association (HKECIA), a total of 107 large-scale exhibitions (i.e. "trade" and "trade and consumer" exhibitions with a gross area of over 2 000 square metres) were held in Hong Kong in 2012. The result of the annual survey announced by HKECIA has not specified the types of exhibitions as well as the percentages of Mainland, overseas and local organisers. HKECIA has not yet announced the result of annual survey for 2013 and is collecting data for 2014. Hence, we are not able to provide the figures for 2013 and 2014 at this stage. The Hong Kong Trade Development Council organised 35 local exhibitions each year in 2012 and 2013, and will organise 35 local exhibitions in 2014.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)154

(Question Serial No. 1602)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 39):

It was mentioned in paragraph 87 of the Budget Speech that the Government would maintain an adequate supply of high-end hotel accommodation to enhance our capacity to receive visitors. Please provide the following information for the period from 2003 to 2014:

1. list in table form the supply of hotel rooms in Hong Kong each year and the average occupancy rates;
2. list in table form the supply of high-end hotel rooms in Hong Kong each year and the average occupancy rates;
3. list the average occupancy rates of hotel rooms in Hong Kong each year by District Council districts.

Asked by: Hon. TIEN Puk-sun, Michael

Reply:

a. According to the information provided by the Hong Kong Tourism Board (HKTB), the total number of hotel rooms and average occupancy rates for all hotels in Hong Kong in 2003-2013 are set out in the table below:

| Year | Total room number | Average Occupancy rate |
|-------------|--------------------------|-------------------------------|
| 2003 | 38 133 | 70% |
| 2004 | 39 128 | 88% |
| 2005 | 43 866 | 86% |
| 2006 | 47 128 | 87% |
| 2007 | 51 581 | 86% |
| 2008 | 54 804 | 85% |
| 2009 | 59 627 | 78% |
| 2010 | 60 428 | 87% |
| 2011 | 62 830 | 89% |
| 2012 | 67 394 | 89% |
| 2013 | 70 017 | 89% |

The statistics of 2014 are not available at this stage.

b. According to the information provided by the HKTB, the total number of hotel rooms and average occupancy rates for high-tariff A hotels in Hong Kong in 2003-2013 are set out in the table below:

| Year | High-tariff A hotels | |
|-------------|-----------------------------|-------------------------------|
| | Total room number | Average Occupancy rate |
| 2003 | 9 473 | 67% |
| 2004 | 9 473 | 84% |
| 2005 | 10 808 | 84% |
| 2006 | 10 809 | 85% |
| 2007 | 10 855 | 84% |
| 2008 | 13 570 | 79% |
| 2009 | 15 116 | 72% |
| 2010 | 16 052 | 81% |
| 2011 | 17 181 | 85% |
| 2012 | 17 522 | 85% |
| 2013 | 17 522 | 86% |

The statistics of 2014 are not available at this stage.

c. According to the information provided by the HKTB, the average occupancy rates* of hotels in Hong Kong by District Council districts in 2003-2013 are set out in the table below:

| District | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------------|------|------|------|------|------|------|------|------|------|------|------|
| Central & Western | 66% | 87% | 85% | 84% | 82% | 79% | 72% | 81% | 83% | 84% | 86% |
| Wan Chai | 70% | 89% | 87% | 87% | 86% | 85% | 77% | 85% | 89% | 87% | 87% |
| Eastern | 41% | 91% | 85% | 89% | 89% | 87% | 78% | 85% | 89% | 88% | 87% |
| Southern | - | - | - | - | - | - | - | - | - | - | - |
| Yau Tsim Mong | 72% | 88% | 87% | 89% | 88% | 86% | 81% | 88% | 89% | 89% | 90% |
| Sham Shui Po | - | - | - | - | - | - | - | - | - | - | - |
| Kowloon City | 70% | 90% | 87% | 88% | 89% | 88% | 82% | 86% | 90% | 90% | 88% |
| Wong Tai Sin | - | - | - | - | - | - | - | - | - | - | - |
| Kwun Tong | - | - | - | - | - | - | - | - | - | - | - |
| Kwai Tsing | - | - | - | - | - | - | - | - | - | - | - |
| Tsuen Wan | - | - | - | - | - | - | - | - | - | 94% | 92% |
| Tuen Mun | - | - | - | - | - | - | - | - | - | - | - |
| Yuen Long | - | - | - | - | - | - | - | - | - | - | - |
| North | - | - | - | - | - | - | - | - | - | - | - |
| Tai Po | - | - | - | - | - | - | - | - | - | - | - |
| Sha Tin | - | - | - | - | - | - | - | - | - | - | - |
| Sai Kung | - | - | - | - | - | - | - | - | - | - | - |
| Islands | - | - | - | - | - | 73% | 64% | 80% | 87% | 88% | 88% |

*Remark: The HKTB and the hotels which submitted their data have signed confidentiality agreements. To avoid disclosing commercially sensitive information of individual hotels, if the number of hotels in a district is lower than 4, the average occupancy rate of that district is not disclosed.

The statistics of 2014 are not available at this stage.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1603)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No.40):

Please provide the following information in relation to the spending of visiting tourists for the period from 2003 to 2014:

- a. list in table form the total spending of all visiting tourists every year;
- b. list in table form the total spending of Mainland visitors every year;
- c. list in table form the total spending of "Individual Visit Scheme" visitors every year;
- d. the expenditures on accommodation, catering, shopping and other areas by all visiting tourists every year, and the percentage share of these items of expenditure in overall spending; and
- e. the expenditures on accommodation, catering, shopping and other areas by "Individual Visit Scheme" visitors every year, and the percentage share of these items of expenditure in overall spending.

Asked by: Hon. TIEN Puk-sun, Michael

Reply:

(a)-(c)

According to the statistics from the Hong Kong Tourism Board (HKTB), the total expenditure associated with the inbound tourism in 2003-2013 and the projected figures for 2014 are shown in the table below:

| (\$ million) | | Total | Mainland | Individual Visit Scheme |
|----------------------|-----------|-----------|-----------|-------------------------|
| 2014 (projection) | Overnight | 228,044.0 | 168,900.4 | N/A |
| | Same-day | 81,643.1 | 77,783.7 | N/A |
| 2013 | Overnight | 208,447.8 | 152,730.0 | 85,000.5 |
| | Same-day | 68,033.9 | 64,356.2 | 51,416.1 |
| 2012 | Overnight | 185,841.4 | 129,416.2 | 70,286.7 |
| | Same-day | 52,606.4 | 49,278.0 | 37,693.6 |
| 2011 | Overnight | 166,694.1 | 111,788.4 | 62,352.9 |
| | Same-day | 39,358.1 | 35,360.2 | 26,265.6 |
| 2010 | Overnight | 135,141.3 | 87,037.1 | 48,463.1 |
| | Same-day | 29,350.5 | 25,931.2 | 20,162.8 |
| 2009 | Overnight | 97,663.9 | 63,970.3 | 36,064.7 |
| | Same-day | 22,690.6 | 19,504.0 | 13,735.3 |
| 2008 | Overnight | 94,205.5 | 53,242.7 | 28,778.8 |
| | Same-day | 18,216.6 | 15,994.0 | 10,715.2 |
| 2007 | Overnight | 87,867.7 | 47,215.3 | 25,527.3 |
| | Same-day | 13,615.3 | 11,712.0 | 7,735.1 |
| 2006 | Overnight | 75,925.6 | 39,679.3 | 17,362.1 |
| | Same-day | 9,546.5 | 7,926.0 | 4,982.2 |
| 2005 | Overnight | 68,888.1 | 36,569.7 | 13,584.6 |
| | Same-day | 6,934.8 | 5,626.6 | 3,329.6 |
| 2004 | Overnight | 61,142.3 | 33,941.0 | 10,188.9 |
| | Same-day | 5,612.0 | 4,641.5 | 1,934.4 |
| 2003 | Overnight | 48,778.0 | 29,799.7 | N/A |
| | Same-day | 4,747.7 | 3,578.1 | N/A |

Since the Individual Visit Scheme (IVS) was implemented in July 2003, the Departing Visitor Survey conducted by the HKTB in 2003 did not collect the spending data relating to visitors travelling under the IVS. On the other hand, the HKTB does not make projection on the spending of visitors travelling under the IVS in 2014.

(d)-(e)

According to the statistics from the HKTB, the total expenditure associated with inbound tourism by spending category in 2003-2013 and the projected figures for 2014 are shown in the table below:

| (\$ million) | | Shopping (% of total) | Hotels (% of total) | Dining (% of total) | Others (% of total) | Total |
|--------------|------------------------|--------------------------|------------------------|------------------------|------------------------|-----------|
| 2013 | All overnight visitors | 127,584.4 (61.2%) | 38,931.9 (18.7%) | 23,222.8 (11.1%) | 18,708.7 (9.0%) | 208,447.8 |
| | All same-day visitors | 61,760.4 (90.8%) | 353.7 (0.5%) | 2,166.6 (3.2%) | 3,753.2 (5.5%) | 68,033.9 |
| | IVS overnight visitors | 61,931.8 (72.9%) | 9,868.4 (11.6%) | 7,606.7 (8.9%) | 5,593.6 (6.6%) | 85,000.5 |
| | IVS same-day visitors | 47,862.8 (93.1%) | 179.7 (0.3%) | 1,392.0 (2.7%) | 1,981.6 (3.9%) | 51,416.1 |
| 2012 | All overnight visitors | 110,657.5 (59.5%) | 37,663.5 (20.3%) | 20,806.0 (11.2%) | 16,714.4 (9.0%) | 185,841.4 |
| | All same-day visitors | 47,474.0 (90.2%) | 285.6 (0.5%) | 1,851.4 (3.5%) | 2,995.5 (5.7%) | 52,606.4 |
| | IVS overnight visitors | 50,465.9 (71.8%) | 8,645.3 (12.3%) | 6,466.4 (9.2%) | 4,709.2 (6.7%) | 70,286.7 |
| | IVS same-day visitors | 34,843.8 (92.4%) | 179.0 (0.5%) | 1,097.7 (2.9%) | 1,573.2 (4.2%) | 37,693.6 |
| 2011 | All overnight visitors | 98,880.0 (59.3%) | 34,560.2 (20.7%) | 18,612.3 (11.2%) | 14,641.6 (8.8%) | 166,694.1 |
| | All same-day visitors | 34,692.7 (88.1%) | 173.1 (0.4%) | 1,531.1 (3.9%) | 2,961.2 (7.5%) | 39,358.1 |
| | IVS overnight visitors | 44,394.5 (71.2%) | 8,079.9 (13.0%) | 5,838.5 (9.4%) | 4,040.1 (6.5%) | 62,352.9 |
| | IVS same-day visitors | 23,707.1 (90.3%) | 88.7 (0.3%) | 862.9 (3.3%) | 1,606.9 (6.1%) | 26,265.6 |

| (\$ million) | | Shopping (% of total) | Hotels (% of total) | Dining (% of total) | Others (% of total) | Total |
|--------------|------------------------|--------------------------|------------------------|------------------------|------------------------|-----------|
| 2010 | All overnight visitors | 83,363.6 (61.7%) | 25,115.3 (18.6%) | 15,084.6 (11.2%) | 11,577.7 (8.6%) | 135,141.3 |
| | All same-day visitors | 26,227.0 (89.4%) | 80.9 (0.3%) | 1,108.2 (3.8%) | 1,934.5 (6.6%) | 29,350.5 |
| | IVS overnight visitors | 36,299.4 (74.9%) | 4,966.5 (10.2%) | 4,206.6 (8.7%) | 2,990.6 (6.2%) | 48,463.1 |
| | IVS same-day visitors | 18,771.4 (93.1%) | 38.3 (0.2%) | 546.9 (2.7%) | 806.2 (4.0%) | 20,162.8 |
| 2009 | All overnight visitors | 62,065.6 (63.6%) | 16,280.7 (16.7%) | 10,680.5 (10.9%) | 8,637.1 (8.8%) | 97,663.9 |
| | All same-day visitors | 20,053.6 (88.4%) | 107.3 (0.5%) | 843.2 (3.7%) | 1,686.5 (7.4%) | 22,690.6 |
| | IVS overnight visitors | 28,040.3 (77.8%) | 2,999.2 (8.3%) | 2,838.9 (7.9%) | 2,186.3 (6.1%) | 36,064.7 |
| | IVS same-day visitors | 12,657.4 (92.2%) | 21.7 (0.2%) | 369.5 (2.7%) | 686.7 (5.0%) | 13,735.3 |
| 2008 | All overnight visitors | 53,963.9 (57.3%) | 20,464.4 (21.7%) | 11,080.4 (11.8%) | 8,696.8 (9.2%) | 94,205.5 |
| | All same-day visitors | 16,043.3 (88.1%) | 122.2 (0.7%) | 1,026.6 (5.6%) | 1,024.4 (5.6%) | 18,216.6 |
| | IVS overnight visitors | 21,093.5 (73.3%) | 3,245.5 (11.3%) | 2,522.5 (8.8%) | 1,917.3 (6.7%) | 28,778.8 |
| | IVS same-day visitors | 9,798.2 (91.4%) | 30.4 (0.3%) | 463.8 (4.3%) | 422.8 (3.9%) | 10,715.2 |
| 2007 | All overnight visitors | 49,825.4 (56.7%) | 19,726.4 (22.5%) | 10,454.1 (11.9%) | 7,861.8 (8.9%) | 87,867.7 |
| | All same-day visitors | 11,741.1 (86.2%) | 108.9 (0.8%) | 847.1 (6.2%) | 918.1 (6.7%) | 13,615.3 |
| | IVS overnight visitors | 19,015.3 (74.5%) | 2,591.1 (10.2%) | 2,272.5 (8.9%) | 1,648.4 (6.5%) | 25,527.3 |
| | IVS same-day visitors | 6,983.5 (90.3%) | 20.8 (0.3%) | 365.6 (4.7%) | 365.1 (4.7%) | 7,735.1 |

| (\$ million) | | Shopping (% of total) | Hotels (% of total) | Dining (% of total) | Others (% of total) | Total |
|--------------|------------------------|--------------------------|------------------------|------------------------|------------------------|----------|
| 2006 | All overnight visitors | 40,357.1 (53.2%) | 17,916.3 (23.6%) | 10,028.0 (13.2%) | 7,624.1 (10.0%) | 75,925.6 |
| | All same-day visitors | 8,163.3 (85.5%) | 108.0 (1.1%) | 562.1 (5.9%) | 713.2 (7.5%) | 9,546.5 |
| | IVS overnight visitors | 12,204.8 (70.3%) | 1,871.6 (10.8%) | 1,942.4 (11.2%) | 1,343.3 (7.7%) | 17,362.1 |
| | IVS same-day visitors | 4,512.8 (90.6%) | 19.7 (0.4%) | 222.7 (4.5%) | 227.1 (4.6%) | 4,982.2 |
| 2005 | All overnight visitors | 36,411.8 (52.9%) | 15,300.7 (22.2%) | 9,726.6 (14.1%) | 7,449.0 (10.8%) | 68,888.1 |
| | All same-day visitors | 5,731.0 (82.6%) | 81.8 (1.2%) | 506.7 (7.3%) | 615.2 (8.9%) | 6,934.8 |
| | IVS overnight visitors | 9,266.7 (68.2%) | 1,322.7 (9.7%) | 1,842.4 (13.6%) | 1,152.8 (8.5%) | 13,584.6 |
| | IVS same-day visitors | 2,921.7 (87.7%) | 21.8 (0.7%) | 165.0 (5.0%) | 221.1 (6.6%) | 3,329.6 |
| 2004 | All overnight visitors | 34,184.8 (55.9%) | 12,335.5 (20.2%) | 8,153.5 (13.3%) | 6,468.5 (10.6%) | 61,142.3 |
| | All same-day visitors | 4,663.8 (83.1%) | 49.4 (0.9%) | 417.6 (7.4%) | 481.2 (8.6%) | 5,612.0 |
| | IVS overnight visitors | 6,938.1 (68.1%) | 969.5 (9.5%) | 1,419.4 (13.9%) | 861.8 (8.5%) | 10,188.9 |
| | IVS same-day visitors | 1,731.2 (89.5%) | 8.3 (0.4%) | 108.3 (5.6%) | 86.6 (4.5%) | 1,934.4 |
| 2003 | All overnight visitors | 28,316.9 (58.1%) | 9,183.3 (18.8%) | 6,444.5 (13.2%) | 4,833.3 (9.9%) | 48,778.0 |
| | All same-day visitors | 3,881.7 (81.8%) | 57.8 (1.2%) | 360.7 (7.6%) | 447.5 (9.4%) | 4,747.7 |
| | IVS overnight visitors | N/A | N/A | N/A | N/A | N/A |
| | IVS same-day visitors | N/A | N/A | N/A | N/A | N/A |

Remark: Add-ups may not be equal to total due to rounding.

Since the IVS was implemented in July 2003, the Departing Visitor Survey conducted by the HKTB in 2003 did not collect the spending data relating to visitors travelling under the IVS. On the other hand, the HKTB does not make projection on the spending of visitors travelling under the IVS by spending category.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)156****(Question Serial No. 5175)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 59):

Regarding the “special concessionary measures under the SME Financing Guarantee Scheme (SFGS)”, please provide the following information for 2012 to 2014:

- number of applications for special concessionary measures each year;
- number of enterprises benefiting from the special concessionary measures;
- amount of loan guarantee incurred each year.

Asked by: Hon. TIEN Puk-sun, Michael

Reply:

The Hong Kong Mortgage Corporation Limited (HKMC) launched the special concessionary measures under its existing SME Financing Guarantee Scheme (SFGS) on 31 May 2012 to provide 80% guarantees at concessionary fee rates. The Government provides a total loan guarantee commitment of \$100 billion. As at the end of February 2014, the HKMC has received over 9 300 applications and approved over 8 300 applications, involving a total loan amount of about \$35.1 billion and a total guarantee amount of about \$28.1 billion. Over 5 600 enterprises have benefitted from the measures. Relevant figures of 2012-13 and 2013-14 are as follows:

| | 2012-13 (from 31 May 2012) | 2013-14 (up to 28 February 2014) | Total |
|---|----------------------------------|--|-----------------|
| No. of applications received | 7 065 | 2 282 | 9 347 |
| No. of applications approved | 6 407 | 1 951 | 8 358 |
| Total amount of loans approved (\$ million) | 28,060.8 | 7,064.7 | 35,125.5 |
| Total amount of guarantees approved (\$ million) | 22,448.7 | 5,651.7 | 28,100.4 |
| Number of benefited enterprises ¹ | 4 610 | 1 054 | 5 664 |

¹ Enterprises with more than one application approved would be counted in the year when the first application was approved.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)157****(Question Serial No. 1423)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (3) Subvention: Hong Kong Trade Development Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 5):

What are the respective numbers of applications for holding events at the Hong Kong Convention and Exhibition Centre (HKCEC) in the past 5 years? How many of these applications are concerned with trade exhibitions? What is the number of applications for renting venues that have been turned down owing to a shortage of space at the HKCEC? How many of these applications are concerned with trade exhibitions? How full was the HKCEC when these applications were rejected?

Asked by: Hon. TO Kun-sun, James

Reply:

According to the Hong Kong Convention and Exhibition Centre (Management) Limited (HKCEC (Management) Ltd), in the past five years (i.e. from 2009 to 2013), a total of about 19 000 applications were received for holding events at HKCEC, among which, about 200 were concerned with trade exhibitions. For the same period, a total of 75 applications for renting exhibition venues were turned down because of a shortage of space at HKCEC, and among them 21 cases were concerned with trade exhibitions. For the same period, HKCEC also declined a total of 120 applications for conference venues due to a shortage of space. Relevant breakdown is tabulated below:

| Year | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|-------------|-------------|-------------|-------------|-------------|
| No. of applications for renting exhibition venues turned down because of a shortage of space (No. of applications concerned with trade exhibitions) | 12 (2) | 7 (1) | 15 (4) | 22 (8) | 19 (6) |
| No. of applications for renting conference venues turned down due to a shortage of space | 11 | 25 | 37 | 27 | 20 |

In general, the supply of exhibition and convention facilities at HKCEC is tight during major purchasing seasons. According to the information provided by the HKCEC (Management) Ltd, the number of days (including fair period, move-in and dismantling) that purposely-built exhibition facilities of HKCEC reached saturation over the past five years are tabulated below:

| Year | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|-------------|-------------|-------------|-------------|-------------|
| No. of days that purposely-built exhibition facilities reached saturation (including fair period, move-in and dismantling) | 57 | 69 | 68 | 69 | 65 |

CONTROLLING OFFICER'S REPLY**CEDB(CIT)158****(Question Serial No. 1424)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 6):

What are the respective numbers of applications for holding events at the AsiaWorld-Expo (AWE) in the past 5 years? How many of these applications are concerned with trade exhibitions? What is the number of applications for renting venues that have been turned down owing to a shortage of space at the AWE? How many of these applications are concerned with trade exhibitions? How full was the AWE when these applications were rejected? What about events other than trade exhibitions? What is the nature of the events in the rejected applications? What measures does the Administration have in place to promote the AWE, and what is the expenditure involved?

Asked by: Hon. TO Kun-sun, James

Reply:

AsiaWorld-Expo Management Limited (AWE Management Ltd) has not kept detailed statistics regarding the number of applications for holding events at AWE and those related to trade exhibitions in the past. Overall speaking, the number of applications for renting venues is increasing in recent years. Take 2013 as an example, AWE Management Ltd handled over a thousand applications, among which, dozens were concerned with trade exhibitions. According to the AWE Management Ltd, in 2013, a total of 17 applications for renting venues were turned down because of a shortage of space at AWE, and among these 4 cases were trade exhibitions. The other 13 cases were conventions, meetings and incentives (MIC) events. AWE had not rejected any applications owing to a shortage of space from 2009 to 2012.

In general, the supply of exhibition and convention facilities at AWE is tight during peak seasons for MIC events. The number of days (including fair period, move-in and dismantling) AWE reached saturation over the past five years are tabulated below:

| Year | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|-------------|-------------|-------------|-------------|-------------|
| No. of days that AWE reached saturation (including fair period, move-in and dismantling) | 4 | 4 | 8 | 8 | 27 |

The Hong Kong Tourism Board (HKTB) has been maintaining close liaison and co-operation with the overseas and local travel trade, as well as stakeholders on Lantau Island, to actively promote the edges and offerings of Hong Kong's MICE tourism, including Lantau Island, with a view to strengthening the brand image of Hong Kong as a preferred MICE destination in the region and attracting MICE events to be staged in different local venues, including AWE. In 2014-15, the HKTB will continue to actively promote Lantau Island as a "one-stop" MICE destination to event planners. At the same time, it will join hands with the key attractions and MICE trade on Lantau Island to conduct road shows in India and roll out special offers to attract event planners to choose Hong Kong (including Lantau Island) as the host city of their MICE events.

In 2014-15, the HKTB plans to spend \$48 million on MICE promotion. The HKTB does not have separate breakdown of expenditure for the Lantau MICE promotion.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5596)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (4) Posts, Competition Policy and Consumer Protection

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 77):

Regarding the change in the expenditure for the programme of Posts, Competition Policy and Consumer Protection, please explain the substantial reduction by 90.6% in the estimated expenditure for 2014-15 as compared to that of 2013-14.

Asked by: Hon. TO Kun-sun, James

Reply:

With the establishment of the Competition Commission (Commission) in 2013, we have reassigned the provision earmarked for the Commission under Programme (4) to the new Programme (9). Under the new Programme (9), the estimated provision for the Commission's operation in 2014-15 is \$83.9 million.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3131)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 12):

The Administration plans to extend the application period for the special concessionary measures under the Small and Medium Enterprises (SME) Financing Guarantee Scheme for one year to the end of February 2015. Please advise this Committee of the following:

1. Why should the application period be extended?
2. What is the additional guarantee commitment to be provided by the Government following the extension of the application period? How many new applications are expected? How many enterprises will be benefited?
3. What is the default rate of the Scheme?

Asked by: Hon. Ronny TONG Ka-wah

Reply:

The Hong Kong Mortgage Corporation Limited (HKMC) launched the special concessionary measures under its existing SME Financing Guarantee Scheme (SFGS) on 31 May 2012 to provide 80% loan guarantees at concessionary fee rates. The Government provides a total loan guarantee commitment of \$100 billion. As at the end of February 2014, the HKMC has received over 9 300 applications and approved over 8 300 applications, involving a total loan amount of about \$35.1 billion and a total guarantee amount of about \$28.1 billion. The amount of net default claims received is about \$144 million, and the default rate is about 0.51%. About \$3 million has been compensated to date.

The special concessionary measures are time-limited special measures. The original application period was 9 months, which was later extended for one year up to the end of February 2014. In the light of the prevailing uncertain external economic environment, the Government has further extended the application period of the special concessionary measures for one more year up to the

end of February 2015 to continue to assist enterprises in obtaining financing in the commercial lending market.

As the loan amount involved and industry demand in the coming year will be affected by a number of factors, including the prevailing economic situation, we are unable to provide the relevant estimates.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3132)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 13):

The Administration plans to earmark \$50 million to support retailers on a matching fund basis for the use of information technology (IT) to increase productivity. Please advise on the following:

1. What are the details of the plan?
2. What are the eligibility criteria and the maximum amount of grant of this matching fund?
3. How many applications from the small and medium enterprises are expected?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

In the Budget Speech 2014-15, the Financial Secretary has announced acceptance of the recommendations of the Task Force on Manpower Development of the Retail Industry and pursuit of the following implementation measures –

- (a) supporting retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity;
- (b) assisting the Vocational Training Council in strengthening vocational education and training with reference to the Specifications of Competency Standards for the Retail Industry (which was newly drawn up under the Qualifications Framework), including running retail courses through a professional institution and launching pilot courses combining classroom learning and work placement;
- (c) working with the industry to enhance the image of the trade; and
- (d) providing targeted recruitment and employment services and organising large-scale and district-based job fairs dedicated to the retail industry.

The Government has allocated \$130 million to add to existing resources to take forward the above measures.

The target of the funding support for productivity enhancement is small and medium sized enterprises of the retail industry. We plan to partner with the Hong Kong Productivity Council in rolling out the scheme concerned, and are working with it and the industry on detailed parameters such as application eligibility and procedures, the technologies to be covered, expected results, etc. We will shortly present the detailed proposal to the Panel on Commerce and Industry and the Finance Committee to seek support for early launching of the scheme.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3137)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 5):

In face of rising number of Individual Visit Scheme (IVS) visitors coming to Hong Kong through the land border and cruise tourists arriving by sea, will the Administration please inform this Committee whether all the work for the Kai Tak Cruise Terminal has been completed? If no, what are the reasons and when the work is expected to be completed?

Asked by: Hon. TONG Ka-wah, Ronny

Reply:

The terminal building and the first berth of the Kai Tak Cruise Terminal (the "Terminal") came into operation last June. Cruise lines and passengers have found the Terminal's facilities and services satisfactory. With construction works now in the final stage, the second berth is planned to be commissioned this year. Upon completion of the relevant dredging works in the seabed by end 2015 as planned, the second berth will also be able to accommodate the largest cruise ships in the world.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1449)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 10):

The provision for 2014-15 is \$22.7 million (12.2%) higher than the revised estimate for 2013-14 due to the recurrent consequences arising from the full opening of the terminal building and ancillary facilities for the Kai Tak Cruise Terminal. Would the Administration list out in detail the items of the recurrent expenditure and the estimated expenditure for each of the items?

Asked by: Hon. TSE Wai-chun, Paul

Reply:

The increase in the estimated provision under this programme in 2014-15 is mainly due to increased recurrent provision arising from the whole-year and full-scale operation of the Kai Tak Cruise Terminal (including the planned commissioning of the second berth) in that year. Total estimated provision for the operation of the Terminal in 2014-15 amounts to \$85.260 million. It covers the maintenance of electrical and mechanical facilities of the terminal (\$65.942 million), property management services for communal areas (\$5.754 million), and public utility charges such as electricity charges for communal areas and facilities (\$13.564 million).

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1450)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 11):

What is the estimated number of days with no cruise vessels berthing at the cruise terminal in 2014-2015? Does the Government have any policy to make good use of the terminal facilities on days with no cruise vessels berthing to enhance the economic benefits of the terminal? What is the expenditure involved in this policy?

Asked by: Hon. TSE Wai-chun, Paul

Reply:

The terminal operator has so far received 49 applications from cruise vessels to berth for about 88 days between January 2014 and the end of 2015. To maximise flexibility in the utilisation of the Kai Tak Cruise Terminal (the "Terminal"), the terminal building has adopted a wide span layout with fewer structural columns. The design enables some areas in the Terminal to be used for other functions when no vessels are berthing at the Terminal. Two car shows and the "Cruise Holiday Expo" were held at the Terminal in August and September last year, while a ship christening ceremony was held in November. The events received positive feedback from the participants. The terminal operator is discussing with various organisations the holding of different kinds of events at the Terminal to better utilise the terminal facilities. There are a number of events under planning in the first half of 2014. Retail stores and restaurants at the Terminal are expected to be open by phases from mid 2014 onwards.

The manpower and expenditure of the above-mentioned work have been subsumed within the establishment and provision for the Commerce, Industry and Tourism Branch of this Bureau. It is difficult to quantify them separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1451)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 12):

In reply to my question raised at the Legislative Council, the Secretary for Commerce and Economic Development stated clearly that the cruise terminal operator would consider organising activities such as festive events, community activities and concerts at the terminal on days with no cruise vessels berthing. What are the outcomes after consideration? Will this policy be implemented in the new financial year to reduce the number of "idle" days of the cruise terminal which cost an investment of \$8 billion to develop? If yes, what are the details? What is the budgetary expenditure for this policy? If no, what are the reasons? Will a study be conducted at once?

Asked by: Hon. TSE Wai-chun, Paul

Reply:

The terminal facilities of the Kai Tak Cruise Terminal (the "Terminal"), including areas within the Terminal building for holding events, are managed and operated by the terminal operator, Worldwide Cruise Terminals Consortium (WCT). WCT will consider applications for holding various functions (including concerts, community activities or other performances), and is discussing with various organisations the holding of different kinds of events at the Terminal to better utilise the terminal facilities. There are a number of events under planning in the first half of 2014.

The manpower and expenditure of the above-mentioned work have been subsumed within the establishment and provision for the Commerce, Industry and Tourism Branch of this Bureau. It is difficult to quantify them separately.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 1452)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 14):

The People's Daily Overseas Edition carried a commentary on 3 March, urging publicly the Hong Kong authorities to draw reference from Taiwan's practice of imposing a quota on visitor arrivals, with a view to minimising the impact on local people's daily lives arising from excessive visitors. The article has an extensive coverage of Hong Kong people's grievances amid an excessive number of visitors from the Mainland. In this connection, has the Bureau examined or realised the reasons for a Mainland official newspaper to publish the said article? If yes, what is the outcome? If not, will the Administration evaluate, examine and review from an objective perspective our tourism policy in the new financial year, in particular whether an adjustment can be made to the expenditure on promoting to Mainlanders our policy on inbound visitors?

Asked by: Hon. TSE Wai-chun, Paul

Reply:

In response to the public concern about the impact of the continuous growth in visitor arrivals on the livelihood of the community, the HKSAR Government has comprehensively assessed Hong Kong's capacity to receive tourists. The Assessment Report on Hong Kong's Capacity to Receive Tourists was completed at the end of last year. On the basis that projected visitor arrivals would be over 70 million in 2017, the assessment suggests that Hong Kong would generally be able to receive the visitor arrivals in 2017. Hotel rooms, however, would continue to be in tight supply. The HKSAR Government will continue to increase the supply of hotel rooms through a multi-pronged approach, and to increase our capacity to receive tourists on various fronts. We will adopt the following three-pronged approach to facilitate the long-term and stable development of our tourism industry –

- (a) continuous enhancement of our capacity to receive tourists;
- (b) developing the "Kai Tak Fantasy" and Lantau into 2 specialised tourism clusters to attract high value-added visitor segments to visit Hong Kong; and

- (c) strengthening promotion of tourist attractions in different districts so as to offer more choices to the visitors and to help alleviate congestion at traditionally popular tourist areas.

Moreover, the Central Government had agreed not to increase the number of cities under the Individual Visit Scheme (IVS) nor expand the scope of the multiple-entry permit at the current stage. The HKSAR Government will continue to maintain close liaison with the Mainland and exchange views with them on a regular basis regarding the implementation and way forward for the IVS, and to attract Mainland visitors in an appropriate and orderly manner in the light of our economic and social conditions.

To attract high-spending visitors (including convention and exhibition visitors) to Hong Kong, the HKSAR Government will allocate an additional \$45 million for the Hong Kong Tourism Board (HKTB) to provide more attractive and targeted services and concessions for organisers and participants of conventions and exhibitions of various scales and types in the coming 3 years.

Besides, to attract overseas visitors to come to Hong Kong at different times, we shall provide additional funding of \$50 million to the HKTB in the coming 2 years to strengthen even further its popular events, such as the Wine and Dine Festival, the New Year Countdown Celebrations and the Chinese New Year Night Parade. One way to do so is to introduce 3D projection mapping technology to help showcase the magnificent night view of the Victoria Harbour during mega events.

The HKTB's estimated total marketing budget for 2014-15 is \$330.6 million, over half of which (about \$166.7 million) will be used for promotions in visitor source markets, with a focus on attracting overnight visitors. Among these, the proportion of promotion resources allocated to the international markets will increase from 70% in 2013-14 to 75% in 2014-15. On the other hand, the proportion of promotion resources allocated to the Mainland market will reduce from 30% to 25%, most of which will be allocated to the non-Guangdong areas to attract overnight visitors.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)167****(Question Serial No. 1454)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 18):

The increasing influx of visitors from the Mainland has exceeded our receiving capacity. The People's Daily Overseas Edition carried a commentary, urging the Hong Kong authorities to draw reference from Taiwan's practice of imposing a quota on visitor arrivals. This shows that the "supply" of Mainland visitors to Hong Kong has exceeded the "demand". It is not advisable for us to receive additional visitors prior to an enhancement of tourism facilities and receiving capacity. In this connection, will the Government advise this Council on the following:

- (1) What was the total expenditure incurred by the Hong Kong Tourism Board on promotion of Hong Kong's tourism in the Mainland in 2013-14?
- (2) What is the increase in such expenditure in the financial year 2014-15?
- (3) Has the Commerce and Economic Development Bureau considered whether the expenditure on promotion should be diverted to optimising tourism facilities? Are promotional activities in the Mainland essential? Should the expenditure on promotion of Hong Kong's tourism in the Mainland be slashed or even cancelled?

Asked by: Hon. TSE Wai-chun, Paul

Reply:

- (1) – (2) The marketing budget of the Hong Kong Tourism Board (HKTB) in the Mainland market is set out in the table below:

| Proposed marketing budget for 2014-15 (\$million) | Revised estimate for 2013-14 (\$million) | Difference |
|---|--|------------|
| 41.8 | 48.8 | -14.3% |

- (3) The HKTB's estimated total marketing budget for 2014-15 is \$330.6 million, over half of which (about \$166.7 million) will be used for promotions in visitor source markets, with a focus on attracting overnight visitors. Among these, the proportion of

promotion resources allocated to the international markets will increase from 70% in 2013-14 to 75% in 2014-15. On the other hand, the proportion of promotion resources allocated to the Mainland market will reduce from 30% to 25%, most of which will be allocated to the non-Guangdong areas to attract overnight visitors.

To attract high-spending visitors (including convention and exhibition visitors) to Hong Kong, the HKSAR Government will allocate an additional \$45 million for the HKTB to provide more attractive and targeted services and concessions for organisers and participants of conventions and exhibitions of various scales and types in the coming 3 years.

Besides, to attract overseas visitors to come to Hong Kong at different times, we shall provide additional funding of \$50 million to the HKTB in the coming 2 years to strengthen even further its popular events, such as the Wine and Dine Festival, the New Year Countdown Celebrations and the Chinese New Year Night Parade. One way to do so is to introduce 3D projection mapping technology to help showcase the magnificent night view of the Victoria Harbour during mega events.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)168****(Question Serial No. 1455)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume 1 Page 305 (if applicable)

Question (Member Question No. 17):

In the 2014-2015 financial year, the estimate for the Tourism Board is increased by \$85.5 million (15%) to meet the expenditure on the following items:

- launching a marketing campaign in core markets
- adding new elements to the mega events
- supporting Meetings, Incentive Travels, Conventions and Exhibitions (MICE) events

Will the Administration provide in detail the expenditure increase of each item? How to evaluate the actual benefits from the additional expenditure?

Asked by: Hon. TSE Wai-chun, Paul

Reply:

The Government plans to provide the Hong Kong Tourism Board (HKTB) with \$655.7 million of subvention in 2014-15, which is \$85.5 million higher than the revised estimate for 2013-14, to subsidise the HKTB's marketing and operational costs incurred locally and in visitor source markets. The increase in funding is used for meeting the expenditure incurred by launching an image-boosting marketing campaign in core markets, adding new elements to mega events and supporting Meetings, Incentive Travels, Conventions and Exhibitions (MICE) events and activities, etc. The breakdown is shown below:

| Item | Estimated new expenditure in 2014-15 |
|---|---|
| Launching an image-boosting marketing campaign in core markets: An additional funding of \$10 million per annum in the next 5 years for promotions through newspapers, television networks, digital media and other public relations channels in core markets to strengthen Hong Kong's image as the preferred travel destination. | \$10 million |

| Item | Estimated new expenditure in 2014-15 |
|---|---|
| Adding new elements to mega events: An additional funding of \$25 million per annum in the next 2 years to strengthen even further its popular mega events, including the Wine and Dine Festival, the New Year Countdown Celebrations and the Chinese New Year Night Parade. In 2014-15, the additional funding will be spent mainly on introducing the 3D projection mapping show during mega events. | \$25 million |
| Supporting MICE events and activities: Including the recurrent funding of \$30 million and the additional funding of \$15 million per annum in the next 3 years, mainly for providing more attractive and targeted supporting services and hospitality offers for MICE organisers and participants. | \$45 million |
| Marketing of the HKTB's events and other contingent operating purposes | \$5.5 million |
| Total | \$85.5 million |

The HKTB, including its worldwide offices, has an assessment mechanism to evaluate the performance of its marketing work. The assessment is based on a number of tourism performance indicators, including visitor arrivals, visitor spending, visitors' length of stay and their satisfaction level. In addition, the HKTB has drawn up a set of objectives and laid down areas of assessment for measuring the effectiveness of its promotions under different strategic foci.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)169

(Question Serial No. 1456)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 16):

Has the Government conducted any study or review to examine the cost-effectiveness of our huge tourism promotion expenditures of about \$550 million per annum (to be further increased to \$655.7 million this year) spent by the Hong Kong Tourism Board? How does our tourism promotion expenditures compare with those of other countries and places, such as Singapore, Taiwan, Thailand and Macau?

Has the Government conducted any study on re-allocating the substantial savings from reducing unnecessary tourism promotion expenditures, especially the expenditures in promoting tourism in the Mainland, to developing tourist attractions and enhancing tourism facilities to better meet the development needs of our tourism? If yes, what is the study? If not, what are the reasons? In 2014-15, will the Government allocate manpower and resources to undertake such a study or review?

Asked by: Hon. TSE Wai-chun, Paul

Reply:

To maintain a diverse visitor portfolio and uphold Hong Kong's image as Asia's World City and a world-class travel destination, the Hong Kong Tourism Board (HKTB) will continue to invest in 20 major visitor source markets in 2014-15, which altogether contribute over 95% of total visitor arrivals to Hong Kong.

The estimated marketing budget of the HKTB in 2014-15 is \$330.6 million, over half of which, or about \$166.7 million, will be used for promotions in visitor source markets to attract overnight visitors. Of the latter, the budget for the international markets will be increased from 70% in 2013-14 to 75%, while the budget for the Mainland market will be lowered from 30% to 25%, most of which will be allocated to the non-Guangdong areas to attract overnight visitors.

The HKTB does not have any information on the marketing expenditures of other countries and cities like Singapore, Taiwan, Thailand and Macau for comparison with Hong Kong.

Regarding the construction of new attractions and improvement of facilities in existing attractions, the Tourism Commission is committed to the following development, including:

- The Ocean Park will implement the Tai Shue Wan Development Project to construct an all-weather indoor cum outdoor waterpark. The project is scheduled for completion in the second half of 2017. The estimated capital cost of the project is \$2.29 billion and will be supported by Government loan. Meanwhile, the construction of the Ocean Hotel is expected to commence within this year for completion in 2017.
- Hong Kong Disneyland's previous phase of expansion (including Toy Story Land, Grizzly Gulch, Mystic Point) was completed in mid-2013. The Hong Kong Disneyland will launch a new nighttime parade called "Disney Paint the Night" in September 2014 as well as a new themed area based on Marvel's Iron Man franchise in late 2016. A new hotel is also planned for opening in early 2017.
- The terminal building and the first berth of the Kai Tak Cruise Terminal came into operation last June. With construction works now in the final stage, the second berth is planned to be commissioned this year. Retail stores and restaurants at the Terminal are expected to be open by phases from mid 2014 onwards.
- The Tourism Commission (TC) has been maintaining close liaison with the tourism sector, including the Travel Industry Council of Hong Kong and operators of tourist attractions, as well as listening to their views and reviewing in a timely manner the general ancillary facilities in major tourist districts. We endeavour to help ensure that the tourist facilities and services provided in these districts could meet visitors' needs and expectations. In addition, the TC will co-ordinate with relevant departments in keeping in view and examining whether the existing supporting facilities are effective and adequate. The TC will, in conjunction with the relevant departments, make appropriate adjustments and improvements if necessary.

The TC, the relevant departments and the HKTB carry out the above work with existing resources. No additional expenses and manpower are incurred.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1469)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 32):

For many years, sea food restaurants in Lei Yue Mun have been complaining about the serious shortage of coach bus parking spaces, which leads to the decrease in the number of visitors and affects their business. In the new financial year, what policies will the Commerce, Industry and Tourism Branch and the Lands Department implement to ease the coach bus parking spaces shortage problem in Lei Yue Mun? What are the resources involved? Before the policies achieve positive results, is it possible to freeze or lower the rent payable by tenants whose short-term tenancy will expire in 2014-15 and 2015-16, so as to ease their burden?

Asked by: Hon. TSE Wai-chun, Paul

Reply:

To alleviate the problem of inadequate coach parking spaces in Lei Yue Mun, the Transport Department (TD) has planned to provide additional on-street coach parking spaces at Yan Yue Wai in Lei Yue Mun. TD is consulting the locals on the proposal through the Kwun Tong District Office. If the locals support the proposal, TD will arrange with the Highways Department to implement the works as soon as possible. In the longer term, TD will explore with the Planning Department and Lands Department (LandsD) the feasibility of adding public car parks with coach parking spaces in new development projects in the district if the size of the site concerned and the location are considered suitable.

The Tourism Commission (TC) has been maintaining close liaison with the tourism sector, including the Travel Industry Council of Hong Kong and operators of tourist attractions, as well as listening to their views and reviewing in a timely manner the general ancillary facilities in major tourist districts. We endeavour to help ensure that the tourist facilities and services provided in these districts could meet visitors' needs and expectations. In addition, the TC will co-ordinate with relevant departments in keeping in view and examining whether the existing supporting facilities are effective and adequate. The TC will, in conjunction with the relevant departments, make appropriate adjustments and improvements if necessary.

According to the provisions as stipulated in the Short Term Tenancies signed between LandsD and its tenants, the respective tenants are required and have agreed to pay full market rent. In accordance with the established practice and in the absence of policy support to the contrary, the rent is reviewed every three years to keep it in line with prevailing market levels.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1471)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 35):

It is stated in Paragraph 93 of the Budget Speech that 3D projection mapping technology will be introduced during mega events. What are the details of the technology? How much expenditure will be involved? What is the estimated expenditure in this respect for 2014-15? During what kinds of mega events will it be introduced?

In addition, how much public funds had been and will be spent in A Symphony of Lights in 2013-14 and the new financial year? Has assessment been made as to whether the show is outdated, whether it is a continued attraction to tourists, and whether an update and upgrade is necessary? If so, what are the details? If not, what are the reasons?

Asked by: Hon. TSE Wai-chun, Paul

Reply:

3D projection mapping is a projection technology which can be applied on a building with its façade as the screen. With the use of specialised software, lighting effects will be designed and undergone a mapping process based on the façade of the building in order to create three dimensional images. The images will then be projected on the building by projectors. Depending on the environment, suitable visual and sound effects may be combined to present the theme of the show.

We will provide additional funding of \$50 million to the Hong Kong Tourism Board (HKTB) in 2014-15 and 2015-16 to strengthen even further its popular mega events, including the Wine and Dine Festival, the New Year Countdown Celebrations and the Chinese New Year Night Parade. Out of this \$50 million, the funding of \$25 million earmarked for 2014-15 will be spent mainly on introducing the 3D projection mapping show during mega events, including engaging professional contractors to design the show, renting and installing relevant equipment and devices, and other costs related to the production and staging of the show.

“A Symphony of Lights” was launched in 2004 and is a show involving public and private participation. The private participating buildings are responsible for the recurrent costs of their respective buildings. The Government is responsible for the expenditure for keeping up the

operations of the show as well as the recurrent costs for maintaining and replacing the lighting and audio accessories of the government buildings taking part in it. The recurrent expenditure incurred by the Government in 2013-14 is about \$6 million, and the estimated expenditure for 2014-15 will be similar. We intend to commission a consultancy study in 2014-15 to review the show comprehensively and explore possible options for its way forward.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 1472)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 36):

As mentioned by the Financial Secretary in paragraph 93 of the Budget Speech, more mega events will be held on the Victoria harbourfront for the enjoyment of residents and visitors through financial support from the Mega Events Fund. How many of these events are anticipated to be held in the new financial year? What amount will be used from the Mega Events Fund to fund these kinds of events?

Will the Secretary consider, in attracting more residents and visitors to these harbourfront events, setting aside funding and manpower in the 2014-15 financial year for studying and implementing the construction of a link bridge between Kwun Tong and the Cruise Terminal with a view to turning the Terminal into another harbourfront hotspot for mega events? If so, what are the details? If not, what are the reasons?

Asked by: Hon. TSE Wai-chun, Paul

Reply:

We sought approval from the Finance Committee of the Legislative Council in 2012 to allocate \$150 million for extending the operation of the Mega Events Fund (MEF) for five years and to modify the MEF into a two-tier system, which enabled the Fund to support international acclaimed mega events to come to Hong Kong on the one hand, and improved the original mechanism for applications by local non-profit-making organizations on the other. We have not laid down an annual budget ceiling for the Tier-one and Tier-two schemes of the MEF respectively. On the MEF Tier-one scheme, an independent consultant commissioned by the Government has provided some recommendations on international mega events that are suitable to be held in Hong Kong for the MEF Assessment Committee's reference. The MEF Secretariat has embarked on the discussion with relevant event organizers on the terms and conditions of co-operation. The discussion involves commercially-sensitive information and it is therefore premature to make public details at this stage. As regards the MEF Tier-two scheme, we have completed assessment of the third round of applications, and decided to support the "2014 Hong Kong Dragon Boat Carnival" which will be held from 6 to 8 June 2014 in the Victoria Harbour along the Tsim Sha Tsui East harbourfront. We plan to invite application under the fourth round in mid 2014. While we shall continue to support large-scale arts, cultural, sports and entertainment events in Hong Kong organized by local non-

profit-making organizations, the number of events receiving the MEF's funding support as well as their respective nature and funding amount, etc. will depend on the number of applications received and how many of them can successfully pass the assessment.

On the other hand, according to the "Kai Tak Outline Zoning Plan" as well as the relevant detailed planning and engineering studies, the linkage between Kwun Tong and the southern tip of the former Runway mainly relies on the existing Taxiway Bridge about 900 metres away from the Kai Tak Cruise Terminal. At this stage, the Government has no plan to build another road bridge as connection.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3258)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 13):

a) How many applications, if any, did the Kai Tak Cruise Terminal receive from community organisations or commercial clients for renting the Terminal for holding activities in 2013-2014? How many applications were accepted or refused? What were the successful applicants, the titles of their activities and rental fees? What is the projected increase in the number of similar applications for 2014-15?

b) Many trade associations and businessmen are interested in renting the Terminal for business promotion during the periods when no vessels are berthing. But they do not know the application procedures, conditions and rental fees. What promotion policies will the Bureau introduce in 2014-15 to facilitate business organisations in applying to rent the Terminal?

Asked by: Hon. TSE Wai-chun, Paul

Reply:

(a) The terminal facilities of the Kai Tak Cruise Terminal (the "Terminal"), including areas within the Terminal building for holding events, are managed and operated by the terminal operator, Worldwide Cruise Terminals Consortium (WCT). Two car shows and the "Cruise Holiday Expo" were held at the Terminal in August and September last year, while a ship christening ceremony was held in November. The events received positive feedback from the participants. WCT is discussing with various organisations the holding of different kinds of events at the Terminal to better utilise the terminal facilities. The fee required for renting the venue is determined and received by WCT on a commercial basis. There are a number of events under planning in the first half of 2014.

(b) WCT has been actively promoting the terminal facilities to outside parties. Interested organisations are advised to contact WCT direct for holding events at the Terminal.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 6121)**

| | | | |
|---------------------------------------|--|------|-----------------|
| <u>Head:</u> | 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) | | |
| <u>Subhead (No. & title):</u> | (-) Not Specified | | |
| <u>Programme:</u> | Not Specified | | |
| <u>Controlling Officer:</u> | Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG) | | |
| <u>Director of Bureau:</u> | Secretary for Commerce and Economic Development | | |
| <u>This question originates from:</u> | Estimates on Expenditure Volume | Page | (if applicable) |

Question (Member Question No. 62):

Dignitaries from the political and engineering sectors have suggested that Hong Kong was nowadays "consultant-administered", which means the Government spends imprudently on appointment of consultants to study everything. The \$7 m consultancy fee for the study on rationalisation of traffic distribution among the three road harbour crossings was regarded as lavish spending of the Government. With the Government as its major shareholder, the MTR turned to academics of the Massachusetts Institute of Technology and the Stanford University of the United States rather than local consultants for advice on saturation capacity. Regarding the expenditure and policy on appointment of consultants of bureaux and departments, would the Administration advise this Committee of the following:

In the past 3 financial years, what were your Bureau's annual expenditures on consultancy fee? What were the topics of the consultancy studies covered? What were the ratios of overseas consultants to local consultants? Were there codes of practice or guidelines specifying the priority engagement of local consultants? What were the measures and policies to control expenditure on consultancy fee?

To prevent the abuse of public funds on inappropriate consultancy expenditure, is it possible for the Administration to consider putting in place a control mechanism and specifying the priority engagement of local consultants in contractual clauses, codes of practice or guidelines in the 2014-15 financial year? If yes, what are the details? If no, what are the reasons?

Asked by: Hon. TSE Wai-chun, Paul

Reply:

In the 3 financial years from 2011-12 to 2013-14, our Bureau has conducted 10 consultancy studies covering financial assessment, viability studies for new developments or project/facility enhancement, manpower study, study on introduction of new law, etc., with six studies straddling over one financial year. Among these consultancy studies, only one overseas consultant firm has been appointed and the remaining are all local consultants. The expenditures on consultancy fees incurred were about \$1.67m, \$7.64m and \$2.89m for 2011-12, 2012-13 and 2013-14 respectively.

In the selection of consultancy firms, we have already followed the Government's prevailing guidelines and procedures to conduct the selection process in an open and fair competition manner. A number of international consultancy firms have also established local offices or subsidiaries in Hong Kong, and we do not offer priority engagement for local consultants. To ensure that the performance of the consultancy firms can fulfill the objectives of the studies, we will monitor their progress regularly to ensure their performance are up to standard and prudent use of public funds.

We will continue to comply with established government procedures and mechanisms in the selection of suitable consultancy firms and there is no plan to introduce specific guidelines on the priority engagement of local consultants in the 2014/2015 financial year.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0125)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 32):

What are the details in respect of the further development of wine-related businesses in Hong Kong? What is the reason for picking this particular industry for further development? How many posts will be created in the coming year as a result? What will be the percentage contribution of the economic benefits of such development to the gross domestic product (GDP)?

Asked by: Hon. WONG Kwok-hing

Reply:

Details of our efforts in 2014-15 to support the further development of wine-related businesses are given below –

- (a) trade and investment promotion: this Branch co-ordinates the organisation and promotion work of relevant agencies, including promotion events such as the Wine and Dine Festival and the International Wine and Spirits Fair. The Hong Kong Trade Development Council will further assist the industry in capitalising on potential markets not only on the Mainland but also those in the region. We will also assist the Hong Kong Quality Assurance Agency (HKQAA) in promoting on the Mainland its newly launched wine registration scheme, to underline Hong Kong traders' credibility and our role as a regional wine trading hub;
- (b) clearance facilitation: the Customs and Excise Department (C&ED) has obtained the in-principle agreement of Mainland Customs to relax the existing facilitation scheme for wines imported from Hong Kong. The relaxation gives Hong Kong registered exporters the flexibility in choosing their Mainland business partners. We will promote the scheme to the industry when details are confirmed;
- (c) manpower training and education: we will disseminate the results of a manpower survey to provide the latest market information to the industry and training providers, assisting them to run wine-related courses that satisfy the industry's needs;

- (d) combating counterfeit wine: C&ED's specialised investigation team will not only continue to ally with the industry to cooperate on intelligence collection and market monitoring, but also strengthen liaison with Mainland Customs with a dedicated intelligence exchange channel; and
- (e) wine storage: we will continue to assist the HKQAA in promoting its scheme for accrediting wine storage facilities. We will also take part in the Development Bureau's feasibility study on the long-term strategy for cavern development and explore the feasibility of providing for housing wine cellars in rock caverns.

We cope with the workload arising from the implementation of the above measures through re-deployment of existing resources. The related expenditure is subsumed under the establishment of and provision for this Branch. It is difficult to quantify such expenditure separately. Regarding the Wine and Dine Festival and the International Wine and Spirits Fair mentioned in (a) above, the costs are met through government subvention, charging of fees and commercial sponsorship.

When we exempted wine duty in 2008, we had duly considered the potential of wine-related businesses development and resultant creation of jobs. We considered that our support for the business would be beneficial to the economy. In fact, Hong Kong has since then become a regional wine trading and distribution hub, as well as the largest wine auction centre in the world. The boom in wine trade has contributed to the growth of related businesses such as logistics, exhibition, catering and education.

The current statistics do not provide relevant compilation for assessing the economic benefits brought by wine-related businesses.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)176

(Question Serial No. 0126)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 33):

Please set out in detail the key policies on protection of IP rights to be formulated by the Administration this year. Will legislation on the original grant of patents be covered? If yes, what is the progress? When will the policies be expected to be ready for introduction into the Legislative Council?

Asked by: Hon. WONG Kwok-hing

Reply:

Below are the major initiatives in this year relating to intellectual property (IP) -

Working to develop and implement an "original grant" patent system that would be commensurate with our efforts to develop Hong Kong into a regional innovation and technology hub

Upon accepting the strategic recommendations made by the Advisory Committee on Review of the Patent System in Hong Kong (the Advisory Committee), the Government announced in February 2013 the future positioning of Hong Kong's patent system, including setting up an "original grant" patent (OGP) system whilst retaining the current re-registration system for grant of standard patents. It bears strategic significance in facilitating the development of Hong Kong into a regional innovation and technology hub, as well as a premier IP trading hub.

Subject to the progress of implementation work and preparation of new legislation, we tentatively aim at launching the OGP system in 2016-17 at the earliest. The Intellectual Property Department has started preparatory work. Major tasks to be carried out in the coming years include –

- (a) mapping out the legal and administrative framework for revamping our patent system, and overseeing a consultancy study to assist in formulating the legal framework for the OGP system;
- (b) finalising the detailed arrangement of substantive examination for the OGP system and the refined short-term patent system;

- (c) formulating appropriate legislative amendments for introduction into the Legislative Council;
- (d) planning and building the electronic system in support of the new patent regime;
- (e) drafting examination manuals and designing workflows for examination of patent applications under the new patent system;
- (f) providing ongoing secretariat support, including substantial amount of legal research input, to the Advisory Committee;
- (g) engaging the stakeholders for support from time to time; and
- (h) promoting the new patent system prior to its introduction.

Engaging stakeholders to explore how our copyright regime should evolve to take care of parody as appropriate and to strengthen copyright protection in the digital environment

To keep pace with technological advancement and economic development, we need to update our copyright regime from time to time. We conducted public consultation last year to explore how parody should be taken care of as appropriate having full regard to present day circumstances, and proposed directions for taking care of parody, with a view to formulating legislative proposals and concluding our efforts started in 2006 to update our copyright regime in the digital environment.

Working with stakeholders on the overall strategies and support measures to develop and promote Hong Kong as a premier IP trading hub in the region

We set up the Working Group on IP Trading (the Working Group) in March 2013 to strategise the promotion of Hong Kong as a premier IP trading hub in the region and devise specific policies and measures in support. In November 2013, the Working Group promulgated a strategic framework (the Framework) for forging ahead the development of IP trading. The Framework covers four strategic areas, namely enhancing the IP protection regime; supporting IP creation and exploitation; fostering IP intermediary services and manpower capacity; and pursuing promotion, education and external collaboration efforts. In 2014, the Working Group is working to explore specific policies and other support measures under each strategic area for promoting Hong Kong as a regional IP trading hub.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1077)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (4) Posts, Competition Policy and Consumer Protection

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 39):

Please provide the following information regarding the Competition Ordinance ("CO"):

1. What is the progress and the time frame of the setting up of the Competition Commission ("Commission") and the Competition Tribunal ("Tribunal")? What is the expected time for the full implementation of the CO?
2. What is the establishment and the related estimated expenditure of the Commission and the Tribunal?
3. Will there be a transitional period? Will a retrospective date be set for suspected cases? If yes, what are the details? If not, what are the reasons?

Asked by: Hon. WONG Kwok-kin

Reply:

Since the appointments of Members to the Competition Commission (Commission) took effect in May 2013, the Commission has worked to set up its internal procedures, its financial and administrative systems, as well as to recruit the Chief Executive Officer and other staff members. To facilitate its work, the Commission has established a Staff Committee and a Finance and Administration Committee. A Government team has been seconded to the Commission to support its initial work before recruitment of its own staff. The Commission has initiated the first round of recruitment since September 2013, with global recruitment conducted for the top executives including the Chief Executive Officer, and local open recruitment for staff of all tiers. The first round recruitment has almost been completed and most of the new recruits are expected to report duty gradually in the first half of 2014. Upon completion of all rounds of recruitment, the Commission is expected to have some 50 staff members, with their annual salary and allowance totaling \$46 million.

One of the major tasks of the Commission leading to the full commencement of the Competition Ordinance (the Ordinance) is the preparation of guidelines. In 2014-15, the Commission's priority is to conduct consultation on various documents required to be prepared under the Ordinance, including guidelines on the competition rules, complaint handling and investigations. The Commission has engaged legal consultants to advise on the preparation of these documents required for the commencement of the Ordinance. The Commission's plan is to conduct promotion of the Ordinance, and engage members of the public and various sectors on what the Commission should take into account when formulating the guidelines. The Commission expects that such promotion and discussions will enhance public understanding of the Ordinance, enable small and medium enterprises and other sectors to have a better grasp of the provisions of the Ordinance and their implementation details, as well as to facilitate their making of necessary preparation for the full implementation of the Ordinance.

Separately, we have also been working closely with the Judiciary to prepare for the establishment of the Competition Tribunal (Tribunal) and related matters. The Judiciary is formulating Tribunal Rules relating to the operation and proceedings of the Tribunal and the President's directions, as well as making other necessary administrative arrangements to prepare for the full operation of the Tribunal. On manpower requirements of the Tribunal, according to the Ordinance, every judge of the Court of First Instance of the High Court ("CFI") will, by virtue of that appointment, be a member of the Tribunal. The Ordinance also provides that every Registrar, Senior Deputy Registrar and Deputy Registrar of the High Court, by virtue of that appointment, holds the corresponding office or position in the Tribunal. In addition, there will be a total of nine non-directorate posts for providing the necessary support to the Tribunal. Some of these posts have been filled while others will be created in stages before the full operation of the Tribunal. The Judiciary has earmarked about \$21 million in 2014-15 to cover the related recurrent expenses.

We will bring the Ordinance into full operation when all relevant preparatory work in respect of the Commission and the Tribunal is completed. During the transitional period, the public and the business sector can familiarise themselves with the Ordinance and make necessary adjustments to their business operations. The prohibition provisions in the Ordinance do not have retrospective effect.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5399)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 71):

Regarding the initiatives in manpower development of the retail industry as mentioned in Paragraph 107 of the Budget Speech, would the Administration please advise on the following:

1. Please provide details of work and initiatives relating to the provision of \$130 million and the expenditure involved.
2. It is stated in the Budget Speech that retail courses will be run through a professional institution and pilot courses combining classroom learning and work placement will be launched. Which institution(s) and organisation(s) will be responsible for running the above courses? At present, various tertiary institutions or organisations, including universities, post-secondary colleges and the Vocational Training Council, are offering retail-related courses. What are the differences between the proposed new retail courses and the courses offered by these institutions and organisations?
3. As mentioned in the Report of the Task Force on Manpower Development of the Retail Industry, the demand for managers and administrators in the retail industry is expected to be high in 2018. However, only 1 institution will offer undergraduate programme(s) for nurturing retail managers and administrators in the coming year. Will the Administration implement any initiatives to nurture talents in this respect? If yes, what is the expenditure involved?
4. It is also mentioned in the Budget Speech that the Administration will work with the industry to enhance the image of the trade. The Labour Department will provide targeted recruitment and employment services as well as organise large-scale and district-based job fairs, all dedicated to the retail industry. What are the specific details of the above initiatives? What are the manpower and expenditure involved?

Asked by: Hon WONG Kwok-kin

Reply:

1. In the Budget Speech 2014-15, the Financial Secretary has announced acceptance of the recommendations of the Task Force on Manpower Development of the Retail Industry ("Task Force") and pursuit of the following implementation measures –

- (a) supporting retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity;
- (b) assisting the Vocational Training Council (VTC) in strengthening vocational education and training with reference to the Specifications of Competency Standards for the Retail Industry (which was newly drawn up under the Qualifications Framework), including running retail courses through a professional institution and launching pilot courses combining classroom learning and work placement;
- (c) working with the industry to enhance the image of the trade; and
- (d) providing targeted recruitment and employment services and organising large-scale and district-based job fairs dedicated to the retail industry.

The Government has allocated \$130 million to add to existing resources to take forward the above measures. We will shortly present the detailed proposal to the Panel on Commerce and Industry and the Finance Committee to seek support for early launching of the measures.

2. The current retail related courses are either full-time day courses for academic advancement, or part-time after-work courses for in-service employees. The pilot courses will be run by the VTC to target secondary school leavers. They will allow trainees to attend classroom courses for a certain number of days in a week and learn on the job for the other days. Retail employers would provide inputs to programme contents and contributions like reasonable compensation, course fee sponsorship and on-the-job training to the trainees. The Government also plans to provide appropriate allowance support to the trainees.
3. According to the Government's Manpower Projection to 2018, from 2010-2018, the demand for managers and administrators in the retail industry would grow by 4.5% annually. However, this would only represent 7.4% of all employees in the industry in 2010. In 2013/14 academic year, there are two retail top-up degree programmes for sub-degree graduates. One of the programmes will be discontinued in the 2014/15 academic year. While the need or pressure for such programmes might not be that great in the immediate term, the Education Bureau (EDB) has, as recommended by the Task Force, written to all post-secondary institutions offering degree level programmes to encourage them to monitor the medium-term demand for top-up programmes from practitioners in the retail industry and to plan their programmes as appropriate. The EDB is planning to arrange, tentatively in the second quarter of 2014, a sharing session among representatives of the retail industry, the Retail Industry Training Advisory Committee set up under the Qualifications Framework and post-secondary institutions. The EDB is following up the work using existing manpower resources.
4. On enhancing the image of the trade, we would work with the industry and draw in professional input on how to craft the messages to the public and target audiences, such as youngsters and parents, with the possible use of industry role models. A dedicated campaign may be launched. As regards the Labour Department (LD), it will set up a dedicated webpage for retail jobs at its Interactive Employment Service website and to promote the webpage to job seekers. The LD will also organise job fairs tailor-made for the retail sector in job centres of targeted districts according to the varied labour supply at different districts, as well as large-scale fair dedicated to the retail sector. As explained above, we will shortly present the detailed proposal to the Panel on Commerce and Industry and the Finance Committee to seek support for early launching of the measures.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 0995)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: Not Specified

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 11):

What are the manpower and financial resources deployed on the promotion of the Competition Ordinance to enterprises and the public since its enactment? Please set out in detail the nature, frequency, time spent and concrete results of the promotion activities.

Asked by: Hon. WONG Ting-kwong

Reply:

Since the appointment of Members to the Competition Commission (Commission) took effect in May 2013, the Commission has worked to set up its internal procedures, its financial and administrative systems, as well as launched recruitment for the Chief Executive Officer and other staff members. To facilitate its work, the Commission has established a Staff Committee and a Finance and Administration Committee. A Government team has been seconded to the Commission to support its initial work before recruitment of its own staff. The Commission has initiated the first round of recruitment since September 2013, with global recruitment conducted for the top executives including the Chief Executive Officer, and local recruitment for staff of all tiers. The first round recruitment has almost been completed and most of the new recruits are expected to report duty gradually in the first half of 2014.

In 2014-15, the Commission's priority is to conduct consultation on various documents required to be prepared under the Competition Ordinance (the Ordinance), including guidelines on the competition rules, complaint handling and investigations. The Commission has engaged legal consultants to advise on the preparation of these documents required for the commencement of the Ordinance. The Commission's plan is to conduct promotion of the Ordinance, and engage members of the public and various sectors on what the Commission should take into account when formulating the guidelines. The Commission expects that such promotion and discussions will enhance public understanding of the Ordinance, enable small and medium enterprises and other sectors to have a better grasp of the provisions of the Ordinance and their implementation details, as well as to facilitate their making of necessary preparation for the full implementation of the Ordinance.

The Commission also plans to discuss with the business community on how to develop risk management systems, good practices and internal controls as tools to achieve compliance with the Ordinance and the guidelines.

The Commission plans to start the relevant work in the first half of 2014 and, depending on work progress, consult the Legislative Council on the relevant documents before end of 2014. The Government's proposed allocation for the Commission in 2014-15 is \$83.9 million. The Commission's estimated budget for 2014-15 includes a budgetary item of \$6.2 million for publicity expenses, but the figure does not include staff costs or other general expenses which cannot be separately itemised.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0998)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 33):

Provision for 2014-15 is \$22.7 million higher than the estimate. This is mainly due to increased provision for the recurrent consequences arising from the full opening of the terminal building and ancillary facilities for the Kai Tak Cruise Terminal.

Does the increased provision cover the second berth to be commissioned this year? What items are included in recurrent expenses and what is the breakdown of the allocation?

Asked by: Hon. WONG Ting-kwong

Reply:

The increase in the estimated provision under this programme in 2014-15 is mainly due to increased recurrent provision arising from the whole-year and full-scale operation of the Kai Tak Cruise Terminal (including the planned commissioning of the second berth) in that year. Total estimated provision for the operation of the Terminal in 2014-15 amounts to \$85.260 million. It covers the maintenance of electrical and mechanical facilities of the terminal (\$65.942 million), property management services for communal areas (\$5.754 million), and public utility charges such as electricity charges for communal areas and facilities (\$13.564 million).

CONTROLLING OFFICER'S REPLY

CEDB(CIT)181

(Question Serial No. 0999)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 35):

What are the publicity arrangements and estimated expenditures for promoting the second berth of the Kai Tak Cruise Terminal due to be completed this year? What is the progress of the tender exercise for the commercial area of the cruise terminal building? How many shops have opened in the commercial area? Please specify their business types, opening time, etc. Will the Administration arrange publicity for promoting the cruise terminal facilities as a whole? Please provide the details.

Asked by: Hon. WONG Ting-kwong

Reply:

To tie in with the opening of the Kai Tak Cruise Terminal, we have already provided additional resources for the Hong Kong Tourism Board (HKTB) to step up the promotion of cruise tourism. In 2014-15, the major initiatives of the HKTB for promoting cruise tourism include:

- (a) Fostering regional co-operation in promoting cruise tourism
 - (i) Strengthen exchange with neighbouring ports, including those in Taiwan, Hainan and Japan, on ways to enhance the appeal of cruise itineraries in the region and explore the possibility of regional co-operation to promote the attractiveness of regional ports to the cruise industry and international media.
 - (ii) Conduct research to gauge the potentials of different ports in the region as well as consumer patterns in key source markets to facilitate itinerary planning by cruise companies.
 - (iii) Promote Hong Kong's appeal in cruise tourism to the industry and the media extensively through large-scale regional and global cruise industry trade shows and events, such as participating in Cruise Shipping Miami staged in the US in March 2014, and holding Cruise Shipping Asia-Pacific in Hong Kong in November 2014.

- (b) Encouraging cruise lines to include Hong Kong in their itineraries
 - (i) Initiate the “Asia Cruise Fund” with neighbouring ports (such as Taiwan) to encourage international cruise lines to include Hong Kong and other partnering ports in their Asian itineraries through providing financial incentive to international cruise lines for supporting part of their costs in marketing and product development, thereby assisting international cruise lines to better promote their cruise products featuring Hong Kong and other partnering ports.
 - (ii) Conduct joint promotions with the operators of the Kai Tak Cruise Terminal and Ocean Terminal to showcase Hong Kong’s capability in receiving cruise vessels.
- (c) Raising consumers’ awareness through targeted promotion
 - (i) Conduct promotions in various long- and short-haul markets (such as Guangdong and India) targeting young professionals, families and seniors. In particular, the HKTB will promote Meetings, Incentive Travels, Conventions and Exhibitions-cruise in India and, in partnership with airlines and cruise lines, promote fly-cruise in the long-haul markets.
 - (ii) Actively promote Hong Kong’s appeal as a cruise destination to consumers through market promotions, public relations and digital channels (such as DiscoverHongKong.com, key travel portals and social media).

The HKTB’s estimated budget for promoting cruise tourism in 2014-15 is \$16.2 million. Initiatives in this area will be carried out by the HKTB’s Cruise Department and relevant worldwide offices.

The terminal building and the first berth of the Kai Tak Cruise Terminal came into operation last June. With construction works now in the final stage, the second berth is planned to be commissioned this year. Retail stores and restaurants at the Terminal are expected to be open by phases from mid 2014 onwards. The terminal operator will co-ordinate with the departments concerned and the commercial tenants to promote the terminal facilities.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)182****(Question Serial No. 1000)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 37):

1. The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) aims to support Hong Kong enterprises to develop their brands, upgrade and restructure their operations and promote sales in the Mainland domestic market. How many applications have been received and approved under the Enterprise Support Programme and Organisation Support Programme (OSP) of the BUD Fund so far? What are the respective amounts of funding approved for these two types of applications? Please provide a breakdown in table form. As regards unsuccessful applications, what are the number of such cases and the main reasons for rejection?
2. Some enterprises have pointed out that the OSP of the BUD Fund involves complicated application procedures that require extensive information, and given a low success rate, it is difficult for most small and medium enterprises (SMEs) to obtain funding. In view of this, does the Government have plans to review the application procedures so as to truly and effectively benefit SMEs with the BUD Fund?

Asked by: Hon. WONG Ting-kwong

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched on 25 June 2012. The vetting results as at the end of February 2014 are as follows -

| | Enterprise Support Programme | Organisation Support Programme |
|--|---|---------------------------------------|
| Valid applications processed | 660 | 85 |
| Number of applications approved | 192 (Excluding 13 applications that were granted conditional approval. The final approval of such applications and the amount of grants will be subject to further information submitted by the applicants.) | 37 |

| | Enterprise Support Programme | Organisation Support Programme |
|--|--|---------------------------------------|
| Total approved funding | \$82.4 million | \$122.6 million |
| Success rate | 31% (including applications approved and applications granted conditional approval) | 44% |
| Highest amount of funding | \$500,000 | \$5 million |
| Lowest amount of funding | \$15,000 | \$720,720 |
| Number of applications rejected | 455 | 48 |
| Number of completed projects | 6 | 5 |

For the Enterprise Support Programme (ESP), the main reasons of rejection included: the applicant enterprise failed to meet the eligibility criteria (e.g. sufficient information could not be provided to demonstrate that it has substantive business operations in Hong Kong); the holistic business plan/project details provided were too broad-brush and lacked clarity; the implementation plan lacked sufficient concrete details to show how the project would be effectively implemented; the budget of the project deviated from the funding rules; and the applicant enterprise could not demonstrate that it has sufficient capability to implement the project, etc. The Hong Kong Productivity Council (HKPC), as the secretariat of the ESP, would inform the applicant enterprises concerned of the rejection reasons and remind them of areas they should pay attention to when re-submitting the applications so as to facilitate them to improve the content of their applications.

Regarding the Organisation Support Programme (OSP), the main reasons of rejection included: the project details provided by the applicant organisation lacked clarity or could not meet the objective of the BUD Fund; the implementation plan lacked sufficient concrete details; the budget of the project deviated from the funding rules; and the applicant organisation could not demonstrate that it has sufficient capability to implement the project, etc. The Trade and Industry Department, as the secretariat of the OSP, would inform the applicant organisations concerned of the rejection reasons. If the applicant organisations intend to re-submit their applications, the secretariat will meet with them if needed in order to explain the areas in the applications which require improvements.

Around 94% of the applications approved and applications granted conditional approval under the ESP were from the SMEs. The HKPC, as the secretariat of the ESP, has implemented the following measures to further assist enterprises (in particular the SMEs) in making applications, so that more enterprises can benefit from the ESP -

- explaining matters requiring attention in making applications and tips for successful application, as well as providing reference cases of successful and unsuccessful applications through the regular promotional seminars and the dedicated website of the ESP;
- producing a short video to provide information on matters requiring attention for making successful applications and broadcasting it through social media and the “SME One” Centre of the HKPC;
- enhancing the application form by incorporating more concrete guidelines to application; and
- providing advice to enterprises for reference on matters relating to making applications through hotline/e-mail and face-to-face consultation sessions.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)183****(Question Serial No. 1001)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (9) Subvention: Competition Commission

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 40):

In the new financial year, the Competition Commission will conduct publicity programmes to promote public understanding of and compliance with the Competition Ordinance. The new ordinance is not yet fully understood and familiarised by various sectors of the community, enterprises in particular as they are mostly affected. As such, will the Administration step up its efforts and focus its resources on publicity and education? If yes, what are the details of the work and the resources allocated? If not, what are the reasons?

Asked by: Hon. WONG Ting-kwong

Reply:

In 2014-15, the priority of the Competition Commission (Commission) is to conduct consultation on various documents required to be prepared under the Competition Ordinance (the Ordinance), including guidelines on the competition rules, complaint handling and investigations. The Commission has engaged legal consultants to advise on the preparation of these documents required for the commencement of the Ordinance. The Commission's plan is to conduct promotion of the Ordinance, and engage members of the public and various sectors on what the Commission should take into account when formulating the guidelines. The Commission expects that such promotion and discussions will enhance public understanding of the Ordinance, enable small and medium enterprises and other sectors to have a better grasp of the provisions of the Ordinance and their implementation details, as well as to facilitate their making of necessary preparation for the full implementation of the Ordinance.

The Commission also plans to discuss with the business community on how to develop risk management systems, good practices and internal controls as tools to achieve compliance with the Ordinance and the guidelines.

The Commission plans to start the relevant work in the first half of 2014 and, depending on work progress, consult the Legislative Council on the relevant documents before end of 2014. The Government's proposed allocation for the Commission in 2014-15 is \$83.9 million. The Commission's estimated budget for 2014-15 includes a budgetary item of \$6.2 million for publicity expenses, but the figure does not include staff costs or other general expenses which cannot be separately itemised.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1115)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (1) Director of Bureau's Office

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 4):

Provision for the Director of Bureau's Office for 2014-15 is \$1.4 million (14.3%) higher than the revised estimate for 2013-14. This is mainly due to the provision in full-year effect for the position of Under Secretary for Commerce and Economic Development. Over the past 12 months, the Secretary and Under Secretary for Commerce and Economic Development as well as the Political Assistant to Secretary for Commerce and Economic Development were each responsible for the lobbying and promotion of which policies and bills? How were responsibilities divided among them?

Asked by: Hon. WONG Ting-kwong

Reply:

The Commerce and Economic Development Bureau (CEDB) is responsible for policy matters on Hong Kong's external commercial relations, inward investment promotion, intellectual property protection, industry and business support, tourism, consumer protection, competition, broadcasting, creative industries, development of telecommunications, innovation and technology, and control of obscene and indecent articles. In 2013, the Director of Bureau's Office of and relevant departments under CEDB responded to a total of 16 motions (including 3 motions related to subsidiary legislation) moved by Legislative Council Members, completed the scrutiny of 1 bill and submitted 6 funding applications to the Finance Committee.

The political team of CEDB comprises the Secretary for Commerce and Economic Development, the Under Secretary and Political Assistant (the Under Secretary and Political Assistant assumed office on 16 October and 20 March 2013 respectively). As for the division of work, the Secretary is responsible for the full range of policy matters related to CEDB. The Under Secretary and Political Assistant undertake the work assigned by the Secretary and assist him in the day-to-day political work, including liaison and communication with political parties and relevant groups, analysis of political situations as well as lobbying etc. In addition, the Under Secretary is also responsible for handling LegCo businesses, such as attending the LegCo Council Meeting as well as relevant Panel meetings, and deputising for the Secretary during the latter's temporary absence.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1116)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 8):

What was the amount of manpower and financial resources used in formulating policies on small and medium enterprises (SMEs), providing advisory service for SMEs, helping SMEs with marketing, and offering financial assistance and tax concession to SMEs respectively by the Commerce and Economic Development Bureau in the past year?

Asked by: Hon. WONG Ting-kwong

Reply:

The Government attaches great importance to the development of SMEs. We review the various support measures from time to time in order to provide adequate and timely support to SMEs.

The measures implemented by the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) to support SMEs in 2013-14 and their relevant expenditure are as follows:

- (1) The Hong Kong Mortgage Corporation Limited (HKMC) launched the special concessionary measures under its existing SME Financing Guarantee Scheme (SFGS) on 31 May 2012 to provide 80% loan guarantees at concessionary fee rates. The Government provides a total loan guarantee commitment of \$100 billion. As at the end of February 2014, the HKMC has received over 9 300 applications and approved over 8 300 applications, involving a total loan amount of about \$35.1 billion and a total guarantee amount of about \$28.1 billion. The special concessionary measures are time-limited special measures. The original application period was 9 months, which was later extended for one year up to the end of February 2014. In the light of the prevailing uncertain external economic environment, the Government has further extended the application period of the special concessionary measures for one more year up to the end of February 2015 to continue to assist enterprises in obtaining financing in the commercial lending market. Extension of the application period does not involve additional government resources.

- (2) The Hong Kong Export Credit Insurance Corporation (ECIC) has launched a "Small Business Policy" (SBP) scheme for Hong Kong enterprises with an annual business turnover of less than \$50 million since 1 March 2013, providing exporters with more flexibility in taking out insurance cover. Within two years from 1 March 2013, SBP policyholders will enjoy waiver of the annual policy fee and up to 20 per cent premium discount. As at 28 February 2014, the ECIC has approved 791 applications with the value of total insured business amounting to over \$1.4 billion. In 2014-15, the ECIC will continue to launch the SBP scheme. This measure is launched within the ECIC's overall budget, and does not involve Government resources.
- (3) The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched on 25 June 2012 to provide funding support to Hong Kong enterprises and non-profit-distributing organisations to assist enterprises in enhancing their competitiveness and facilitating their business development in the Mainland. Up to the end of February 2014, 192¹ and 37 applications have been approved under the Enterprise Support Programme and the Organisation Support Programme of the BUD Fund respectively. The total amount of funding approved is about \$205 million. 6 and 5 projects have been completed under the Enterprise Support Programme and the Organisation Support Programme respectively. Provision for the BUD Fund is provided under Programme (3) Support for Small and Medium Enterprises and Industries of Head 181 Trade and Industry Department. We will continue to implement the BUD Fund in 2014-15.
- (4) The Hong Kong Trade Development Council (HKTDC) has been actively expanding its Design Gallery network in the Mainland since last year to provide platforms for Hong Kong enterprises, particularly small and medium enterprises to showcase their products and build up greater awareness of Hong Kong brands in the Mainland. The HKTDC opened new Design Gallery shops in Qingdao in August 2013 and in Shanghai in March 2014 respectively. In addition, the HKTDC collaborated with department stores in the Mainland to open a series of Design Gallery "shops-in-shop" inside the stores. The first "shop-in-shop" was opened in Shanghai in March 2013. A total of four additional "shops-in-shop" were subsequently opened in Wuhan, Shanghai and Beijing in the rest of 2013. The HKTDC's relevant expenditure in 2013-14 is around \$12 million. In 2014-15, the HKTDC plans to open more new Design Gallery shops in major cities in East and West China, and continue to collaborate with department stores in the Mainland to open more "shops-in-shop" in cities such as Shenyang, Chengdu, Chongqing, Beijing and Shanghai.
- (5) The Trade and Industry Department (TID) continues to assist small and medium enterprises in obtaining finance, exploring markets and enhancing the overall competitiveness through the three existing SME funding schemes, namely the SME Loan Guarantee Scheme (SGS), the SME Export Marketing Fund (EMF) and the SME Development Fund (SDF) under Programme (3) Support for Small and Medium Enterprises and Industries of Head 181. In order to further assist SMEs in exploring export market opportunities, the Government has further increased the cumulative grant ceiling per SME under the EMF from \$150,000 to \$200,000 with effect from 10 June 2013, subject to the meeting of relevant additional requirements, with a view to encouraging SMEs to participate in new export promotion activities. In 2013, a total of around \$1.35 billion loan guarantees were issued under the SGS, and grants of around \$251 million and \$24.7 million were approved under the EMF and the SDF respectively.

In addition, TID provides information and consultation services for SMEs through its Support and Consultation Centre for SMEs (SUCCESS). SUCCESS also organises seminars and workshops to help broaden SMEs' business knowledge and enhance their entrepreneurial skills.

The manpower of the above-mentioned work has been subsumed within the establishment for this Branch and relevant department and organisations. It is difficult to quantify them separately.

¹ Excluding 13 applications that were granted conditional approval. The final approval of such applications and the amount of grants will be subject to further information submitted by the applicants.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1117)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 9):

One of the responsibilities of the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) is to provide secretariat services to the Economic Development Commission. How much provision is required for manpower and financial resources? Officers of what grades and ranks are involved? Please provide a breakdown of the figures.

Asked by: Hon. WONG Ting-kwong

Reply:

Secretariat support for the Economic Development Commission (EDC) and two of its Working Groups (namely, the Working Group on Convention and Exhibition Industries and Tourism and the Working Group on Manufacturing Industries, Innovative Technology, and Cultural and Creative Industries) is provided by the Commerce and Economic Development Bureau. The relevant work is handled by existing manpower and an additional Senior Administrative Officer post (involving an annual additional expenditure of about \$1.15 million) created in April 2013. Other expenditure involved in providing secretariat support is absorbed by this Bureau's existing resources. It is difficult to quantify it separately. Secretariat support for the EDC's other two Working Groups (namely, the Working Group on Transportation and the Working Group on Professional Services) is provided by the Transport and Housing Bureau and the Development Bureau respectively.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1118)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 10):

How much manpower and financial resources has the Commerce and Economic Development Bureau deployed to launch the Public Consultation on Treatment of Parody under the Copyright Regime?

Asked by: Hon. WONG Ting-kwong

Reply:

The related work is absorbed by the existing establishment and provision of the Bureau. It is difficult to quantify such manpower and expenditure separately.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)188****(Question Serial No. 1208)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (7) Subvention: Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No.2):

Hong Kong has a vibrant exhibition industry. It is noted in the Budget Speech that the Administration would allocate an additional \$45 million for the HKTB, averaging \$15 million a year for the next three years, to provide services and concessions for organisers and participants of exhibitions.

Is an annual provision of \$15 million on average sufficient to provide services and concessions that have drawing power? Specifically, what will be the services and concessions to be provided by the HKTB?

Asked by: Hon.WONG Ting-kwong

Reply:

The Meetings and Exhibitions Hong Kong (MEHK) Office under the Hong Kong Tourism Board (HKTB) provides one-stop professional support and an array of value-added and hospitality offers to MICE (meetings, incentive travels, conventions and exhibitions) event organizers, covering event preparation, site inspection. For example, MEHK helps the organizers identify suitable venue and accommodation, provides them with city-wide hospitality and trade offers, facilitates the setting up of dedicated immigration counters at the Hong Kong International Airport, gives out complimentary welcome packages to attendees and offers thrilling cultural and leisure experiences for attendees, etc.

In the 2014-15 Budget, the Government proposed allocating an annual additional provision of \$15 million to the HKTB for the next 3 years to provide more attractive and targeted supporting services and hospitality offers for organizers and participants of the MICE events. The HKTB will make good use of this additional funding to enhance the existing hospitality offers for MICE event organizers so as to increase Hong Kong's competitiveness in bidding for international MICE events. HKTB will focus on strengthening the bidding of 3 types of MICE events, including large-scale conventions and corporate meetings, small-scale international conventions with strategic value in enhancing Hong Kong's brand image, and small to medium-sized exhibitions with potential of turning into recurrent ones. These MICE events are expected to attract more high-spending visitors to Hong Kong and to take place in various types of MICE venues in Hong Kong. The content of the supporting services and hospitality offers for an individual MICE event depends on various factors, including the scale and type of the event as well as the needs of the event organizer concerned.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1209)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 3):

The Government is studying the demand for convention and exhibition facilities in Hong Kong in the next 15 years. When did the study commence? Did the Government conduct the study or commission a consultancy to undertake the work? What are the required costs? At what stage is the study at present? When will the study be completed and when will the details be published?

Asked by: Hon. WONG Ting-kwong

Reply:

The convention and exhibition industries are important to the economic development of Hong Kong. The Government adopted the recommendation of the Working Group on Convention and Exhibition Industries and Tourism under the Economic Development Commission and commissioned a consultancy study in early 2014 to assess the demand for convention and exhibition facilities in Hong Kong in the coming 15 years, taking into account the situation in Hong Kong and the global and regional developments of the convention and exhibition industries. The consultancy fee is about \$3,300,000. The consultancy study is expected to be completed in around mid 2014. The Government will announce the result of the consultancy study after its completion at an appropriate juncture.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1210)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (1) Director of Bureau's Office

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 6):

In the past year, in answering the verbal and written enquiries of the Legislative Council by the Director of Bureau's Office and relevant departments under the Commerce and Economic Development Bureau, what are the manpower, hours of work and financial resources involved on average?

Asked by: Hon. WONG Ting-kwong

Reply:

In 2013, the Director of Bureau's Office and relevant departments under the Commerce and Economic Development Bureau answered 17 oral questions and 31 written questions of the Legislative Council. The manpower, hours of work and financial resources involved have been subsumed under the provisions for the Commerce and Economic Development Bureau and relevant departments under the Bureau as part of their regular duties. It is difficult to quantify and provide separate accounts for the resources involved.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1211)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (1) Director of Bureau's Office

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 7):

Among the financial provision for the Office of the Secretary for Commerce and Economic Development in the past and coming years, what were/will be the expenditures on public relations and entertainment activities? What were the actual expenditures on public relations and entertainment activities in the past year? What were the specific outcomes achieved with these expenditures?

Asked by: Hon. WONG Ting-kwong

Reply:

In the provisions for 2013-14 and 2014-15, the 2013-14 revised estimate and 2014-15 estimate for local official entertainment earmarked for the Director of Bureau's Office of this bureau were \$70,000. As at 28 February 2014, the actual expenditure on local official entertainment conducted by the Office in 2013-14 was \$58,000. As for the estimated expenditure on public relations activities involving the Director of Bureau's Office, it has been subsumed under the provisions for 2013-14 and 2014-15 for the Commerce, Industry and Tourism Branch. It is difficult to quantify such expenditure and provide separate estimates.

Through public relations activities and official entertainment, the Director of Bureau's Office may strengthen liaison and communication with the general public, the Legislative Council and relevant organisations, improve the prioritising of the Government's agenda as well as overall policy co-ordination in order to provide better services to the community.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1212)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 12):

Regarding the Assessment Report on Hong Kong's Capacity to Receive Tourists completed at the end of 2013, what were the financial resources, man-hours and manpower incurred? Which grades and ranks of civil servants were involved?

Asked by: Hon. WONG Ting-kwong

Reply:

In response to the public concern about the impact of the continuous growth in visitor arrivals on the livelihood of the community, the HKSAR Government has comprehensively assessed Hong Kong's capacity to receive tourists. The areas taken into account include the handling capacity of boundary control points, capacity of tourism attractions, receiving capacity of hotels, carrying capacity of public transport network, impact on the livelihood of the community, and economic impact, etc. The Assessment Report on Hong Kong's Capacity to Receive Tourists was completed at the end of last year.

The assessment was coordinated by the Commerce and Economic Development Bureau, involving the policy bureaux and departments responsible for the above areas, including the Security Bureau, the Transport and Housing Bureau, the Immigration Department, the Hong Kong Police Force, the Customs and Excise Department, the Home Affairs Department and the Economic Analysis and Business Facilitation Unit. The financial resources incurred on the assessment work have been subsumed into the provision for 2013-14 for the relevant policy bureaux and departments. It is difficult to quantify such expenditure separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1214)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 19):

Earmarking \$50 million to support retailers on a matching fund basis for the use of information technology (IT) and other technology solutions.

Is the subsidy applicable to this year only? What is the application procedure? What are the justifications for subsidising the retail sector only?

Asked by: Hon. WONG Ting-kwong

Reply:

In the Budget Speech 2014-15, the Financial Secretary has announced acceptance of the recommendations of the Task Force on Manpower Development of the Retail Industry and pursuit of the following implementation measures –

- (a) supporting retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity;
- (b) assisting the Vocational Training Council in strengthening vocational education and training with reference to the Specifications of Competency Standards for the Retail Industry (which was newly drawn up under the Qualifications Framework), including running retail courses through a professional institution and launching pilot courses combining classroom learning and work placement;
- (c) working with the industry to enhance the image of the trade; and
- (d) providing targeted recruitment and employment services and organising large-scale and district-based job fairs dedicated to the retail industry.

The Government has allocated \$130 million to add to existing resources to take forward the above measures.

The target of the funding support for productivity enhancement is small and medium sized enterprises of the retail industry. We plan to partner with the Hong Kong Productivity Council in rolling out the scheme concerned, and are working with it and the industry on detailed parameters such as application eligibility and procedures, the technologies to be covered, expected results, etc. We will shortly present the detailed proposal to the Panel on Commerce and Industry and the Finance Committee to seek support for early launching of the scheme.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1216)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 22):

A working group led by the Secretary for Commerce and Economic Development is responsible for developing Hong Kong as an intellectual property (IP) trading hub in the region. What was the expenditure on manpower and financial resources for its daily operation in the past year?

Asked by: Hon. WONG Ting-kwong

Reply:

Led by the Secretary for Commerce and Economic Development, the Working Group on Intellectual Property (IP) Trading (the Working Group) was set up in March 2013 to strategise the promotion of Hong Kong as an IP trading hub and devise specific policies and measures in support. In the past year, the Commerce and Economic Development Bureau used existing manpower and resources to support the work of the Working Group. The relevant expenditure has been subsumed under the provision of the Bureau. It is difficult to quantify such expenditure separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1217)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (1) Director of Bureau's Office

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 23):

In the past year, how many networking, entertainment and public relations activities were conducted by the Secretary for Commerce and Economic Development and his politically appointed officials with various trade associations of Hong Kong? Please provide details of the nature of these activities as well as the financial resources, man-hours of work and manpower involved.

Asked by: Hon. WONG Ting-kwong

Reply:

In 2013, the Secretary for Commerce and Economic Development, the Deputy Secretary and the Political Assistant attended over 70 activities organised by trade organisations or targeted at the business community in Hong Kong. The financial resources, hours of work and manpower involved have been subsumed under the provisions for the Commerce and Economic Development Bureau and relevant departments under the Bureau as part of their regular duties. It is difficult to quantify and provide separate accounts for the resources involved.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 1218)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 24):

Extending the application period for the special concessionary measures under the SME Financing Guarantee Scheme for one year.

Many small and medium enterprises (SMEs) indicated that the assessment for loan application was very strict and approval not easily granted. Will the Administration study how to provide further assistance and reduce the loan interest as far as possible so that the real SMEs can get the assistance needed? Will the Administration in the long run consider regularising the special concessionary measures? If no, what are the reasons?

Asked by: Hon. WONG Ting-kwong

Reply:

The Hong Kong Mortgage Corporation Limited (HKMC) launched the special concessionary measures under its existing SME Financing Guarantee Scheme (SFGS) on 31 May 2012 to provide 80% loan guarantees at concessionary fee rates. The Government provides a total loan guarantee commitment of \$100 billion. As at the end of February 2014, the HKMC has received over 9 300 applications and approved over 8 300 applications, involving a total loan amount of about \$35.1 billion and a total guarantee amount of about \$28.1 billion. The average annual interest rate is about 4.77%. Most of the loans have an annual interest rate between 3% and 7%; around 240 loans have an annual interest rate of 3% or below and only three loans are between 10% and 12%. Excluding 187 applications under processing and 746 applications withdrawn by lending institutions or borrowers, the overall success rate of applications is about 99.3%. 56 applications have been rejected, and the percentage is about 0.7%. Major reasons included poor repayment ability, poor financial performance and account conduct, high leverage, poor record of accounts receivable, or having pending legal litigation with significant financial impact, etc.

The special concessionary measures aim to assist enterprises in obtaining loans in the commercial lending market under the prevailing uncertain external economic environment. The interest rate of each loan is the individual commercial decision of the bank concerned. We have no plan to regulate the interest rate charged by banks.

The special concessionary measures are time-limited special measures. The original application period was 9 months, which was later extended for one year up to the end of February 2014. In the light of the prevailing uncertain external economic environment, the Government has further extended the application period of the special concessionary measures for one more year up to the end of February 2015 to continue to assist enterprises in obtaining financing in the commercial lending market. We do not have plans to turn the measures into a regular scheme.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)197

(Question Serial No. 1219)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 38):

It is mentioned that there will be continued efforts in promoting co-operation with Taiwan on trade, investment and tourism fronts.

1. What measures will be adopted to continue efforts in promoting and expanding co-operation with Taiwan on trade, investment and tourism fronts? Comparing to the past years, what initiatives will be implemented to strengthen connection and co-operation with Taiwan in the new financial year? What are the details of the specific programmes and plans for co-operation jointly devised by both sides?
2. The Administration has also indicated its wish of entering into a trade agreement with Taiwan similar to that of ECFA or CEPA. What are the reasons for the delayed conclusion of the negotiation? What is the progress so far?

Asked by: Hon. WONG Ting-kwong

Reply:

In 2014-15, the Hong Kong Special Administrative Region Government will continue to actively promote co-operation between Hong Kong and Taiwan in the areas of trade, investment and tourism. Relevant work would include –

- On trade promotion, the Hong Kong Trade Development Council (HKTDC) Taipei Office will continue to promote Hong Kong's services industries, and encourage Taiwan brands to co-operate with Hong Kong companies, in order to leverage on Hong Kong's services platform to tap the overseas and Mainland markets together. In 2014-15, the HKTDC will continue to promote trade ties between Hong Kong and Taiwan through organising different activities such as trade fairs, outbound missions, symposiums, seminars, roadshows and business matching activities, etc. In addition, the HKTDC will put more emphasis on promoting sectors where Hong Kong enjoys advantages, such as brand marketing, arbitration, logistics and licensing, etc. The estimated budget of the HKTDC for trade promotion work targeting Taiwan in 2014-15 is around \$6 million.

- On investment promotion, Invest Hong Kong (InvestHK) will continue to step up its promotional efforts in Taiwan and organise various activities to encourage and assist the Taiwan companies to set up or expand their business in Hong Kong in 2014-15. Through its investment promotion unit at the Hong Kong Economic, Trade and Cultural Office in Taiwan, InvestHK will continue to reach out proactively to a wide spectrum of Taiwan companies and organise seminars and workshops and visit enterprises in different cities in Taiwan in order to promote the business advantages of Hong Kong. InvestHK will also organise networking reception for the representatives of the Taiwan companies and business associations in Hong Kong, and maintain close liaison with the local Taiwan business community and provide them with aftercare support. The estimated budget of InvestHK for investment promotion work in the Taiwan market in 2014-15 is about \$1 million.
- On tourism, Taiwan is currently Hong Kong's second largest visitor source market. The Hong Kong Tourism Board (HKTb) will continue to strive to attract vacation visitors from Taiwan in 2014-15, and increase resources for promotion in second-tier cities in Taiwan (including Taichung, Kaohsiung and Tainan) having regard to the increase in the number of direct flights to Hong Kong from these cities. The estimated marketing budget of the HKTb for Taiwan in 2014-15 is about \$14.6 million, and the related work will be carried out by the HKTb's Taipei office. In addition, the HKTb will continue to strengthen co-operation with Taiwan to promote the development of cruise tourism in both places. In April 2014, the HKTb will, together with the Taiwan tourism promotion authorities, launch the Asia Cruise Fund which will, in the coming three years, provide financial incentive to international cruise lines for supporting part of their costs in marketing and product development thereby assisting these cruise lines to better promote their cruise products featuring the two ports. This is conducive to encouraging international cruise lines to include Hong Kong and Taiwan in their Asian cruise itineraries, and increasing the number of ship calls covering the two ports. In 2014-15, the HKTb will allocate about \$4 million for the Asia Cruise Fund. The HKTb expects a 5.6% growth in Taiwan overnight visitor arrivals in 2014.

Moreover, the Government will continue to, through the platforms of "Hong Kong-Taiwan Economic and Cultural Co-operation and Promotion Council" (ECCPC) and "Hong Kong – Taiwan Business Co-operation Committee" of Hong Kong, and the "Taiwan-Hong Kong Economic and Cultural Co-operation Council" (THEC) and "Economic Co-operation Committee" of Taiwan, enhance multi-faceted and in-depth exchanges between Hong Kong and Taiwan and strengthen bilateral economic co-operation, with a view to promoting economic and trade development of the Mainland, Hong Kong and Taiwan.

We have raised our wish through the ECCPC-THEC platform to establish an arrangement for closer economic and trade cooperation with Taiwan, similar to the Cross-Straits Economic Cooperation Framework Agreement (ECFA) or the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), and have exchanged views with the Taiwan side at the working level. We will continue to closely follow up on our proposal with the Taiwan side through the ECCPC-THEC platform with a view to starting substantive discussions as soon as possible.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2738)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 32):

Regarding the Korean teledrama "My Love from the Star" shown recently, as well as the film "Life of Pi" which was shot with the assistance of Taiwan and has won a number of Oscar awards last year, the shooting locations concerned have become major tourist attractions. The SAR Government stated that it would support the travel industry and the development of creative industries. In this connection:

Would the Government consider supporting the development of the travel industry and the film industry at the same time by similar means? If yes, what will be done to promote? If no, what are the reasons?

Asked by: Hon. WONG Ting-kwong

Reply:

On tourism promotion, to ride on the high penetration rate of television, the Hong Kong Tourism Board (HKTB) has collaborated with television stations in various visitor source markets in recent years to showcase Hong Kong's tourism offerings in wine-and-dine and lifestyle programmes. In 2014-15, the HKTB will continue to actively invite international and regional television networks and world-renowned international production houses to film in Hong Kong, in order to present the tourism appeal of Hong Kong to more overseas television audience.

In addition, the HKTB has provided support in recent years for the filming of various well-known movies in Hong Kong, such as "Kindaichi", "Cyber" and "Transformers 4", aiming at generating international exposure for Hong Kong through these movies.

On supporting Hong Kong as an ideal location for filming, the Create Hong Kong (CreateHK) of the Commerce and Economic Development Bureau provides one-stop services to facilitate location filming in Hong Kong. The services provided by the CreateHK include providing suggestions and relevant information to film crews on possible filming locations; making arrangements for location scouting; securing the necessary approvals or permits for location filming; and coordinating with the Government departments concerned on issues such as lane/road closure, parking of filming vehicles on public roads, etc. In 2013, the CreateHK rendered assistance to 175 production projects for location filming in Hong Kong.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2898)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (1) Director of Bureau's Office

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 5):

What were the respective manpower, man-hours and financial resources involved for the Office of the Secretary for Commerce and Economic Development and relevant departments under its purview in lobbying the Legislative Council (LegCo) Members to support such LegCo Business as non-binding motion debates and deliberations of bills and Appropriation Bills in the past year?

Asked by: Hon. WONG Ting-kwong

Reply:

In 2013, the Director of Bureau's Office of and relevant departments under the Commerce and Economic Development Bureau responded to a total of 16 motions (including 3 motions related to subsidiary legislation) moved by Legislative Council Members, completed the scrutiny of 1 bill and submitted 6 funding applications to the Finance Committee. The manpower, hours of work and financial resources involved have been subsumed into the provisions for the Commerce and Economic Development Bureau and relevant departments under the Bureau as part of their regular duties. It is difficult to quantify and provide separate accounts for the resources involved.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0148)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (1) Director of Bureau's Office

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 79):

What are the estimated salaries and allowances for the Under Secretary for Commerce and Economic Development and the Political Assistant in 2014-15?

Asked by: Hon. WONG Yuk-man

Reply:

For budgetary purposes, the provisions for the salary in respect of the positions of Under Secretary for Commerce and Economic Development and Political Assistant to Secretary for Commerce and Economic Development for 2014-15 are \$2.2 million and \$1.18 million respectively.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5249)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: -

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 25):

What is the 2014-15 estimate for duty visits or exchanges in the Mainland conducted by the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)? Please provide information about the themes of duty visits or exchanges in the Mainland planned for 2014-15. How will the Administration prevent activities irrelevant to official duties from taking place during duty visits outside Hong Kong? And how will the Administration prevent applications for revising visit destinations from becoming a mere formality?

Asked by: Hon. WONG Yuk-man

Reply:

In 2014-15, officers in Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) will conduct duty visits based on operational needs, including fostering our trade ties with the Mainland, strengthening co-operation / exchange with the Mainland and attending relevant conferences, etc.

Expenditure of duty visits incurred by public funds is subject to relevant regulations and guidelines to ensure effective monitoring and prudent use of public funds. Under the guidelines, official duty visits undertaken should be fully justified on operational grounds. Prior approval must be obtained for duty visits and non-official activities should be avoided. In making an application, an officer should provide all necessary information in respect of the proposed duty visit as far as practicable. Where there are subsequent changes to the visit arrangements, the officer should inform the approving authority as soon as possible to assess the need for reconsideration of the application afresh.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5139)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 212):

On continuing the development of the Kai Tak Cruise Terminal, what are the anticipated expenditure and manpower involved? What are the specific plan and work target in 2014?

Asked by: Hon. WU Chi-wai

Reply:

The terminal building and the first berth of the Kai Tak Cruise Terminal (the "Terminal") came into operation last June. With construction works now in the final stage, the second berth is planned to be commissioned this year. The recurrent provision arising from the whole-year and full-scale operation of the Terminal (including the planned commissioning of the second berth) in 2014-15 is \$85.260 million, which covers the maintenance of electrical and mechanical facilities of the terminal (\$65.942 million), property management services for communal areas (\$5.754 million), and public utility charges such as electricity charges for communal areas and facilities (\$13.564 million).

The Electrical and Mechanical Services Trading Fund is mainly responsible for the maintenance of electrical and mechanical facilities. Different categories of maintenance staff (including professional engineers, inspectors, technical staff, etc.) will work on shifts round-the-clock on site. The manpower required will depend on operational need. We do not have relevant information on the manpower involved for other services to be provided by outsourced service providers.

To tie in with the opening of the Terminal, we have already provided additional resources for the Hong Kong Tourism Board (HKTB) to step up the promotion of cruise tourism. In 2014-15, the major initiatives of the HKTB for promoting cruise tourism include:

- (a) Fostering regional co-operation in promoting cruise tourism
 - (i) Strengthen exchange with neighbouring ports, including those in Taiwan, Hainan and Japan, on ways to enhance the appeal of cruise itineraries in the region and explore the possibility of regional co-operation to promote the attractiveness of regional ports to the cruise industry and international media.

- (ii) Conduct research to gauge the potentials of different ports in the region as well as consumer patterns in key source markets to facilitate itinerary planning by cruise companies.
 - (iii) Promote Hong Kong's appeal in cruise tourism to the industry and the media extensively through large-scale regional and global cruise industry trade shows and events, such as participating in Cruise Shipping Miami staged in the US in March 2014, and holding Cruise Shipping Asia-Pacific in Hong Kong in November 2014.
- (b) Encouraging cruise lines to include Hong Kong in their itineraries
- (i) Initiate the "Asia Cruise Fund" with neighbouring ports (such as Taiwan) to encourage international cruise lines to include Hong Kong and other partnering ports in their Asian itineraries through providing financial incentive to international cruise lines for supporting part of their costs in marketing and product development, thereby assisting international cruise lines to better promote their cruise products featuring Hong Kong and other partnering ports.
 - (ii) Conduct joint promotions with the operators of the Kai Tak Cruise Terminal and Ocean Terminal to showcase Hong Kong's capability in receiving cruise vessels.
- (c) Raising consumers' awareness through targeted promotion
- (i) Conduct promotions in various long- and short-haul markets (such as Guangdong and India) targeting young professionals, families and seniors. In particular, the HKTB will promote Meetings, Incentive Travels, Conventions and Exhibitions-cruise in India and, in partnership with airlines and cruise lines, promote fly-cruise in the long-haul markets.
 - (ii) Actively promote Hong Kong's appeal as a cruise destination to consumers through market promotions, public relations and digital channels (such as DiscoverHongKong.com, key travel portals and social media).

The HKTB's estimated budget for promoting cruise tourism in 2014-15 is \$16.2 million. Initiatives in this area will be carried out by the HKTB's Cruise Department and relevant worldwide offices.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3099)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 3):

In 2012, the Hong Kong Tourism Board launched the "New Tour Product Development Scheme" (NTPDS) to subsidise the marketing and promotion costs for the local tourist industry. In respect of this, will the Administration inform this Committee:

- (1) How many companies in the travel trade have received the subsidy since the implementation of the NTPDS and how much subsidy did each company receive?
- (2) How effective is the NTPDS in encouraging the development of new tour product?

Asked by: Hon. YIU Si-wing

Reply:

- (1) The Hong Kong Tourism Board (HKTB) launched the "New Tour Product Development Scheme" (the scheme) in 2012-13. Through offering subsidies for meeting promotion costs, the scheme encourages the travel trade to develop attractive and creative themed tours to enrich visitors' choices.

The scheme has received positive feedback from the travel trade since its launch. As at January 2014, 12 new tour products developed by 10 companies had received subsidies from the scheme for a period of 1 to 3 years. The HKTB estimated that the total amount of subsidies for the said 12 new tour products would be around \$2.6 million. Since the HKTB and the subsidised companies have signed confidentiality agreements, the amount of subsidy for each company cannot be disclosed.

- (2) The said 12 subsidised new tour products cover different themes, including wine and dine, multi-destination itineraries, heritage and historic monuments, and tour products targeting at the new markets. The tour products have been launched gradually since April 2013. As at January 2014, over 6 300 visitors have taken part in these tours.

The HKTB will continue to run the scheme in 2014-15, encouraging the travel trade to unleash their creativity to utilise the tourism resources of different districts of Hong Kong. The HKTB will actively promote tour products rolled out under the scheme through various channels such as its website and PartnerNet, trade activities including travel trade shows and trade seminars, as well as public relations activities in order to provide visitors with diverse travel options.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)204****(Question Serial No. 3100)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 4):

As the Branch will continue to work with the Hong Kong Tourism Board, the tourism sector and relevant government departments in promoting nature-based tourism products in Hong Kong, will the Administration inform this Committee of the following:

- (1) Please tabulate the number of Hong Kong green tourism promotion projects, amount spent on subsidising the tourism industry and the number of tourists attracted for the past three years (2011-12 to 2013-14). What percentage of all tourists do local residents, visitors from the Mainland and overseas visitors account for respectively?
- (2) In 2014-15, what projects and targets does the Administration have to further promote Hong Kong ecotourism and recreational fishing tourism? Will the Branch cooperate with the Agriculture, Fisheries and Conservation Department to jointly develop the above tourism projects?

Asked by: Hon. YIU Si-wing

Reply:

- (1) The Tourism Commission (TC), in collaboration with the Agriculture, Fisheries and Conservation Department (AFCD), the Hong Kong Tourism Board (HKTB), the travel trade and event organisers, has been actively promoting Hong Kong's greenery as well as the guided activities and green tourism products organised by the local travel agents and other organisations through the HKTB's "Great Outdoors Hong Kong" marketing platform. The guided activities and green tourism products include:

| Year | No. of guided activities and green tour products | Key contents |
|-------------|---|--|
| 2011-12 | 12 | Visit to Hong Kong Wetland Park (HKWP), Mai Po Wetlands, Hong Kong Global Geopark of China (Geopark), etc. |

| Year | No. of guided activities and green tour products | Key contents |
|-------------|---|---|
| 2012-13 | 12 | Visit to HKWP, Mai Po Wetlands, Geopark, etc. |
| 2013-14 | 14 | Visit to HKWP, Mai Po Wetlands and Geopark, cycling tours, etc. |

As these guided activities and green tourism products were organised by local travel agents or other organisations, the HKTB does not have the number of participating visitors and the related information.

In addition, the HKTB launched the “New Tour Product Development Scheme” in 2012-13. Through offering subsidies for meeting promotion costs, the scheme encourages the travel trade to develop attractive and creative themed tours to enrich visitors’ choices. Some of the subsidised new tour products feature green elements, such as the “Tai O Eco Tour” for visitors to appreciate the natural scenery of the Lantau Island, and the “Six Senses Heritage Experience” tour which features a cycling tour in Yuen Long and a big bowl feast in the walled village.

As at January 2014, 12 new tour products developed by 10 companies had received subsidies from the scheme for a period of 1 to 3 years. The HKTB estimated that the total amount of subsidies for the said 12 new tour products would be around \$2.6 million. Since the HKTB and the subsidised companies have signed confidentiality agreements, the amount of subsidy for each company cannot be disclosed.

- (2) In 2014-15, the HKTB will continue to leverage on the “Great Outdoors Hong Kong” marketing platform to focus on the promotion of the Geopark, hiking trails and outlying island tours. It will also promote to visitors the natural scenery of Hong Kong through different channels, such as DiscoverHongKong.com, smartphone applications and hiking guidebooks.

As regards recreational fishing, the AFCD has been promoting its development through the pilot scheme of fisheries eco-tourism, provision of related training programmes for fishermen, management of recreational fishing on fish rafts, as well as promotion of the traditional culture and fisheries products of the local fisheries industry through the Fish Marketing Organisation. The AFCD will continue to promote recreational fishing in Hong Kong in collaboration with other government departments, including identifying and upgrading of destinations and route designs for recreational fishing to help fishermen develop recreational fishing projects featuring fisherfolk culture. While leisure fishing is not a mainstream sightseeing activity of tourists in Hong Kong, the HKTB has been promoting to visitors the coastal beauty, marine parks and fishing villages of Hong Kong.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3101)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 5):

In the Budget Speech, it is stated that an additional funding of \$50 million will be provided to the Hong Kong Tourism Board in the coming 2 years to strengthen even further its popular events. In respect of this, will the Administration inform this Committee:

- (1) In what proportion will the additional \$50 million be allocated in 2014-2015 and 2015-2016?
- (2) Which events will benefit? Which areas of the events the fund will improve? What result is expected to achieve?
- (3) What is the amount earmarked for importing the 3D projection mapping technology? Which event will be the first to import this technology? What is the specific timetable for testing and introducing this technology?

Asked by: Hon. YIU Si-wing

Reply:

In 2014-15 and 2015-16, we will provide additional funding of \$25 million each year for the Hong Kong Tourism Board (HKTB) to strengthen even further its popular mega events, including the Wine and Dine Festival, the New Year Countdown Celebrations and the Chinese New Year Night Parade. In 2014-15, the proposed additional funding of \$25 million will be spent mainly on introducing the 3D projection mapping show during mega events, including engaging professional contractors to design the show, renting and installing relevant equipment and devices, and other costs related to the production and staging of the show.

By deploying the additional resources for adding new elements to the mega events, the HKTB aims to attract overseas visitors to come to Hong Kong at different time, enrich their travel experience and enhance the festive ambience during the staging of these events. We expect residents and visitors alike can enjoy the 3D projection mapping show as part of the year-end festivities in 2014.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)206

(Question Serial No. 3102)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 6):

The Government completed the Assessment Report on Hong Kong's Capacity to Receive Tourists at the end of 2013 to serve as a point of reference in increasing Hong Kong's tourist-receiving capacity in terms of quantity and quality. With the continued growth in the number of visitors in Hong Kong, it is the responsibility of the Administration to introduce measures to divert the visitor flow. In this connection, will the Administration advise this Committee on the following:

- (1) Does the Administration have any plans to categorise visitors according to the places they visit, spending pattern and means of entry and exit so as to draw up diversion plans in receiving visitors?
- (2) Based on the categorisation, does the Administration have any plans to improve the facilities in residential areas so as to alleviate the crowded conditions in the areas concerned? How will the Budget provide for such plans?
- (3) Does the Administration have any plans to build shopping centres for visitors in the boundary areas so as to address the issue of re-distributing the visitor flow along the East Rail Line and in the traditional popular tourist areas?

Asked by: Hon. YIU Si-wing

Reply:

- (1) – (2) In response to the public concern about the impact of the continuous growth in visitor arrivals on the livelihood of the community, the HKSAR Government has comprehensively assessed Hong Kong's capacity to receive tourists. The Assessment Report on Hong Kong's Capacity to Receive Tourists (Assessment Report) was completed at the end of last year. On the basis that projected visitor arrivals would be over 70 million in 2017, the assessment suggests that Hong Kong would generally be able to receive the visitor arrivals in 2017. Hotel rooms, however, would continue to be in tight supply. The HKSAR Government will continue to increase the supply of hotel rooms through a multi-pronged approach, and to increase our capacity to receive tourists on various fronts.

The HKSAR Government understands the situation in individual popular tourist areas and has collectively reflected it in the Assessment Report. We will strengthen promotion of attractions in different districts in Hong Kong so as to offer more choices to visitors and to help alleviate congestion at traditionally popular areas (such as Mong Kok, Tsim Sha Tsui and Causeway Bay, etc). Apart from promoting major tourist attractions to visitors, the Tourism Commission, in collaboration with the Hong Kong Tourism Board (HKTB), also encourages visitors to explore, visit and spend in different districts, so as to broaden the overall economic benefits brought about by the tourism industry to Hong Kong. In recent years, the HKTB has made use of different channels, including the Internet, social media, smartphone applications with augmented reality technology, pamphlets, etc., to promote a number of themed routes bundling various attractions in different districts. Examples include “Travel Through Time” of Central and Sheung Wan, “Evolvement of a Fishing Village” of Shau Kei Wan, “A Popular Temple and a City Transformed” of Wong Tai Sin and Kowloon City, Yuen Long Ping Shan Heritage Trail, Fanling Lung Yeuk Tau Heritage Trail, etc.

To better utilise the tourism resources of each district and to encourage visitors to gain an in-depth and comprehensive understanding of the specialties and local living culture of various districts, the HKTB will strengthen the promotion of attractions in different districts in 2014-15, including setting up a dedicated webpage in a progressive manner to showcase various tourism offerings in the 18 districts. The webpage will feature unique historical attractions and buildings, living culture, dining delights, themed shopping streets and specialty markets, etc., so as to offer more choices to visitors.

The HKTB will also continue to encourage the travel trade to develop new and attractive themed tours taking visitors to explore and spend at different districts through the New Tour Product Development Scheme (the Scheme). As at the end of 2013, the Scheme has subsidised 12 themed tours, including the “Sham Shui Po Foodie Tour” which takes visitors on a local culinary journey, the “Six Senses Heritage Experience” which features a cycling tour in Yuen Long and a big bowl feast in the walled village. In 2014-15, the HKTB will continue to run the Scheme and encourage the travel trade to unleash their creativity and utilise the tourism resources of different districts.

The HKSAR Government will enhance our overall capacity to receive tourists on various fronts, with a view to ensuring the healthy and sustainable development of our tourism industry in the medium to long run.

For hotel, the HKSAR Government is identifying feasible ways for the gradual release of the 6 sites facing Victoria Harbour within the “hotel belt” adjacent to the Kai Tak Cruise Terminal to the market starting from the end of next year. Also, the hotel project at the Murray Building site has been successfully tendered. Upon commissioning, this hotel, together with the Ocean Hotel in the Ocean Park and the third hotel in the Hong Kong Disneyland, will provide altogether over 1 500 rooms, offering more diverse and novel choices of quality hotel accommodation.

On tourist facilities, the construction of the waterpark at Tai Shue Wan in the Ocean Park and the “Iron Man Experience” in the Hong Kong Disneyland has commenced by phases. The terminal building and the first berth of the Kai Tak Cruise Terminal came into operation last June. Cruise lines and passengers have found the Terminal’s facilities and services satisfactory. With construction works now in the final stage, the second berth is planned to be commissioned this year. The HKSAR Government will also develop the “Kai Tak Fantasy” and Lantau into 2 specialised tourism clusters to attract high value-added visitor segments to visit Hong Kong: “Kai Tak Fantasy” – International Ideas Competition on Urban Planning and Design is now under way, and it

is our target to develop the site into a spectacular world-class tourism, entertainment and leisure hub.

- (3) We consider that the suggestion of developing a shopping centre at the border area is worth considering. If the proposal could be materialised, it might help divert visitors in the short term and provide job opportunities to residents of the existing and planned new towns in the New Territories in the long run. In fact, we have recently received a proposal on the development of a shopping centre at the Lok Ma Chau border area. Since majority of the area involved in the proposal is private land, it would probably involve a prolonged period of time and a substantial amount of public funds should the Government take forward the proposed development by way of resumption of land. We believe that it will be more efficient if the land owners could coordinate with other market stakeholders in pursuing the future development of the area concerned having regard to the commercial potential of the area. We will be glad to coordinate with the government departments concerned to provide necessary information and assistance to the project proponent.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 3104)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 8):

It is stated in the Budget that \$130 million will be allocated to help retailers to increase productivity. Of which, \$50 million will be used to promote the use of information technology among small and medium enterprises (SMEs). In this connection, will the Administration please inform this Committee of the specific funding items which the tourist industry may apply to enhance the standard of the SMEs and practitioners in the industry?

Asked by: Hon YIU Si-wing

Reply:

In the Budget Speech 2014-15, the Financial Secretary has announced acceptance of the recommendations of the Task Force on Manpower Development of the Retail Industry and pursuit of the following implementation measures –

- (a) supporting retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity;
- (b) assisting the Vocational Training Council in strengthening vocational education and training with reference to the Specifications of Competency Standards for the Retail Industry (which was newly drawn up under the Qualifications Framework), including running retail courses through a professional institution and launching pilot courses combining classroom learning and work placement;
- (c) working with the industry to enhance the image of the trade; and
- (d) providing targeted recruitment and employment services and organising large-scale and district-based job fairs dedicated to the retail industry.

The Government has allocated \$130 million to add to existing resources to take forward the above measures.

Item (a) involves \$50 million, with small and medium enterprises of the retail industry as the target of the funding support.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3105)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: -

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 8.10):

The Budget proposes a funding support of \$130 million for retailers to increase productivity. It is noted that \$80 million of this amount will be used to strengthen the vocational education and training for the retail industry through the Vocational Training Council. In this connection, will the Administration advise this Committee on which projects under this funding are available for application by the travel and tourism industry to enhance the standard of tourism-related small and medium enterprises and industry practitioners?

Asked by: Hon. YIU Si-wing

Reply:

In the Budget Speech 2014-15, the Financial Secretary has announced acceptance of the recommendations of the Task Force on Manpower Development of the Retail Industry and pursuit of the following implementation measures –

- (a) supporting retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity;
- (b) assisting the Vocational Training Council (VTC) in strengthening vocational education and training with reference to the Specifications of Competency Standards for the Retail Industry (which was newly drawn up under the Qualifications Framework), including running retail courses through a professional institution and launching pilot courses combining classroom learning and work placement;
- (c) working with the industry to enhance the image of the trade; and
- (d) providing targeted recruitment and employment services and organising large-scale and district-based job fairs dedicated to the retail industry.

The Government has allocated \$130 million to add to existing resources to take forward the above measures.

The courses referred to in item (b) above are dedicated to the retail industry. We are discussing with the VTC and industry on the detailed parameters, to ensure that the courses will meet the industry needs and be attractive to youngsters. We will shortly present the detailed proposal to the Panel on Commerce and Industry and the Finance Committee to seek support for early launching of the courses.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3107)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 20):

It is noted that some of the conflicts between the Mainland and Hong Kong arise from difference in culture between the Mainland and Hong Kong. In this connection, will the Administration allocate resources to publish posters, leaflets and pamphlets to offer some points to note for visitors in Hong Kong and promote the message through travel agents and enhanced training for their frontline staff?

Asked by: Hon. YIU Si-wing

Reply:

The Hong Kong Tourism Board (HKTB) has been, through the internet and publicity materials, advising tourists on the points to note when travelling in Hong Kong, so as to deepen their understanding of Hong Kong's society. The relevant work includes:

- (a) introduce Hong Kong's history, languages and culture, transportation, means of communication, emergency as well as points to note on public hygiene through the HKTB's webpage, so that tourists could gain a basic understanding of Hong Kong's society before or after they arrive in Hong Kong; and
- (b) distribute to tourists the "Hong Kong Map" publication which includes a wide range of practical information, such as the Environmental Levy Scheme on Plastic Shopping Bags and points to note on shopping in Hong Kong for consumer.

The HKTB will also continue to collaborate with the Quality Tourism Services (QTS) Association to provide training programmes such as workshops, talks and seminars for frontline staff of the tourism and related sectors through the QTS Scheme, so as to allow the trade to better understand the needs of consumers and tourists and to maintain Hong Kong's quality service culture.

Besides, contents of the tourist guide training courses approved by the Travel Industry Council of Hong Kong cover culture and customs of Hong Kong as well as culture and things to avoid as tourists. In general, when receiving inbound tours, tourist guides will explain to tour group members the culture and customs of Hong Kong, and areas that require special attention when staying in Hong Kong.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)210

(Question Serial No. 3108)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 21):

(1) How much resources will the Hong Kong Tourism Board employ for the outward promotion of the local cruise industry in this financial year? What measures should be taken to attract more cruise vessels homeporting at Hong Kong?

(2) Given some of the cruise vessel passengers are local residents, what are the estimated expenditures for arousing local residents' awareness and interests in cruise travel and the Kai Tak Cruise Terminal?

(3) Please provide the details of the letting out of the Kai Tak Cruise Terminal for holding various exhibitions and events since its commissioning, such as the types and numbers of events and the number of participants. To boost the utilization rate of the Kai Tak Cruise Terminal, what specific measures will the Administration take for this financial year?

Asked by: Hon. YIU Si-wing

Reply:

(1) In 2014-15, the major initiatives of the Hong Kong Tourism Board (HKTB) for promoting cruise tourism include:

(a) Fostering regional co-operation in promoting cruise tourism

(i) Strengthen exchange with neighbouring ports, including those in Taiwan, Hainan and Japan, on ways to enhance the appeal of cruise itineraries in the region and explore the possibility of regional co-operation to promote the attractiveness of regional ports to the cruise industry and international media.

(ii) Conduct research to gauge the potentials of different ports in the region as well as consumer patterns in key source markets to facilitate itinerary planning by cruise companies.

- (iii) Promote Hong Kong's appeal in cruise tourism to the industry and the media extensively through large-scale regional and global cruise industry trade shows and events, such as participating in Cruise Shipping Miami staged in the US in March 2014, and holding Cruise Shipping Asia-Pacific in Hong Kong in November 2014.
- (b) Encouraging cruise lines to include Hong Kong in their itineraries
 - (i) Initiate the "Asia Cruise Fund" with neighbouring ports (such as Taiwan) to encourage international cruise lines to include Hong Kong and other partnering ports in their Asian itineraries through providing financial incentive to international cruise lines for supporting part of their costs in marketing and product development, thereby assisting international cruise lines to better promote their cruise products featuring Hong Kong and other partnering ports.
 - (ii) Conduct joint promotions with the operators of the Kai Tak Cruise Terminal and Ocean Terminal to showcase Hong Kong's capability in receiving cruise vessels.
 - (c) Raising consumers' awareness through targeted promotion
 - (i) Conduct promotions in various long- and short-haul markets (such as Guangdong and India) targeting young professionals, families and seniors. In particular, the HKTB will promote Meetings, Incentive Travels, Conventions and Exhibitions-cruise in India and, in partnership with airlines and cruise lines, promote fly-cruise in the long-haul markets.
 - (ii) Actively promote Hong Kong's appeal as a cruise destination to consumers through market promotions, public relations and digital channels (such as DiscoverHongKong.com, key travel portals and social media).

The HKTB's estimated budget for promoting cruise tourism in 2014-15 is \$16.2 million. Initiatives in this area will be carried out by the HKTB's Cruise Department and relevant worldwide offices.

(2) To promote cruise tourism and enhance consumers' knowledge about various cruise products, as well as demonstrate the flexible use of the Kai Tak Cruise Terminal ("The Terminal"), the Travel Industry Council of Hong Kong, in conjunction with the HKTB and the Tourism Commission, organised the "Cruise Holiday Expo" at the Terminal in September last year. It was well received by the public and recorded an attendance of about 30 000 participants. We will continue to work with the trade to promote the development of cruise tourism.

(3) To maximise flexibility in the utilisation of the Terminal, the terminal building has adopted a wide span layout with fewer structural columns. The design enables some areas in the Terminal to be used for other functions when no vessels are berthing at the Terminal. Two car shows and the "Cruise Holiday Expo" were held at the Terminal in August and September last year, while a ship christening ceremony was held in November. The events received positive feedback from the participants. The terminal operator is discussing with various organisations the holding of different kinds of events at the Terminal to better utilise the terminal facilities. There are a number of events under planning in the first half of 2014.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)211****(Question Serial No. 3112)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 25):

To cope with increasing visitor arrivals, it is estimated that the number of hotel rooms in Hong Kong will rise by 27% to 84 000 in 2017. Among them, 7 000 hotel rooms still do not have any specific completion schedule. Will the Bureau concerned actively follow up with the completion schedule? If it will, what are the details? If not, are there any alternative solutions?

Asked by: Hon. YIU Si-wing

Reply:

The total supply of hotel rooms is expected to grow to 84 000 in 2017. Although some private developers do not choose to disclose the completion dates of their hotel development projects, these projects have been approved by the Building Authority and generally speaking they will complete in the coming few years. The supply of hotel rooms is largely driven by the market. Developers will decide on and adjust their hotel development plans and construction pace with reference to various factors such as their forecasts on visitor arrival growth, economic prospect, hotel business environment and profitability, etc. We will continue to liaise with the stakeholders concerned and the hotel trade, and closely monitor the supply and demand situation of the hotel market in Hong Kong.

In recent years, the Government has been implementing various measures to encourage investors to build different types of hotels. These include the launch of the "hotel only" scheme and revitalisation policies for industrial and historic buildings for suitable uses including hotel use. On the other hand, our two flagship theme parks (i.e. Ocean Park and the Hong Kong Disneyland) are expediting their hotel development plans which are expected to provide about 1 200 hotel rooms in 2017.

Apart from the above measures, the Government endeavours to explore the feasibility of gradually releasing the six sites within the "hotel belt" of the Kai Tak Runway Precinct to the market starting from the end of next year (2015) with a view to attracting more high value-added visitors to Hong Kong. All these measures will facilitate the increase of hotel room supply.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)212

(Question Serial No. 3119)

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title): (-) Not Specified

Programme: (5) Subvention: Consumer Council

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 14):

What new studies will the Administration undertake to support policy advocacy in consumer protection matters in 2014-15? What is the estimate for each study?

Asked by: Hon. YIU Si-wing

Reply:

In 2014-15, we will provide the Consumer Council (CC) with a time-limited subvention of about \$7 million to support the CC in undertaking new studies on individual consumption markets and legal protection for consumers.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3120)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (6) Travel and Tourism

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 15):

Please advise on the estimated expenditure and staffing establishment involved in the preparation for setting up the Travel Industry Authority in 2014-15.

Asked by: Hon. YIU Si-wing

Reply:

The Tourism Commission (TC) under the Commerce, Industry and Tourism Branch (CITB) of the Commerce and Economic Development Bureau is responsible for the preparation work for the establishment of the Travel Industry Authority (TIA). The expenditure on such work has been subsumed into the provision for 2014-15 for CITB. It is difficult to quantify such expenditure separately. Apart from the Commissioner for Tourism and other staff in the TC who are responsible for such work, the Secretary for Commerce and Economic Development and the Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) also supervise this work.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)214****(Question Serial No. 3121)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (7) Subvention: Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No.16):

How will the Hong Kong Tourism Board make use of the additional provision of \$45 million to attract more MICE (meetings, incentive travels, conventions and exhibitions) visitors in the next three years (2014-15, 2015-16, 2016-17)? Please provide a breakdown of the estimated increase in target visitors by source market.

Asked by: Hon. YIU Si-wing

Reply:

In the 2014-15 Budget, the Government proposed allocating an annual additional provision of \$15 million to the Hong Kong Tourism Board (HKTB) for the next 3 years to provide more attractive and targeted supporting services and hospitality offers for organizers and participants of the MICE (meetings, incentive travels, conventions and exhibitions) events. The HKTB will make good use of this additional funding to enhance the existing hospitality offers for MICE event organizers so as to increase Hong Kong's competitiveness in bidding for international MICE events. The HKTB will focus on strengthening the bidding of 3 types of MICE events, including large-scale conventions and corporate meetings, small-scale international conventions with strategic value in enhancing Hong Kong's brand image, and small to medium-sized exhibitions with potential of turning into recurrent ones. These MICE events are expected to attract more high-spending visitors to Hong Kong and to take place in various types of MICE venues in Hong Kong. The content of the supporting services and hospitality offers for an individual MICE event depends on various factors, including the scale and type of the event as well as the needs of the event organizer concerned. The Government and the HKTB will closely monitor the development of MICE tourism in the region and adjust its strategies from time to time so as to sustain competitiveness and reinforce Hong Kong's position as an international MICE and tourism capital.

Overnight MICE visitor arrivals in 2013 reached 1.63 million. The HKTB expects that the number of overnight MICE visitor arrivals to Hong Kong in 2014 will register a mild growth. The number of estimated MICE visitor arrivals in 2014 by major source market is shown below:

| Market region | as compared with 2013 |
|--|------------------------------|
| The Americas | +1.0% |
| Europe, Africa and Middle East | +1.6% |
| Australia, New Zealand and South Pacific | -1.6% |
| North Asia | -2.5% |
| South and Southeast Asia | +5.7% |
| Taiwan | -3.4% |
| Mainland China | +1.6% |
| Total | +1.5% |

CONTROLLING OFFICER'S REPLY**CEDB(CIT)215****(Question Serial No. 3122)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 17):

As far as marketing is concerned, what publicity and promotional means that are different from those in the past years will be adopted this year for existing major source markets and new markets respectively? What are the respective estimates?

Asked by: Hon. YIU Si-wing

Reply:

The estimated marketing budget of the Hong Kong Tourism Board (HKTB) for 2014-15 is \$330.6 million, over half of which, or about \$167 million, will be used for promotions in visitor source markets to attract overnight visitors. Of the latter, the budget for the international markets will be increased from 70% in 2013-14 to 75%, while the budget for the Mainland market will be lowered from 30% to 25%, most of which will be allocated to the non-Guangdong areas to attract overnight visitors.

The HKTB's marketing budget in various visitor source markets is as follow:

| | 2014-15 proposed budget (\$ million) |
|---------------------------|---|
| Mainland China | 41.8 |
| Short-haul markets | 60.4 |
| Japan | 14.0 |
| Taiwan | 14.6 |
| South Korea | 14.0 |
| Singapore | 3.3 |
| The Philippines | 3.4 |
| Malaysia | 2.5 |
| Indonesia | 4.5 |
| Thailand | 4.2 |

| | |
|--|---|
| | 2014-15 proposed budget (\$ million) |
|--|---|

| | |
|--|--------------|
| Long-haul markets | 43.8 |
| The USA | 16.2 |
| Australia | 10.2 |
| The UK | 7.1 |
| Canada | 3.9 |
| Germany | 3.4 |
| France | 3.0 |
| New markets | 20.7 |
| India | 9.1 |
| Russia | 6.0 |
| Gulf Co-operation Council countries | 2.8 |
| Vietnam | 2.6 |
| The Netherlands | 0.2 |
| Total marketing budget for source markets | 166.7 |

Note: Due to rounding, the total may differ from the sum of individual figures.

The HKTB's marketing strategies and new initiatives for various markets are as follows:

- Mainland China:
 - grow the non-Guangdong market to increase the proportion of overnight Mainland visitors;
 - actively collaborate with airlines and travel portals in the Mainland on promotions to attract free independent travelers;
 - enhance co-operation with influential national TV networks to promote the offerings and exciting mega events in Hong Kong through lifestyle programmes.
- Taiwan:
 - riding on the increased number of direct flights between secondary cities such as Taichung, Kaohsiung, Tainan and Hong Kong, the HKTB will continue to drive vacation arrivals and allocate more resources to these cities.
- North Asia:
 - in view of the weakening Japanese yen which has dampened travel sentiment for Japanese consumers, the HKTB will adopt a cautious approach in allocating resources to Japan;
 - increase investment in South Korea to maintain growth of the market and enhance promotions in secondary cities such as Busan and Daegu.
- Southeast Asia:
 - increase investment in Southeast Asian markets, especially the promotional budgets for Thailand and Indonesia;
 - launch a special promotion programme covering the whole Southeast Asian region to strengthen the image of Hong Kong as the preferred travel destination and increase exposure of Hong Kong through digital marketing and public relations activities;
 - strengthen partnerships with online travel agencies and low-cost carriers, and launch consumer-oriented promotions at large-scale travel fairs with the travel trade and major attractions.

- Long-haul markets:
 - travel sentiment is expected to remain weak owing to uncertain economic conditions in major long-haul markets. Therefore, the HKTB will continue to adopt a cautious approach towards these markets, focusing its promotions on the spring and autumn travel seasons;
 - to maintain Hong Kong's presence in the long-haul markets, the HKTB will promote Hong Kong's tourism offerings through channels such as TV programmes, magazines, digital channels and social media, focusing on attracting the high-spending Mid-Career, Achiever and Meetings, Incentive Travels, Conventions and Exhibitions (MICE) segments;
 - collaborate with major travel agencies, airlines and the China National Tourism Administration to promote multi-destination itineraries featuring Hong Kong and the Pan-Pearl River Delta region.

- New markets:
 - Russia: while Moscow will continue to be the pivot of its promotion in Russia, the HKTB will work with S7 Russian Airlines to extend its promotion to Siberia and the Far East. It will also partner with Shenzhen and Macau to promote multi-destination itineraries.
 - India: the HKTB will continue to focus its resources on primary target cities such as Mumbai and New Delhi, and conduct promotions in secondary cities such as Bangalore, Chennai, Kolkata and Hyderabad. It will also promote multi-destination itineraries with Shenzhen and Macau, and partner with cruise lines to promote cruise travel.
 - Vietnam: increase marketing resources and appoint a local representative to promote Hong Kong's cosmopolitan lifestyle and trend-setting edge.
 - Gulf Cooperation Council countries: investment will be focused on Dubai and Abu Dhabi, while promotions to raise awareness of Hong Kong will mainly be conducted through digital channels.

In addition, the HKTB will roll out a year-round global public relations campaign under the theme "Hong Kong Experience" in 2014-15. In selected source markets, celebrities and personalities, such as a famous Japanese band and creative artists from South Korea, will be invited to experience a unique cultural aspect of Hong Kong to generate publicity for Hong Kong through coverage by the international and digital media. The HKTB will continue to invite international and regional television networks and production houses to film popular programmes in Hong Kong in order to raise awareness of Hong Kong among global television audience.

In 2014-15, the HKTB will continue to deploy a comprehensive digital marketing strategy in its promotions by launching a cross-platform digital travel guide – the "3-in-1 My Hong Kong Guide" – which seamlessly integrates web portals, mobile applications and social media. The digital travel guide will help visitors obtain travel information on Hong Kong and share their travel experience with their families and friends whenever they want. The HKTB will also continue to leverage key social networking sites, including Facebook, Sina Weibo and Twitter, to maximise promotional coverage and raise awareness of Hong Kong's destination brand.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)216****(Question Serial No. 3123)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 18):

Please inform this Council of the expenditures involved in and the outcome of the co-operation with Guangdong, Macao and other cities in the Pan Pearl River Delta to develop multi-destination itineraries in the last three years (i.e. 2011-2012, 2012-2013 and 2013-2014). What are the multi-destination strategies for this year, the estimated expenditures and the estimated target number of visitors?

Asked by: Hon. YIU Si-wing

Reply:

The Tourism Commission (TC) under the Commerce, Industry and Tourism Branch (CITB) of the Commerce and Economic Development Bureau will support the Hong Kong Tourism Board (HKTB) in continuing its promotion of multi-destination itineraries in key source markets and marketing efforts in new markets as well as non-Guangdong provinces of the Mainland.

The expenditure and estimates of the TC on such work have been subsumed into the provision for the CITB each year. It is difficult to quantify such expenditure separately. The expenditures in the past 3 years and the budget for this year on developing and promoting multi-destination itineraries by the HKTB are as follows:

| Year | Promotional budget (\$million) |
|-------------|---------------------------------------|
| 2011-12 | 6.1 (Actual Expenditure) |
| 2012-13 | 5.04 (Actual Expenditure) |
| 2013-14 | 4.8 (Revised Estimates) |
| 2014-15 | 4 (Proposed Budget) |

In the past 3 years, the HKTB has conducted over 100 major promotions on multi-destination travel in collaboration with various Mainland provinces and cities and Macao, including attending large-scale trade shows overseas with the said partners, organising travel missions, consumer promotions and roadshows overseas, conducting joint tactical promotions, inviting overseas trade and media to

join familiarisation trips to Hong Kong and Mainland cities, and jointly developing multi-destination tourism products and itineraries featuring Hong Kong.

In 2014-15, the HKTB will continue to partner with various Mainland provinces and cities and Macao to promote multi-destination itineraries overseas featuring Hong Kong, Macao and the Pan Pearl River Delta region, with a view to consolidating Hong Kong's position as the regional travel hub. The HKTB will continue to partner with the Guangdong Provincial Tourism Administration and the Macau Government Tourist Office to promote Hong Kong-Macao-Guangdong itineraries in overseas travel trade shows, and to actively promote the "144-hour facilitation visa" policy in Guangdong Province in overseas markets. Together with the Macau Government Tourist Office, the HKTB will conduct joint promotions in long-haul and high-potential short-haul markets and step up promotions of multi-destination travel in new markets such as Russia and India.

In addition, the HKTB will continue to collaborate with Shenzhen to arrange familiarisation trips for overseas travel trade partners, so as to allow them to personally experience the convenience offered by the "144-hour facilitation visa" when travelling from Hong Kong to Shenzhen, and to encourage them to develop more related tourism products. Moreover, the HKTB and the Shenzhen Municipal Bureau of Culture, Sport and Tourism will co-organise road shows in Russia and promotions in Thailand and Indonesia to promote the rich tourism resources of Hong Kong and Shenzhen, and to encourage the local travel trade to develop related tourism products.

The HKTB will also continue to encourage our travel trade to develop and promote new multi-destination itineraries through joining the New Tour Product Development Scheme.

According to the HKTB's statistics, nearly 30% of overnight visitors (excluding Mainland visitors) also visited the Pan Pearl River Delta region in the same trip in recent years, while 60% of overnight visitors went to Macao in the same trip. As such, the HKTB will continue to partner with various Mainland provinces and cities and Macao in 2014-15 to actively promote multi-destination travel to attract international visitors.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3124)

Head: 152 Government Secretariat: Commerce and Economic
Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (7) Subvention : Hong Kong Tourism Board

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 19):

Regarding the recent discriminatory actions taken by a small number of people against Mainland tourists, would the Hong Kong Tourism Board adjust its hospitality campaign? Please advise on the details.

Asked by: Hon. YIU Si-wing

Reply:

The Hong Kong Tourism Board (HKTB) rolled out the “happy@hongkong” Campaign in 2013-14, during which promotional videos and outdoor advertising were launched in Hong Kong, Mainland China, Taiwan and Southeast Asia to promote Hong Kong’s service culture and travel experience, thereby strengthening Hong Kong’s image as a world-class travel destination. In 2014-15, the HKTB will continue to launch this campaign in Hong Kong, Mainland China, Taiwan and Southeast Asia to uphold Hong Kong’s destination brand.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5832)

Head: 96 Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title):

Programme: (2) Public Relations

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 284):

Recently, reports from different international bodies all indicated that Hong Kong had become less competitive. Many of them claimed that the issues of corruption and governance in Hong Kong had raised concerns. In 2014-15, will Overseas Economic and Trade Offices allocate resources to launch public relations programmes focused on the integrity and governance of Hong Kong to people overseas to maintain their confidence in Hong Kong? If so, what are the details and the estimated expenditures. If not, what are the reasons?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

Our overseas Economic and Trade Offices (ETOs) (except the Geneva ETO) have been organizing different public relations activities, such as seminars, receptions, public speeches, publication of newsletters, meetings with the media, etc. to promote Hong Kong's various strengths, including the rule of law, clean and efficient government, level playing field for businesses, free market and free flow of information, etc. In 2014-15, the ETOs will continue to promote Hong Kong's anti-corruption efforts and good public governance as and when suitable opportunities arise. As the relevant work forms an integral part of the overall public relation work of ETOs, it is difficult to quantify the expenditure involved separately.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)219****(Question Serial No. 5833)**Head: 96 Government Secretariat: Overseas Economic and Trade OfficesSubhead (No. & title):Programme: (3) Investment PromotionControlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)Director of Bureau: Secretary for Commerce and Economic DevelopmentThis question originates from: Estimates on Expenditure Volume Page (if applicable)Question (Member Question No. 285):

Please provide a breakdown of the sources of funds regarding foreign direct investment in Hong Kong by country or region in the past 3 years. Will the change in the trend of sources of funds affect the overseas Economic and Trade Offices in allocating resources in investment promotion in 2014-15? If yes, what are the details of the changes? If not, what are the reasons?

Asked by: Hon. CHAN Ka-lok, KennethReply:

The foreign direct investment inflows (FDI) of Hong Kong in terms of the major investor countries/territories from 2010 to 2012 are detailed below:

| Major investor country / territory | FDI inflow (HK\$ Billion) | | |
|------------------------------------|---------------------------|-------|---------|
| | 2010 | 2011 | 2012 |
| Mainland China | 288.2 | 318.1 | 232.7 |
| British Virgin Islands | 236.9 | 151.5 | 191.9 |
| Netherlands | 26.0 | 59.6 | 37.8 |
| Bermuda | 28.7 | 40.3 | 73.0 |
| United States of America | -152.9# | 21.9 | -120.8# |
| Singapore | 12.2 | 82.6 | 17.1 |
| Japan | 15.2 | 5.0 | 7.7 |
| Cayman Islands | 21.2 | 20.0 | 12.6 |
| United Kingdom | 12.0 | 1.6 | 43.9 |
| Cook Islands | 4.2 | 6.3 | 10.1 |

#Negative inflow does not necessarily relate to equity withdrawal. It may be the result of repayment of loans owed to non-resident affiliates.

In allocating resources for investment promotion work in different overseas markets in 2014-15, Invest Hong Kong has taken into account a variety of factors, including the investment links with the markets, business opportunities and size of the markets, its priority of business sectors as well as the potential of companies in different markets to set up or expand their business in Hong Kong.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5316)

Head: 96 Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title):

Programme: (1) Commercial Relations

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 73):

In 2014-15, the provision for commercial relations is \$161 million, indicating an increase of 2.1% over the original estimate for 2013-14. Would the Administration advise us of the following:

(1) According to the indicators, the number of meetings on trade-related matters to be attended in 2014 is 3 640, which is less than the number 3 915 in 2013. What are the reasons?

(2) Please provide a breakdown of the provision for each of the 11 overseas Economic and Trade Offices (ETOs) and the allocation of provision by indicator in 2014, and compare the figures with those in 2013; and

(3) Will consideration be given to setting up any new overseas ETOs in 2014-15? If yes, what additional provision will be required? If no, what are the reasons?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

(1) Under Programme (1), the number of meetings on trade-related matters attended in 2014 is estimated to be lower than the actual figures in 2013, mainly because Geneva ETO had attended intensified meetings and negotiations at the Ninth Ministerial Conference held in December 2013. San Francisco ETO had also arranged many meetings with local officials in 2013 for the new Director to establish working relationship with her counterparts.

(2) Under Programme (1) Commercial Relations, the distribution of 2013-14 revised estimate and 2014-15 estimate for ETOs are tabulated below.

| | Overseas Economic and Trade Offices | | | | | | | | | | | |
|---|-------------------------------------|--------|--------|--------|----------|---------------|------------|-----------|--------|-------|---------|--------------|
| | Brussels | Geneva | Berlin | London | New York | San Francisco | Washington | Singapore | Sydney | Tokyo | Toronto | Total |
| (1) Commercial Relations 2013-14 revised estimate under Subhead 000 <u>Operational Expenses</u> (\$ million) | 14.1 | 37.0 | 9.4 | 16.1 | 8.2 | 8.6 | 23.1 | 7.7 | 8.8 | 16.4 | 6.7 | 156.1 |
| 2014-15 estimate under Subhead 000 <u>Operational Expenses</u> (\$ million) | 14.7 | 38.4 | 9.8 | 16.1 | 8.5 | 8.7 | 23.9 | 9.9 | 9.0 | 14.2 | 7.8 | 161.0 |

Provision for individual ETOs under Subhead 000 Operational Expenses is for the salaries, allowances and other integrated operating expenses of the overseas ETOs. Hence, we are unable to show the provision for individual ETOs by individual indicators.

(3) The Government will consider increasing the number of ETOs in Asia. We will seek additional resources in accordance with the existing mechanism as and when necessary.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 5334)**

Head: 96 Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title):

Programme: (1) Commercial Relations

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 103):

Please advise this Committee of the operational expenses, staff establishments and estimated emolument expenses allocated to 11 overseas offices respectively in 2014-15.

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

Under Programme (1) Commercial Relations, the distribution of 2014-15 estimate on operational expenses and emolument expenses for overseas Economic and Trade Offices (ETOs) are tabulated below.

| | Overseas ETOs | | | | | | | | | | | |
|---|---------------|--------|--------|--------|----------|---------------|------------|-----------|--------|-------|---------|--------------|
| | Brussels | Geneva | Berlin | London | New York | San Francisco | Washington | Singapore | Sydney | Tokyo | Toronto | Total |
| (1) Commercial Relations | | | | | | | | | | | | |
| 2014-15 estimate under Subhead 000 Operational Expenses (\$ million) | 14.7 | 38.4 | 9.8 | 16.1 | 8.5 | 8.7 | 23.9 | 9.9 | 9.0 | 14.2 | 7.8 | 161.0 |
| 2014-15 estimate Personal Emoluments under Subhead 000 Operational Expenses (\$ million) | 8.7 | 22.5 | 2.5 | 9.0 | 4.1 | 5.6 | 13.3 | 5.3 | 4.2 | 5.9 | 3.9 | 85.0 |

Under Programme (1) Commercial Relations, the total number of staff responsible for handling duties related to commercial relations in ETOs in 2014-15 is 72. It is difficult to provide separate breakdown for individual ETOs since staff involved in these duties also need to handle other work.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)222****(Question Serial No. 2621)**Head: 96 Government Secretariat: Overseas Economic and Trade OfficesSubhead (No. & title):Programme: (3) Investment PromotionControlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)Director of Bureau: Secretary for Commerce and Economic DevelopmentThis question originates from: Estimates on Expenditure Volume Page (if applicable)Question (Member Question No. 19):

“During 2014-15, the overseas ETOs, except the Geneva ETO, will continue to work closely with Invest Hong Kong to step up their efforts in attracting overseas companies to set up and expand their operations in Hong Kong and access opportunities on the Mainland and elsewhere in Asia.”
As such, would the Administration advise of the following:

- (a) What is the estimated expenditure of the Bureau in this area for 2014-15?
- (b) What are the number and rank of the officials responsible?
- (c) What will the concrete action plan comprise?
- (d) What is the expected progress or timetable for 2014-15?

Asked by: Hon. HO Chun-yan, AlbertReply:

- (a) In 2014-15, the estimated expenditure of Invest Hong Kong (InvestHK) for conducting investment promotion work in various overseas markets with the support of the nine Investment Promotion Units (IPUs) based in the overseas Hong Kong Economic and Trade Offices is around \$4.5 million.
- (b) The number and rank of staff involved are as follows:

| Rank of staff | Number of staff |
|--------------------------------|------------------------|
| Investor Relations Officer | 9 |
| Investor Support Officer | 10 |
| Investment Promotion Assistant | 5 |
| Total | 24 |

- (c) In 2014-15, InvestHK will continue to conduct a wide range of investment promotion work in various overseas markets with the support of the nine overseas IPUs, including marketing campaigns, seminars and investment promotion visits to promote Hong Kong's business advantages, and to attract and assist more overseas companies to set up or expand their operation in Hong Kong.
- (d) With the support of its overseas IPUs, InvestHK targets to complete 186 investment promotion projects from the overseas markets in 2014.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)223****(Question Serial No. 2583)****Head:** 96 Government Secretariat: Overseas Economic and Trade Offices**Subhead (No. & title):****Programme:** (1) Commercial Relations,(2) Public Relations,(3) Investment Promotion**Controlling Officer:** Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)**Director of Bureau:** Secretary for Commerce and Economic Development**This question originates from:** Estimates on Expenditure Volume Page (if applicable)**Question (Member Question No. 38):**

Regarding the records management work of the Bureau and its departments over the past 3 years:

1. Please provide information on the number and rank of officers designated to perform such work. If there is no officer designated for such work, please provide information on the number of officers and the hours of work involved in records management duties, and the other duties they have to undertake in addition to records management;
2. Please list in the table below information on programme and administrative records which have been closed pending transfer to the Government Records Service (GRS) for appraisal:

| Category of records | Years covered by the records | Number and linear meters of records | Retention period approved by GRS | Are they confidential documents |
|---------------------|------------------------------|-------------------------------------|----------------------------------|---------------------------------|
| | | | | |

3. Please list in the table below information on programme and administrative records which have been transferred to GRS for retention:

| Category of records | Years covered by the records | Number and linear meters of records | Years that the records were transferred to GRS | Retention period approved by GRS | Are they confidential documents |
|---------------------|------------------------------|-------------------------------------|--|----------------------------------|---------------------------------|
| | | | | | |

4. Please list in the table below information on records which have been approved for destruction by GRS:

| Category of records | Years covered by the records | Number and linear meters of records | Years that the records were transferred to GRS | Retention period approved by GRS | Are they confidential documents |
|---------------------|------------------------------|-------------------------------------|--|----------------------------------|---------------------------------|
| | | | | | |

Asked by: Hon. HO Sau-lan, Cyd

Reply:

1. The Overseas Economic and Trade Offices (ETOs) have already appointed their respective Office Managers as the Records Manager to help implement and monitor records management matters.
2. In the past three years (i.e. 2011 to 2013), the ETOs did not have any programme and administrative records which have been closed pending transfer to the Government Records Service (GRS) for appraisal.
3. In the past three years (i.e. 2011 to 2013), the ETOs did not have any programme and administrative records which have been transferred to GRS for retention.
4. Information on records which have been approved for destruction by GRS in the past three years (i.e. 2011 to 2013):

| Category of records | Years covered by the records | Number and linear metres (lm) of records | Years that the records were transferred to GRS | Retention period approved by GRS | Are they confidential documents |
|---------------------|------------------------------|--|--|--|---------------------------------|
| Administrative | 1989-2009 | 43 files / 1.82 lm | 2011 | According to General Administrative Records Disposal Schedules | No |
| | 1989-2001 | 1 file / 0.04 lm | | | Yes |
| Programme | Nil | Nil | Nil | Nil | Nil |

CONTROLLING OFFICER'S REPLY

CEDB(CIT)224

(Question Serial No. 4588)

Head: 96 Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title):

Programme: (1) Commercial Relations, (2) Public Relations, (3) Investment Promotion

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 87):

1. Regarding the expenses on entertainment and gifts of your bureau and the departments under its purview over the past 3 years, please provide details using the table below:

| Bureau/ branch/ department and year | Estimated expenses on entertainment and gifts in the year | Actual expenses on entertainment and gifts in the year | Cap on entertainment expenses (including beverages) per head for the year | Cap on gift expenses per guest for the year | Number of receptions held and total number of guests entertained in the year |
|---|---|--|--|--|--|
| | | | | | |

2. Regarding the expenses on entertainment and gifts of your bureau and the departments under its purview in 2013-14, please provide details using the table below:

| Bureau/ branch/ department | Date of reception (day/ month/ year) | Departments/ organisations and titles of the guests entertained (grouped by department/ organisation and indicating the number of guests) | Food expenses incurred in the reception | Beverage expenses incurred in the reception | Gift expenses incurred in the reception | Venue of the reception (department office/ restaurant in government facilities/ private restaurant/ others (please specify)) |
|----------------------------------|---|--|---|--|---|--|
| | | | | | | |

3. Please provide the estimated expenses on entertainment and gifts for 2014-15 using the table below:

| Bureau/ branch/ department | Estimated provision for expenses on entertainment and gifts | Cap on entertainment expenses per guest | Cap on gift expenses per guest |
|-------------------------------|---|--|-----------------------------------|
| | | | |

Asked by: Hon. HO Sau-lan, Cyd

Reply:

Generally speaking, civil servants who entertain guests for official purposes have to comply with the same principles and observe relevant regulations and administrative guidelines. When hosting official entertainment for guests, government officers should exercise prudent judgement and economy to avoid the public perception of extravagant entertainment. With reference to existing general guidelines, the overseas Economic and Trade Offices follow the expenditure limits for official lunch and dinner at an amount equivalent to HK\$450 and \$600 per person respectively, inclusive of all expenses incurred on food and beverages consumed on the occasion, service charges and tips. If there is a need to exceed the expenditure limits, full justifications must be provided and properly documented.

The expenditure under the departmental entertainment vote for the past 3 years (up to 31 January 2014) and the estimates for 2014-15 for our overseas Economic and Trade Offices are tabulated below:

| Official Entertainment (actual expenditure) (HK\$) | | | Official Entertainment (estimated provision) (HK\$) |
|---|---------------------------------|---|--|
| 2011-12 (\$ million) | 2012-13 (\$ million) | 2013-14 (up to 31 January 2014) (\$ million) | 2014-15 (\$ million) |
| 2.27 | 1.94 | 1.28 | 2.00 |

In line with the Government's green policy, officers should as far as possible refrain from bestowing gifts/souvenirs to others during the conduct of official activities. According to prevailing guidelines, if it is considered necessary and unavoidable to bestow gifts/souvenirs due to operational, protocol, promotion of activities or other reasons, the gift/souvenir items should not be lavish or extravagant and the number of gifts/souvenirs should be kept to a minimum or the exchange of gifts/souvenirs should be made from organization to organization. Since we do not maintain separate accounts relating to the expenses incurred for the purchase of gifts and souvenirs, we do not have the relevant statistical data.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 4594)

Head: 96 Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title):

Programme: (1) Commercial Relations, (2) Public Relations, (3) Investment Promotion

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 94):

Regarding the studies (if any) conducted by your bureau and the departments under its purview for the purpose of formulating and assessing policies, please provide information in the following format.

- (a) Using the table below, please provide information on studies on public policy and strategic public policy for which funds had been allocated in the past 2 financial years (2012-13 and 2013-14):

| Name of consultant | Mode of award (open auction/ tender/ others (please specify)) | Title, content and objective of project | Consultancy fee (\$) | Start date | Progress of studies (under planning/ in progress/ completed) | Follow-up actions taken by the Administration on the study report and their progress (if any) | For completed projects, have they been made public? If yes, through what channels? If no, why? |
|--------------------|---|---|----------------------|------------|--|---|--|
| | | | | | | | |

- (b) Are there any projects for which funds have been reserved for conducting consultancy studies this year (2014-15)? If yes, please provide the following information:

| Name of consultant | Mode of award (open auction/ tender/ others (please specify)) | Title, content and objective of project | Consultancy fee (\$) | Start date | Progress of studies (under planning/ in progress/ completed) | Follow-up actions taken by the Administration on the study report and their progress (if any) | For projects that are expected to be completed this year, is there any plan to make them public? If yes, through what channels? If no, why? |
|--------------------|---|---|----------------------|------------|--|---|---|
| | | | | | | | |

- (c) What are the criteria for considering the award of consultancy projects to the research institutions concerned?

Asked by: Hon. HO Sau-lan, Cyd

Reply:

- (a) In the past two financial years (2012-13 and 2013-14), our overseas Economic and Trade Offices (ETOs) have not allocated funds to conduct studies on public policy and strategic public policy.
- (b) Our ETOs have not reserved funds for conducting consultancy studies in 2014-15.
- (c) We do not have the relevant information since our ETOs have not awarded such projects in the past two financial years.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 4646)**

Head: 96 Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title):

Programme: (1) Commercial Relations, (2) Public Relations, (3) Investment Promotion

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 143):

In regard to the growing co-operation between Hong Kong and the Mainland in recent years, please provide relevant information on Hong Kong/Mainland cross-boundary projects or programmes in which your bureau and the departments under its purview have been involved.

(a) For Hong Kong/Mainland cross-boundary projects or programmes, please provide information in 2011-12 to 2013-14 as per following table:

| Project / Programme | Details, objective and whether it is related to the Framework Agreement on Hong Kong /Guangdong Co-operation (the Framework Agreement) | Expenditure involved | Mainland official and department/ organization involved | Progress (% completed, commencement date, target completion date) | Have the details, objectives, amount involved or impact on the public, society, culture and ecology been released to the public? If so, through which channels and what were the manpower and expenditure involved? If not, what are the reasons? | Details of the legislative amendments or policy changes involved in the project/ programme |
|---------------------|--|----------------------|---|---|---|--|
| | | | | | | |

(b) For Hong Kong/Mainland cross-boundary projects or programmes in 2014-15, please provide information as per following table:

| Project / Programme | Details, objective and whether it is related to the Framework Agreement | Expenditure involved | Mainland official and department/ organization involved | Progress (% completed, commencement date, target completion date) | Will the details, objectives, amount involved or impact on the public, society, culture and ecology be released to the public? If so, through which channels and what will be the manpower and expenditure involved? If not, what are the reasons? | Details of the legislative amendments or policy changes involved in the project/ programme |
|---------------------|---|----------------------|---|---|--|--|
| | | | | | | |

(c) Apart from the projects or programmes listed above, are there any other modes of Hong Kong/Mainland cross-boundary co-operation? If so, what are they? What were the manpower and expenditure involved over the past 3 years? How much financial and manpower resources have been earmarked in the Estimates for 2014-15?

Asked by: Hon. HO Sau-lan, Cyd

Reply:

(a)-(c) We do not have the relevant information since Hong Kong/Mainland cross-boundary projects or programmes fall outside the purview of our overseas Economic and Trade Offices.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0365)

Head: 96 Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title):

Programme: (2) Public Relations

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 8):

The provision for Programme (2) "Public Relations" is \$118 million in 2014-15. Please explain how the overseas Economic and Trade Offices will strengthen collaboration with other Hong Kong overseas agencies in developing strategies for city branding and publicity to achieve the aim of "promoting Hong Kong as a reliable trading partner and a premier location for doing business".

Asked by: Hon. LEUNG Kwan-yuen, Andrew

Reply:

Our overseas Economic and Trade Offices (ETOs) (except the Geneva ETO) collaborate closely with other Hong Kong overseas agencies, such as Invest Hong Kong, Hong Kong Trade Development Council, Hong Kong Tourism Board, etc. in organizing and co-organizing a range of promotional activities, e.g. seminars, luncheons, thematic events, etc. to brief the local enterprises on the latest developments of Hong Kong and our advantages in various aspects, encourage them to invest in Hong Kong or partner with Hong Kong companies to explore the Asia-Pacific market, and to highlight Hong Kong's position as an international financial and business hub.

In 2014-15, the ETOs will continue to enhance collaboration with the overseas agencies, organize different events to promote the Hong Kong Brand with a view to showcasing the unique advantages of Hong Kong.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 6600)

Head: 96 Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title):

Programme: -

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 533):

According to paragraph 67 of the Budget Speech of 2014-15, "We shall continue to help Hong Kong enterprises develop once again the traditional European and American markets, which are on their way to recovery. The relevant Hong Kong Economic and Trade Offices and the Hong Kong Trade Development Council (HKTDC) have organised large-scale promotional events, arranged exchange visits and explore other means to promote bilateral trade and investment, and encouraged European and American enterprises to capitalise on Hong Kong's position as the gateway to the Asia-Pacific market. All these activities seek to secure the best opportunities for the Hong Kong business sector."

Would the Administration advise of the resources and manpower reserved for this purpose by the Financial Secretary in 2014-15?

Asked by: Hon. LEUNG Kwok-hung

Reply:

In 2014-15, we have earmarked \$81.7 million, \$73.6 million and 36.6 million under Operational Expenses of Programme (1) Commercial Relations, Programme (2) Public Relations and Programme (3) Investment Promotion respectively for the 6 overseas Economic and Trade Offices (ETOs) in Europe and in the United States (including Brussels, Berlin, London, New York, San Francisco and Washington). It is an on-going task for the relevant ETOs to help Hong Kong enterprises develop once again the recovering traditional European and American markets. The resources and manpower required have been subsumed under the provision and establishment for the relevant ETOs. It is difficult to quantify them separately.

The HKTDC also helps Hong Kong enterprises develop the recovering traditional European and American markets. The work is carried out by its existing staff. HKTDC does not have the separate breakdown of the resources involved for the relevant work.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3060)

Head: 96 Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title):

Programme: (2) Public Relations

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 8):

- (a) Please list the expenditure and manpower involved in the promotion of local cultural and creative industries, local culture and exchanges by overseas Economic and Trade Offices (ETOs) in the past year, and the percentage that such expenditure represented.
- (b) What concrete plans do the ETOs have for the promotion of local cultural and creative industries, local culture and exchanges in this year? What are the estimated expenditure and manpower involved?
- (c) Did any local cultural groups contact the ETOs in the past to reflect their needs for overseas cultural exchanges and promotion of local culture? If yes, what was the number of requests? How did the Administration handle such requests?

Asked by: Hon. MA Fung-kwok

Reply:

- (a) In the past year (2013-14), apart from enhancing Hong Kong's economic and trade relationships with foreign countries / cities, our overseas Economic and Trade Offices (ETOs) (except the Geneva ETO) also assisted in promoting local cultural and creative industries and cultural exchanges. From time to time, ETOs have organized and sponsored different art and cultural events in the countries / cities under their respective charge, including film festivals, concerts, dance performances, art exhibitions, dragon boat races, etc. and have invited famous Hong Kong film directors, actors, designers, etc. to participate in the related events. Our ETOs have also supported local art and cultural groups in overseas exchanges, for instance, arranging the Hong Kong Children's Symphony Orchestra, City Contemporary Dance Company, Asian Youth Orchestra, drama groups, etc. to perform in different cities. The relevant promotion is part of the overall work of ETOs in Public Relations, and the expenditures and number of staff involved cannot be accurately and separately itemized.

- (b) In 2014-15, our ETOs will continue to promote Hong Kong's art and cultural achievements and characteristics, and support our local creative industries to tap the overseas market. Since the relevant work has been included in the overall work of ETOs in Public Relations, the expenditure and number of staff involved cannot be accurately and separately estimated.
- (c) Over the years, our ETOs have been in close contact with different cultural organizations in Hong Kong to provide support for their cultural exchanges in overseas countries, although the relevant statistics are not available. In general, ETOs would respond positively to requests raised by these organizations and provide assistance as appropriate, taking into account various factors such as resources and manpower arrangement, the cultural environment of different overseas countries, etc. ETOs would liaise with relevant local partners and other local art and cultural bodies to facilitate cultural exchanges and cooperation, provide assistance in publicity work through different channels, and support or co-organize events, etc. in order to promote Hong Kong's cultural and creative industries overseas.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2980)

Head: 96 Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title):

Programme: (3) Investment Promotion

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 33):

In respect of investment promotion, please provide the following information:

- (1) Reasons for the increase in estimated numbers of new projects generated and projects completed in 2014 as compared to 2013 and 2012; and details of this year's investment promotion efforts and investment projects resulting in an overseas company setting up or expanding its business in Hong Kong.
- (2) Investment projects in which Invest Hong Kong and overseas Economic and Trade Offices assisted overseas company to set up or expand their businesses in Hong Kong in each of the past 5 years, the sources of investment, sectors and amounts of investment involved.
- (3) The number of foreign direct investment in Hong Kong in each of the past 10 years, the places of origins of enterprises, sectors, amounts of investment involved and the corresponding percentages of GDP in the respective years.
- (4) The net inflow and outflow of foreign direct investment in Hong Kong in recent years, their trends, their differences from previous years and the reasons behind them.

Asked by: Hon. QUAT, Elizabeth

Reply:

- (1) Invest Hong Kong (InvestHK) has increased its target in 2014 to generate 372 new investment projects and to complete 186 investment projects from target overseas markets taking into account the anticipated increase in projects from markets like Europe, Canada and Singapore.

In 2014-15, InvestHK will continue to conduct investment promotion work in various overseas markets to reach out to companies in priority sectors with the support of nine Investment Promotion Units (IPUs) in the overseas Economic and Trade Offices (ETOs). It will conduct a wide range of promotion programmes including marketing campaigns, seminars and investment promotion visits to promote Hong Kong's business advantages, and attract and assist more overseas companies in target markets to set up or expand their operation in Hong Kong.

- (2) In the past five years, InvestHK has completed 802 investment projects with the support of its IPUs in the overseas ETOs. These projects are mainly from markets like the United States (US), the United Kingdom, Japan and Australia and from target sectors including information and communications technology, innovation and technology, tourism and hospitality as well as business and professional services sectors. Details of the completed investment projects are as follows:

| Year | Number of completed projects | Investment amount (HK\$ billion) |
|-------------|-------------------------------------|---|
| 2009 | 132 | 0.9 |
| 2010 | 157 | 1.1 |
| 2011 | 161 | 1.6 |
| 2012 | 173 | 2.8 |
| 2013 | 179 | 5.1 |

- (3) Hong Kong's foreign direct investment in terms of investment value, percentage to gross domestic product, major investor countries / territories and key industry sectors in terms of economic activities for the past ten years are detailed at Annexes 1, 2 and 3 respectively.
- (4) During the period from 2003 to 2012, the net outflow of Hong Kong's Direct Investment (DI) assets increased at an average annual growth rate of around 24%, while the net inflow of DI liabilities increased at an average annual growth rate of 17%. There were however fluctuations during this period as foreign direct investment flows are often affected by macroeconomic conditions on a global scale. Due to uncertainties in the world economic environment mainly arising from destabilizing factors like the sovereign debt crisis in Europe and the fiscal cliff problem in the US, there was a drop in the net outflow of DI assets in 2012. The net inflow of Hong Kong's DI liabilities also recorded a drop in 2012 as a result of the withdrawal of equity capital in some Hong Kong enterprises which had received direct investment from abroad by a few multinational corporations. However, notwithstanding the decrease in foreign direct investment (FDI) inflow in 2012, the total value for FDI inflows into Hong Kong remained huge and Hong Kong was the third largest recipient of FDI in the world (up from fourth in 2011) after the US and the Mainland, which continued to reflect its position as a preferred destination for FDI.

Direct Investment Statistics of Hong Kong and Percentage of Gross Domestic Product (GDP)

| Year | Direct Investment Liabilities | GDP at Current Market Prices (HK\$ million) | Percentage of GDP (%) |
|------|--|--|-----------------------|
| | Inflow during the Period (HK\$ million) | | |
| 2003 | 144,843 | 1,256,669 | 11.5% |
| 2004 | 173,015 | 1,316,949 | 13.1% |
| 2005 | 318,561 | 1,412,125 | 22.6% |
| 2006 | 348,865 | 1,503,351 | 23.2% |
| 2007 | 484,546 | 1,650,756 | 29.4% |
| 2008 | 521,993 | 1,707,487 | 30.6% |
| 2009 | 420,717 | 1,659,245 | 25.4% |
| 2010 | 642,570 | 1,776,332 | 36.2% |
| 2011 | 748,240 | 1,934,433 | 38.7% |
| 2012 | 580,861 | 2,037,165 | 28.5% |

Note : The aggregate direct investment figures presented in this table are compiled based on the “asset/liability principle” as recommended in Sixth Edition of the Balance of Payments and International Investment Position Manual published by the International Monetary Fund.

Source : Balance of Payments Section (2)1, Census and Statistics Department

Last revision date : 20 December 2013

Inward Direct Investment (DI) of Hong Kong by Major Investor Country/Territory at Market Value

| Major Investor Country / Territory | DI Inflow during the Year (HK\$ billion) | | | | | | | | | |
|------------------------------------|--|-------|-------|-------|-------|-------|-------|--------|-------|--------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Mainland China | 35.3 | 57.3 | 79.3 | 119.6 | 113.0 | 183.0 | 214.8 | 288.2 | 318.1 | 232.7 |
| British Virgin Islands | 41.1 | 58.1 | 58.1 | 102.3 | 123.4 | 109.6 | 122.3 | 236.9 | 151.5 | 191.9 |
| Netherlands | 23.3 | 10.5 | 17.9 | 30.1 | 38.7 | 35.8 | 45.6 | 26.0 | 59.6 | 37.8 |
| Bermuda | -14.8 | 8.2 | 45.9 | 13.6 | 21.7 | 23.4 | 53.8 | 28.7 | 40.3 | 73.0 |
| United States of America | 33.5 | 46.6 | -31.5 | 53.4 | 38.2 | -8.2 | -4.1 | -152.9 | 21.9 | -120.8 |
| Singapore | -11.0 | 3.9 | 8.0 | 8.1 | 14.3 | 6.4 | 7.0 | 12.2 | 82.6 | 17.1 |
| Japan | 12.3 | -12.6 | 23.8 | -15.4 | 12.3 | 8.4 | 12.8 | 15.2 | 5.0 | 7.7 |
| Cayman Islands | 3.5 | 6.0 | -0.3 | 16.3 | 4.8 | 3.0 | 10.5 | 21.2 | 20.0 | 12.6 |
| United Kingdom | 0.5 | 18.1 | 14.4 | 14.6 | 21.0 | 27.4 | 0.7 | 12.0 | 1.6 | 43.9 |
| Cook Islands | * | * | 2.3 | 0.9 | 0.8 | 7.5 | 0.1 | 4.2 | 6.3 | 10.1 |
| Other countries/territories | 15.1 | 30.9 | 47.0 | -18.7 | 67.4 | 57.7 | -33.0 | 56.4 | 45.0 | 38.3 |
| All countries/territories | 138.8 | 227.1 | 264.9 | 324.8 | 455.6 | 454.1 | 430.5 | 548.0 | 751.8 | 544.3 |

- Note :
- (1) The total of all countries/territories presented in this table is compiled based on the “directional principle”.
 - (2) Individual figures may not add up to the total due to rounding.
 - (3) Country/territory here refers to the immediate source economy. It does not necessarily reflect the country/territory from which the funds are initially mobilized.
 - (4) Negative inflow does not necessarily relate to equity withdrawal. It may be the result of repayment of loans owed to non-resident affiliates.
 - (5) * Detailed country/territory classification has been adopted in the compilation of external DI statistics since 2005. Therefore, separate figures for this country prior to 2005 are not available.

Source : Balance of Payments Section (2)1, Census and Statistics Department

Last revision date : 10 December 2013

Inward Direct Investment (DI) of Hong Kong by Major Economic Activity of Hong Kong Enterprise Groups at Market Value

| Economic Activity | DI Inflow during the Year (HK\$ billion) | | | | | | | | |
|---|--|-------|-------|-------|-------|-------|--------|-------|--------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Investment and holding, real estate, professional and business services | 104.3 | 142.5 | 178.4 | 223.3 | 242.1 | 257.6 | 442.3 | 412.2 | 441.9 |
| Banking | 33.3 | 42.2 | 45.5 | 77.3 | 70.4 | 78.9 | 122.6 | 133.4 | 60.2 |
| Import/export, wholesale and retail trades | 42.9 | 21.5 | 48.7 | 75.0 | 63.2 | 64.0 | 51.4 | 125.6 | 101.5 |
| Financing (except banking, investment and holding companies) | 17.0 | 13.4 | 10.2 | 29.4 | 20.0 | 14.4 | 19.6 | -21.5 | 21.3 |
| Transportation, storage, postal and courier services | 9.0 | 11.5 | 17.8 | 14.6 | 7.6 | 18.4 | 31.0 | 44.3 | -4.7 |
| Construction | -1.2 | 0.5 | 5.8 | 9.5 | 3.7 | -0.5 | 16.8 | 18.3 | 7.9 |
| Insurance | 6.3 | 9.6 | 7.1 | 1.4 | 25.0 | 20.3 | -140.8 | 14.8 | -100.1 |
| Manufacturing | 10.4 | 4.0 | 4.8 | 11.3 | 22.3 | -23.2 | -1.3 | 4.9 | 7.2 |
| Information and communications | 0.5 | 9.4 | 1.6 | 6.7 | -8.3 | -3.4 | 3.5 | 5.8 | 2.6 |
| Accommodation and food services | 1.4 | -0.2 | 1.7 | 2.7 | 4.2 | 1.5 | 2.4 | 4.8 | 7.0 |
| Other activities | 3.1 | 10.5 | 3.0 | 4.4 | 4.0 | 2.4 | 0.6 | 9.1 | -0.4 |
| All economic activities | 227.1 | 264.9 | 324.8 | 455.6 | 454.1 | 430.5 | 548.0 | 751.8 | 544.3 |

- Note :
- (1) The total of all economic activities presented in this table is compiled based on the “directional principle”.
 - (2) Individual figures may not add up to the total due to rounding.
 - (3) A Hong Kong enterprise group (HKEG) mainly consists of a Hong Kong parent company, its Hong Kong subsidiaries, associates and branches.
 - (4) For an enterprise group, economic activity here refers to the major economic activity of the whole enterprise group in Hong Kong. If an HKEG is engaged in a wide variety of activities, the economic activity is determined on the basis of the economic activity in respect of which the operating revenue is predominant.
 - (5) Negative inflow does not necessarily relate to equity withdrawal. It may be the result of repayment of loans owed to non-resident affiliates.
 - (6) Upon the implementation of Version 2.0 of the Hong Kong Standard Industrial Classification (HSIC), the series of DI statistics has been backcasted to 2004. Therefore, figures under HSIC Version 2.0 prior to 2004 are not available.

Source : Balance of Payments Section (2)1, Census and Statistics Department

Last revision date : 10 December 2013

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1675)

Head: 96 Government Secretariat: Overseas Economic and Trade Offices

Subhead (No. & title):

Programme: (1) Commercial Relations, (3) Investment Promotion

Controlling Officer: Permanent Secretary for Commerce and Economic Development
(Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 2):

It is stated that "the relevant Hong Kong Economic and Trade Offices and the Hong Kong Trade Development Council have organized large-scale promotional events, arranged exchange visits and explore other means to promote bilateral trade and investment, and encouraged European and American enterprises to capitalize on Hong Kong's position as the gateway to the Asia-Pacific market. All these activities seek to secure the best opportunities for the Hong Kong business sector." Please advise this Committee of:

- a. the estimated expenditure to be incurred by the Bureau for these tasks in 2014-15;
- b. the number and rank(s) of officers undertaking these tasks;
- c. the items to be included in the specific projects; and
- d. the schedule or timetable for 2014-15?

Asked by: Hon. SIN Chung-kai

Reply:

- a. - b. In 2014-15, we have earmarked \$81.7 million, \$73.6 million and \$36.6 million under Operational Expenses of Programme (1) Commercial Relations, Programme (2) Public Relations and Programme (3) Investment Promotion respectively for the 6 overseas Economic and Trade Offices (ETOs) in Europe and in the United States (including Brussels, Berlin, London, New York, San Francisco and Washington). It is an on-going task for the relevant ETOs to help Hong Kong enterprises develop once again the recovering traditional European and American markets. The resources and manpower required have been subsumed under the provision and establishment for the relevant ETOs. It is difficult to quantify them separately.

- c. - d. The 6 overseas ETOs in Europe and in the United States have been collaborating closely with Hong Kong Trade Development Council in organizing a range of promotional activities, e.g. seminars, luncheons, thematic events, etc. to brief European and American enterprises on the latest developments of Hong Kong and our advantages in various aspects, encourage them to invest in Hong Kong or partner with Hong Kong companies to explore the Asia-Pacific market, and to highlight Hong Kong's position as an international financial and business hub. In addition, the ETOs also maintain close contact with the business community, political and government leaders and the media, updating them on Hong Kong's latest developments and business opportunities in various fields through exchange visits and promotional events.

In 2014-15, the ETOs will continue to organize promotional events of different themes to promote Hong Kong's competitive advantages, and maintain close contact with the senior management of various chambers of commerce and enterprises through organization of luncheons or dinners etc. during visits of principal officials.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 2977)**

Head: (22) Agriculture, Fisheries and Conservation Department

Subhead (No. & title): (-) Not Specified

Programme: (2) Nature Conservation and Country Parks

Controlling Officer: Director of Agriculture, Fisheries and Conservation (Alan WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from:

Question (Member Question No. 30):

Please provide the following information on the Hong Kong Wetland Park:

- (a) The respective numbers of visitors, ticket sales and percentages in the maximum designed capacity over the past five years;
- (b) The months with the highest and the lowest numbers of visitors over the past years;
- (c) The types/names of specific visits or performances organised each year and the respective total expenditure involved over the past five years;
- (d) The respective maintenance and depreciation expenses incurred over the past five years;
- (e) The respective income and expenditure, as well as the net balance over the past five years; and
- (f) The development plans for 2014 and the following two years.

Asked by: Hon. QUAT, Elizabeth

Reply:

- (a) The numbers of visitors and ticket sales for the Hong Kong Wetland Park (HKWP) over the past five years are as follows:

| Year | Number of visitors | Ticketing sales (\$ million) |
|-------------------------------|---------------------------|-------------------------------------|
| 2009-10 | 437 357 | 9.2 |
| 2010-11 | 449 464 | 9.2 |
| 2011-12 | 444 104 | 8.7 |
| 2012-13 | 494 380 | 9.9 |
| 2013-14 (revised estimate) | 445 000 | 8.7 |

The HKWP comprises a 60-hectare outdoor Wetland Reserve and a 10 000 m² indoor Visitor Centre. While the maximum daily designed capacity for the indoor Visitor Centre is 3 500, there is no similar capacity set for the outdoor Wetland Reserve.

- (b) Since its opening in May 2006, the highest number of visitors was recorded in November 2006 (147 273 visitors) and the lowest was in September 2009 (19 139 visitors).
- (c) The special/thematic events organised over the past five years are as follows:

| Year | Special/thematic events |
|-------------|--|
| 2009-10 | Cultural Festival Dragonfly Festival Bird Watching Festival |
| 2010-11 | Easter Family Excursion at Wetland Park Insect Chorus Bird Watching Festival |
| 2011-12 | Bats at Wetlands Bird Watching Festival |
| 2012-13 | Blossoms on Wetland Bouncy Wetlands Easter Family Fun Days Bird Watching Festival |
| 2013-14 | Flying Beauties Horseshoe Crab Fortnight Bird Watching Festival |

The total expenditure involved is about \$1.8 million per annum.

- (d) The respective maintenance and depreciation expenses incurred over the past five years are as follows:

| Year | Maintenance and depreciation expenses (\$ million) |
|-------------------------------|---|
| 2009-10 | 22.1 |
| 2010-11 | 21.8 |
| 2011-12 | 22.0 |
| 2012-13 | 24.2 |
| 2013-14 (revised estimate) | 24.7 |

- (e) The respective income and expenditure, as well as the net balance over the past five years are as follows:

| Year | Total revenue (\$ million) | Total expenditure (\$ million) | Net balance (\$ million) |
|-------------------------------|---------------------------------------|---|-------------------------------------|
| 2009-10 | 10.4 | 49.8 | - 39.4 |
| 2010-11 | 10.5 | 44.0 | - 33.5 |
| 2011-12 | 10.0 | 45.5 | - 35.5 |
| 2012-13 | 11.1 | 47.6 | - 36.5 |
| 2013-14 (revised estimate) | 11.2 | 50.9 | - 39.7 |

- (f) In 2014, the HKWP will organise special/thematic events such as Easter Family Fun Days, Amazing Wetlands and Bird Watching Festival. More efforts will be made to promote these events through both conventional channels (e.g. advertising on television, posters and flyers) and the electronic media (e.g. online, social media). Opportunities will also be explored to develop more educational programmes that fit in the New Secondary School syllabus and to line up with tour operators for organising study tours from overseas to the Park. In the coming years, the HKWP will continue to enhance its visitor facilities and exhibits, and review its development strategy from time to time with a view to reinforcing its primary role in wetland conservation and education while serving as an attractive eco-tourism destination for both local and overseas visitors.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3353)

Head: 26 Census and Statistics Department
Subhead (No. & title): (-) Not Specified
Programme: (1) Trade Statistics
Controlling Officer: Commissioner for Census and Statistics (Mrs Lily OU-YANG)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 29):

As regards "During 2014-15, the Department will continue to support the use of electronic submission services for import/export declarations and cargo manifests", please advise the following:

- (a) the estimated expenditure in 2014-15 for this item.
- (b) the number and rank of staff undertaking these works.
- (c) the items included in the work plan.
- (d) the progress or timetable for 2014-15.

Asked by: Hon. SIN Chung-kai

Reply:

- (a)-(b) In 2014-15, the estimated expenditure for the work concerned is \$69 million, involving a total of 248 staff including 3 officers at professional rank, 3 Statistical Officer Is, 1 Statistical Officer II, 2 Senior Statistics Supervisors, 14 Statistics Supervisors, 24 Clerical Officers, 193 Assistant Clerical Officers and 8 Clerical Assistants.
- (c)-(d) The relevant work plan in 2014-15 covers (1) checking and processing 19.1 million electronically submitted import/export declarations (TDECs) and 8.3 million cargo manifests which are used for the compilation of the statistics accordingly; and (2) helping to monitor the performance of the service providers of "Government Electronic Trading Services" which is the front-end interface for the submission of TDECs, manifests, etc. We ensure that the providers forward the submissions to us in compliance with the requirements in terms of format, timeliness etc. Such work is on-going and will be undertaken throughout 2014-15.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)234****(Question Serial No.: 4939)**

Head: (31) Customs and Excise Department

Subhead: (-) Not specified

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from:

Question: (Member Question No.: 601)

In respect of prevention and detection of copyright and trade mark infringement, please advise on the following:

- a) What were the respective number of infringing activities on the Internet detected; the products involved and their market values; the numbers of persons arrested, prosecuted and convicted; as well as the maximum and minimum penalties imposed in each of the past 5 years? Please list the above information by year.
- b) Regarding stepping up law enforcement and publicity education related to intellectual property rights, what will be the Administration's future work plans and timetables as well as the expenditures and manpower involved?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

Details of the cases of infringing activities on the Internet detected by the Customs and Excise Department in the past 5 years are as follows:

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|----------------|----------------|----------------|----------------|----------------|
| Number of cases | 55 | 63 | 65 | 64 | 162 |
| Number of persons arrested | 60 | 67 | 74 | 79 | 190 |
| Value of articles (mostly involving clothing, watches and accessories) | \$0.91 million | \$1.05 million | \$1.17 million | \$1.00 million | \$2.48 million |

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Number of persons convicted ¹ | 38 | 63 | 51 | 52 | 114 |
| Amount of fines | \$1,000 – \$27,000 | \$200 – \$15,000 | \$200 – \$20,000 | \$500 – \$20,000 | \$500 – \$20,000 |
| Community service order | 30 – 200 hours | 40 – 240 hours | 60 – 160 hours | 80 – 160 hours | 70 – 180 hours |
| Term of imprisonment | 1 – 4 months | 28 days – 6 months | 28 days – 8 months | 14 days – 6 months | 14 days – 6 months |

In the past few years, the Department has set up three “Anti-Internet Piracy Teams” comprising 45 officers and the “Electronic Crime Investigation Centre”. The “Lineament Monitoring System I+” against Cyberlockers (network drives) has also been developed. The estimated expenditure on system maintenance in 2014-15 is \$0.936 million. The Department will continue to cooperate with the Intellectual Property Department as well as business and trade organisations to enhance the awareness of intellectual property rights protection among all sectors.

¹ Cases concluded during the year.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 4948)**

Head: (31) Customs and Excise Department

Subhead (No. & title): (-) Not specified

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from:

Question (Member Question No. 602):

According to reports, there is a commission mechanism for network hard drive used for file download ("network drives" for short) by which one can earn a certain amount of commission for uploading a file based on the number of downloads. Regarding this, please advise on the following:

- Have such infringing activities been detected in each of the past 3 years? If so, what were the number of cases; the types and market values of the products involved; the numbers of persons arrested, prosecuted and convicted; the amount of commission involved; as well as the maximum and minimum penalties imposed? Please list the above information by year.
- What kinds of enforcement actions against "network drives" have been carried out by the Administration? What were the expenditure and manpower involved?
- Has the Administration looked into how "network drives" are different from usual infringing activities on the Internet? If so, what are the details?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

a) The infringement cases relating to network drive as detected by the Customs and Excise Department (C&ED) in the past 3 years mainly involved images, sounds and computer software. However, there was no evidence to indicate that commission was received. Details are as follows:

| | 2011 | 2012 | 2013 |
|--|-----------------|----------------|--------------|
| Number of cases | 6 | 2 ¹ | 3 |
| Number of persons arrested | 12 | 1 | 4 |
| Number of persons convicted ² | 3 | 1 | 3 |
| Amount of fines | \$4 000-\$8 000 | - | - |
| Community service orders | 120 hours | 120 hours | 80-120 hours |

¹ The suspect in one of the cases was apprehended by a Macau law enforcement agent.

² Cases concluded during the year.

b) To combat intellectual property rights infringements on the Internet, C&ED has set up three “Anti-Internet Piracy Teams” comprising 45 officers and the “Electronic Crime Investigation Centre”, and developed the “Lineament Monitoring System I+” against Cyberlockers (i.e. network drives). In 2014-15, these measures which target at intellectual property rights infringements on the Internet will involve an estimated expenditure on system maintenance and salary provision of \$0.936 million and \$16 million respectively. It is difficult to quantify the breakdowns. The Department will continue to cooperate with the Intellectual Property Department as well as business and trade organisations to enhance the awareness of intellectual property rights protection among all sectors.

c) As network drives are highly covert, law-breakers may easily upload infringing files to such third-party platforms for downloading by others. Investigation will become more difficult if the facilities are located overseas.

CONTROLLING OFFICER'S REPLY

(Question Serial No.: 4949)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) Not specified
Programme: (3) Intellectual Property Rights and Consumer Protection
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)
Director of Bureau: Secretary for Commerce and Economic Development

This question originates from:

Question (Member Question No.: 603):

Regarding the number of spot checks on fair trading in articles carried out by the Customs and Excise Department (C&ED), please inform this Committee of the following:

- a) The details of the work in each of the past 3 years.
- b) The estimated number of spot checks in 2014 is 4 000, which is lower than the actual numbers in 2012 and 2013. What are the reasons?
- c) Will C&ED consider adjusting the estimated number? If yes, what are the changes in the expenditure and manpower involved?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

a) In the past 3 years, apart from adopting risk-based and intelligence-led strategies, the Customs and Excise Department (C&ED) also conducted blitz checks and test-buy operations by posing as customers from time to time, and carried out follow-up investigations based on complaints received from the public. C&ED also implemented the Product Monitoring Scheme and strengthened monitoring over shops in tourist areas during long holidays so as to protect consumer interests.

b) and c)

The indicator of spot checks for 2014 (4 000) is an estimate, which is the same as that in the last few years. The number of actual checks may, depending on the circumstances, differ from the estimate. In fact, in 2012 and 2013, the number of actual checks exceeded the estimate indicator.

With the commencement of the amended Trade Descriptions Ordinance in July 2013, the spots checks commenced by C&ED in the second half of 2013 mainly aimed at monitoring the latest market situation and reminding traders of the need to comply with the legislative requirements. In 2014-15, C&ED will focus on and inspect sales of products of relatively higher concern and traders under repeated complaints from consumers.

C&ED will flexibly deploy resources to cope with the actual circumstances. Officers responsible for the work in this respect also perform other enforcement duties at the same time. It is difficult to separately quantify the expenditure involved.

CONTROLLING OFFICER'S REPLY

(Question Serial No.: 4950)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) Not specified
Programme: (3) Intellectual Property Rights and Consumer Protection
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)
Director of Bureau: Secretary for Commerce and Economic Development

This question originates from:

Question (Member Question No.: 604):

Regarding the number of verifications on import/export of optical disc mastering and replication equipment carried out by the Customs and Excise Department (C&ED), please inform this Committee of the following:

- a) The details of the work in each of the past 3 years.
- b) The estimated number of verifications in 2014 is 150, which is lower than the actual numbers in 2012 and 2013. What are the reasons?
- c) Will C&ED consider adjusting the estimated number? If yes, what are the changes in the expenditure and manpower involved?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

- a) The numbers of licences for import/export of optical disc mastering and replication equipment verified by the Customs and Excise Department in the past 3 years are 181, 201 and 157 respectively.
- b) With the advancement of digital multimedia technology, the number of registered optical disc manufacturing factories has dropped to 20 and the demand for the import/export of relevant equipment has also decreased as a result. The indicator for verification in 2014-15 has therefore been adjusted downwards to 150 accordingly.
- c) The Department will review our present service level and mode of operation from time to time. We have also deployed 3 officers from the Optical Disc Licence Division to assist in combating infringing activities on the Internet and promoting intellectual property rights. For the 7 remaining officers, the expenditure involved is \$3.3 million.

CONTROLLING OFFICER'S REPLY

(Question Serial No.4955)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) Not specified
Programme: (3) Intellectual Property Rights and Consumer Protection
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from:

Question (Member Question No.605):

Regarding the work of the Customs and Excise Department relating to weights and measures, please advise on the following:

- a) Due to the deployment of resources to handle urgent tasks, the number of spot checks conducted in 2013 was lower than that in 2012. What are the details of the tasks involved, and how much resources, expenditure and manpower were deployed?
- b) Has the Administration assessed the impact of the deployment on the scheduled work?
- c) Has the Administration assessed the estimated additional expenditure required to cope with the urgent tasks so that no deployment has to be made and that the scheduled work would not be affected?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

- a) In 2013-14, the Customs and Excise Department redeployed 11 officers originally responsible for the enforcement work on weights and measures to assist in the implementation of the export control on powdered formula for infants and the enforcement of the amended Trade Descriptions Ordinance.
- b) and c) When deploying manpower to handle the tasks concerned, the Department would formulate contingency measures carefully, enhance risk management and accord priority to the more urgent cases, in order to minimize the impact on the existing work.

CONTROLLING OFFICER'S REPLY

(Question Serial No.4956)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) Not specified
Programme: (3) Intellectual Property Rights and Consumer Protection
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from:

Question (Member Question No.606):

Regarding the work of the Customs and Excise Department relating to toys and children's products safety, please advise on the following:

- a) Due to the deployment of resources to handle urgent tasks, the number of spot checks conducted in 2013 was lower than that in 2012. What are the details of the tasks involved, and how much resources, expenditure and manpower were deployed?
- b) Has the Administration assessed the impact of the deployment on the scheduled work?
- c) Has the Administration assessed the estimated additional expenditure required to cope with the urgent tasks so that no deployment has to be made and that the scheduled work would not be affected?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

- a) In 2013-14, the Customs and Excise Department redeployed 11 officers originally responsible for the enforcement work on toys and children's products safety to assist in the implementation of the export control on powdered formula for infants and the enforcement of the amended Trade Descriptions Ordinance.
- b) and c) When deploying manpower to handle the tasks concerned, the Department would formulate contingency measures carefully, enhance risk management and accord priority to the more urgent cases, in order to minimize the impact on the existing work.

CONTROLLING OFFICER'S REPLY

(Question Serial No.4957)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) Not specified
Programme: (3) Intellectual Property Rights and Consumer Protection
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from:

Question (Member Question No.607):

Regarding the work of the Customs and Excise Department relating to consumer goods safety, please advise on the following:

- a) Due to the deployment of resources to handle urgent tasks, the number of spot checks conducted in 2013 was lower than that in 2012. What are the details of the tasks involved, and how much resources, expenditure and manpower were deployed?
- b) Has the Administration assessed the impact of the deployment on the scheduled work?
- c) Has the Administration assessed the estimated additional expenditure required to cope with the urgent tasks so that no deployment has to be made and that the scheduled work would not be affected?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

- a) In 2013-14, the Customs and Excise Department redeployed 10 officers originally responsible for the enforcement work on consumer goods safety to assist in the implementation of the export control on powdered formula for infants and the enforcement of the amended Trade Descriptions Ordinance.
- b) and c) When deploying manpower to handle the tasks concerned, the Department would formulate contingency measures carefully, enhance risk management and accord priority to the more urgent cases, in order to minimize the impact on the existing work.

CONTROLLING OFFICER'S REPLY

(Question Serial No.4958)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) Not specified
Programme: (5) Trade Controls
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)
Director of Bureau: Secretary for Commerce and Economic Development

This question originates from:

Question (Member Question No.608):

Regarding the number of blitz checks on consignments subject to licensing control or covered by Certificates of Hong Kong Origin at entry and exit points as well as public cargo working areas conducted by the Customs and Excise Department, please advise on the following:

- a) Due to the deployment of resources to handle urgent tasks, the number of spot checks conducted in 2013 was lower than that in 2012. What are the details of the tasks involved, and how much resources, expenditure and manpower were deployed?
- b) Has the Administration assessed the impact of the deployment on the scheduled work?
- c) Has the Administration assessed the estimated additional expenditure required to cope with the urgent tasks so that no deployment has to be made and that the scheduled work would not be affected?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

- a) In 2013-14, the Customs and Excise Department redeployed 12 officers originally responsible for conducting blitz checks at various entry and exit points as well as public cargo working areas to assist in the implementation of the export control on powdered formula for infants and the enforcement of the amended Trade Descriptions Ordinance.
- b) and c) When deploying manpower to handle the tasks concerned, the Department would formulate contingency measures carefully, enhance risk management and accord priority to the more urgent cases, in order to minimise the impact on the existing work.

CONTROLLING OFFICER'S REPLY

(Question Serial No.4959)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) Not specified
Programme: (5) Trade Controls
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)
Director of Bureau: Secretary for Commerce and Economic Development

This question originates from:

Question (Member Question No.609):

Regarding the number of factory and consignment inspections conducted by the Customs and Excise Department, please advise on the following:

- a) Due to the deployment of resources to handle urgent tasks, the number of spot checks conducted in 2013 was lower than that in 2012. What are the details of the tasks involved, and how much resources, expenditure and manpower were deployed?
- b) Has the Administration assessed the impact of the deployment on the scheduled work?
- c) Has the Administration assessed the estimated additional expenditure required to cope with the urgent tasks so that no deployment has to be made and that the scheduled work would not be affected?
- d) The estimated figure for 2014 is 34 300, which includes 8 130 consignment checks on pharmaceutical products. That means the number of factory and consignment inspections is 26 170, which is lower than the actual figures for 2012 and 2013. What are the reasons? Does the Administration have any plans to adjust the number of inspections, and what are the additional expenditure and manpower involved?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

- a) In 2013-14, the Customs and Excise Department redeployed 7 officers originally responsible for conducting factory and consignment inspections to assist in the implementation of the export control on powdered formula for infants and the enforcement of the amended Trade Descriptions Ordinance.
- b) and c) When deploying manpower to handle the tasks concerned, the Department would formulate contingency measures carefully, enhance risk management and accord priority to the more urgent cases, in order to minimise the impact on the existing work.
- d) As a result of global liberalisation in trade, the control measures for import and export of textiles have been phasing out. The number of factory inspections can be reduced accordingly.

CONTROLLING OFFICER'S REPLY

(Question Serial No.4960)

Head: (31) Customs and Excise Department

Subhead (No. & title): (-) Not specified

Programme: (3) Intellectual Property Rights and Consumer Protection
(5) Trade Controls

Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from:

Question (Member Question No.610):

Regarding the deployment of resources to handle urgent tasks by the Customs and Excise Department in 2013, spot checks on weights and measures, toys and children's products safety and consumer goods safety; blitz checks on consignments subject to licensing control or covered by CO(CEPA) at entry and exit points and public cargo working areas; as well as factory and consignment inspections were involved. How would the Administration ensure that the originally scheduled work would not be affected by these urgent tasks? Does the Administration have any plans to deploy additional resources, expenditure and manpower to handle urgent tasks? If yes, what are the details?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

When deploying manpower to handle the tasks concerned, the Customs and Excise Department would formulate contingency measures carefully, enhance risk management and accord priority to the more urgent cases, in order to minimize the impact on the existing work.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 4988)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) Not Specified
Programme: (3) Intellectual Property Rights and Consumer Protection
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)
Director of Bureau: Secretary for Commerce and Economic Development

This question originates from:

Question (Member Question No. 481):

- a) How would the Administration measure traders' compliance with the requirements on trade descriptions and trade practices through spot checks? What is the expenditure involved?
- b) How would the Administration investigate complaints relating to short weights and measures, unsafe toys and children's products and consumer goods, false trade descriptions and unfair trade practices? What is the expenditure involved?
- c) How would the Administration strengthen enforcement actions against false trade descriptions and unfair trade practices in respect of both goods and services? What is the expenditure involved?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

a) & b) Apart from adopting risk-based and intelligence-led strategies, the Customs and Excise Department (C&ED) conducts blitz checks and test-buy operations by posing as customers from time to time, and carries out follow-up investigations based on complaints received from the public. C&ED also checks the accuracy of weighing and measuring equipment and tests various types of toys, children's products and consumer goods. Moreover, it has implemented the Product Monitoring Scheme and strengthened monitoring over shops in tourist areas during long holidays so as to protect consumer interests. Since the aforesaid duties are part of the general enforcement work of C&ED, it would be difficult to separately quantify the expenditure involved.

c) In 2014-15, C&ED will deploy 187 officers (including 40 newly created posts) to carry out the enforcement work under the amended Trade Descriptions Ordinance. The total expenditure involved will be \$83.56 million. Apart from continuing to improve the three-pronged strategy of prevention, education and enforcement, C&ED will flexibly deploy resources, and focus on and inspect sales of products of relatively higher concern and traders under repeated complaints from consumers. .

CONTROLLING OFFICER'S REPLY

(Question Serial No.: 2832)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) Not specified
Programme: (3) Intellectual Property Rights and Consumer Protection
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)
Director of Bureau: Secretary for Commerce and Economic Development

This question originates from:

Question (Member Question No.: 21):

The amended Trade Descriptions Ordinance has come into operation since July last year. The Administration also mentioned in the "Matters Requiring Special Attention" that it would strengthen enforcement actions against false trade descriptions and unfair trade practices in respect of both goods and services. However, the number of spot checks on fair trading in articles (trade descriptions) in 2014 will decrease instead of increasing. Would the Administration advise the Committee on the reason for that?

Asked by: Hon CHEUNG Wah-fung, Christopher

Reply:

The indicator of spot checks for 2014 (4 000) is an estimate, which is the same as that in the last few years. The number of actual checks may, depending on the circumstances, differ from the estimate. In fact, in 2012 and 2013, the number of actual checks exceeded the estimate indicator.

With the commencement of the amended Trade Descriptions Ordinance in July last year, the spot checks commenced by the Customs and Excise Department (C&ED) in the second half of 2013 mainly aimed at monitoring the latest market situation and reminding traders of the need to comply with the legislative requirements. In 2014-15, C&ED will focus on and inspect sales of products of relatively higher concern and traders under repeated complaints from consumers.

CONTROLLING OFFICER'S REPLY**(Question Serial No.: 0681)**

Head: (31) Customs and Excise Department

Subhead (No. & title): (-) Not specified

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from:

Question: (Member Question No. : 25)

What were the expenditure, manpower provision and number of operations involved in preventing and detecting infringing articles in 2013-14? How many of these involved online sale of infringing goods? What were the values of articles seized in the operations? How many cases were successfully prosecuted and what were the penalties? Has there been an increasing trend of copyright and trade mark infringement in recent years, especially for online sale of infringing goods? Regarding the matters requiring special attention in 2014-15, the Customs and Excise Department will continue to strengthen the co-operative alliance with the industries and enforcement agencies in detecting online sale of infringing goods. What is the amount of financial provision involved? Is it necessary to increase manpower for conducting online surveillance?

Asked by: Hon. CHUNG Kwok-pan

Reply:

In 2013-14, there were a total of 202 officers in the Customs and Excise Department (C&ED) who are specialised in preventing and detecting crimes of intellectual property rights infringement, involving an expenditure on salary provision of \$71 million. In 2013, the Department carried out 10 special operations every week on average. Details of the cases detected are as follows:

| | |
|--|--|
| Number of cases (involving Internet crimes) | 656 cases (162 cases) |
| Total value of articles seized (involving Internet crimes) | \$49.40 million (\$2.48 million) |
| Number of successful prosecutions (involving Internet crimes) ¹ | 390 cases (107 cases) |
| Penalties imposed by the Court | Fine : \$500 – \$80,000 Community : 70 hours – 240 hours service order Imprisonment : 7 days – 8 months |

¹ Concluded in 2013

As a result of the continuous and vigorous enforcement actions, infringing activities in the market have reduced significantly, but the sale of counterfeit goods online has become active in recent years. C&ED is now tackling the latest situation with three “Anti-Internet Piracy Teams”, with the aid of the “Electronic Crime Investigation Centre” and the “Lineament Monitoring System I+” against Cyberlockers. C&ED will continue to maintain close liaison with other enforcement agencies, the industries, local auction sites and intellectual property owners to tackle Internet and other computer crimes relating to the infringement of intellectual property rights.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 1152)**

Head: (31) Customs and Excise Department

Subhead (No. & title): (-) Not Specified

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from:

Question (Member Question No. 12):

The Customs and Excise Department (C&ED) will continue to strengthen enforcement actions and enforce the amended Trade Descriptions Ordinance during this year to combat false trade descriptions and unfair trade practices in respect of both goods and services. Regarding this, would the Administration advise the Committee on the following:

1. What is the number of complaints received by C&ED since the implementation of the amended Trade Descriptions Ordinance? Please list out the breakdown figures by nature;
2. What investigation procedures are adopted by C&ED? What are the manpower resources deployed?

Asked by: Hon. IP LAU Suk-ye, Regina

Reply:

1. Since the implementation of the amended Trade Descriptions Ordinance (the Ordinance) on 19 July 2013 and up to 28 February 2014, the Customs and Excise Department (C&ED) received a total of 2 786 complaints, a breakdown of which is as follows-

| Offence | Goods | Services | Total |
|---------------------------------|--------------|-----------------|--------------|
| False trade descriptions | 1 422 | 341 | 1 763 |
| Misleading omissions | 335 | 143 | 478 |
| Aggressive commercial practices | 11 | 70 | 81 |
| Bait advertising | 72 | 35 | 107 |
| Bait and switch | 12 | 11 | 23 |
| Wrongly accepting payment | 190 | 77 | 267 |
| Others# | 42 | 25 | 67 |
| Total | 2 084 | 702 | 2 786 |

Including complaints referred to other departments / organisations for follow-up actions or those outside the scope of the Ordinance

2. In handling and investigating complaints, C&ED takes into account all relevant facts and evidence, and on the basis of a risk-based approach and the principle of effective resource deployment, decides the appropriate enforcement actions. In 2014-15, C&ED will deploy 187 officers (including 40 newly created posts) to carry out the enforcement work under the amended Ordinance. The total expenditure involved will be \$83.56 million.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2218)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) Not Specified
Programme: (3) Intellectual Property Rights and Consumer Protection
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)
Director of Bureau: Secretary for Commerce and Economic Development

This question originates from:

Question (Member Question No. 47):

The Administration indicated that the decrease in actual number of spot checks conducted in 2013 on weights and measures, toys and children's products safety as well as consumer goods safety was due to resources deployment for handling urgent tasks. Regarding this, would the Administration advise the Committee on the following:

1. What urgent tasks were carried out by the Administration?
2. How much resources did the Administration allocate to carry out those urgent tasks?

Asked by: Hon. KWOK, Dennis

Reply:

In 2013-14, the Customs and Excise Department redeployed 32 officers originally responsible for the enforcement work on weights and measures, toys and children's products safety as well as consumer goods safety to assist in the implementation of the export control on powdered formula for infants and the enforcement of the amended Trade Descriptions Ordinance.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 4143)**

Head: (31) Customs and Excise Department

Subhead (No. & title): (-) Not specified

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from:

Question (Member Question No.152):

In the past 5 years, how many cases relating to online selling of infringing articles were detected by the Customs and Excise Department? What were the values and types of these articles? How many persons were involved?

Asked by: Hon. KWOK Ka-ki

Reply:

Details of the cases of infringement on the Internet detected by the Customs and Excise Department in the past 5 years are as follows:

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|----------------|----------------|----------------|-------------|----------------|
| Number of cases | 55 | 63 | 65 | 64 | 162 |
| Number of persons arrested | 60 | 67 | 74 | 79 | 190 |
| Total value of goods seized (the goods involved were mostly clothes, watches and accessories) | \$0.91 million | \$1.05 million | \$1.17 million | \$1 million | \$2.48 million |

CONTROLLING OFFICER'S REPLY

(Question Serial No. 4144)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) Not Specified
Programme: (3) Intellectual Property Rights and Consumer Protection
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)
Director of Bureau: Secretary for Commerce and Economic Development

This question originates from:

Question (Member Question No. 154):

What are the reasons for the significant increase in the figure of intellectual property rights investigations in 2013 when compared with 2012? What were the number of staff involved in such investigations and the amount of expenditures in 2013?

Asked by: Hon. KWOK Ka-ki

Reply:

The significant increase in the figure of intellectual property rights investigations in 2013-14 was mainly due to the implementation of the Audit Commission's recommendation. The Department expedited efforts to complete the administrative formality of closure of outstanding cases which no longer warrant further investigation. A total of 6 921 of such cases were closed in 2013, and included in the yearly figure.

In 2013-14, there were 202 officers in the Customs and Excise Department who were specialised in preventing and detecting crimes of intellectual property rights infringement, involving an expenditure on salary provision of \$71 million.

CONTROLLING OFFICER'S REPLY

(Question Serial No.: 4146)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) Not specified
Programme: (3) Intellectual Property Rights and Consumer Protection
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)
Director of Bureau: Secretary for Commerce and Economic Development

This question originates from:

Question: (Member Question No.: 156)

What are the estimates of the Customs and Excise Department (C&ED) for upgrading the capability in the investigation of Internet and electronic crimes relating to infringement of intellectual property rights in 2014-2015?

Asked by: Hon. KWOK Ka-ki

Reply:

In the past few years, the Department has redeployed internal resources to set up three dedicated "Anti-Internet Piracy Teams", the "Electronic Crime Investigation Centre" to enhance the capabilities of frontline officers in investigation and evidence collection, and recently developed the "Lineament Monitoring System I+" against Cyberlockers to tackle infringing activities on the Internet. The expenditure on system maintenance in 2014-15 is \$0.936 million.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 4148)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) Not Specified
Programme: (3) Intellectual Property Rights and Consumer Protection
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)
Director of Bureau: Secretary for Commerce and Economic Development

This question originates from:

Question (Member Question No. 158):

What are the estimates of the Customs and Excise Department for promoting public and traders' awareness of intellectual property rights and consumer protection legislation through publicity programmes in 2014-2015?

Asked by: Hon. KWOK Ka-ki

Reply:

The Customs and Excise Department (C&ED) enhances the awareness of the public of intellectual property rights and consumer interests through various channel, including seminars or talks organised in collaboration with the Intellectual Property Department, the Consumer Council, industry associations and major chambers of commerce from time to time. With the commencement of the amended Trade Descriptions Ordinance in July 2013, C&ED launched extensive publicity and education activities in the second half of 2013. Such work will continue in 2014-15. Since the work in this regard is taken up by officers in addition to their own inspection, enforcement and other backend duties, it is difficult to separately quantify the expenditure involved.

CONTROLLING OFFICER'S REPLY

(Question Serial No.: 4150)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) Not specified
Programme: (3) Intellectual Property Rights and Consumer Protection
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)
Director of Bureau: Secretary for Commerce and Economic Development

This question originates from:

Question (Member Question No.: 160):

What were the expenditure and number of staff involved in the implementation of the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 by the Customs and Excise Department (C&ED), the Commerce and Economic Development Bureau (CEDB) and other parties concerned in 2013? What are the estimated expenditure and number of staff involved in the implementation of the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 by C&ED, CEDB and other parties concerned in 2014-2015?

Asked by: Hon. KWOK Ka-ki

Reply:

In 2013-14, the Customs and Excise Department (C&ED) deployed 147 officers to enforce the amended Trade Descriptions Ordinance and the expenditure involved was \$68.71 million. In 2014-15, C&ED will deploy 187 officers (including 40 newly created posts) to carry out the enforcement work in this regard and the total expenditure involved will be \$83.56 million.

The Commerce and Economic Development Bureau handles the work through existing manpower. The expenditure involved has been included in the overall estimate of the Bureau and could not be quantified separately.

CONTROLLING OFFICER'S REPLY

CEDB(CIT)254

(Question Serial No. 4152)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) Not specified
Programme: (3) Intellectual Property Rights and Consumer Protection
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)
Director of Bureau: Secretary for Commerce and Economic Development

This question originates from:

Question (Member Question No. 162):

In the past 5 years, what were the actual expenditures, numbers of staff and numbers of prosecution involved in the investigation of false statement of health products by the Customs and Excise Department (C&ED)? In 2014-15, what will be the actual expenditure and number of staff involved in the investigation of false statement of health products by C&ED?

Asked by: Hon. KWOK Ka-ki

Reply:

In the past 5 years, a total of 21 cases relating to health products in contravention of the Trade Descriptions Ordinance were detected by the Customs and Excise Department (C&ED), with 18 companies and 3 persons prosecuted. In 2014-15, C&ED will deploy 187 officers (including 40 newly created posts) to carry out the enforcement work under the amended Trade Descriptions Ordinance. The total expenditure involved will be \$83.56 million. Given the wide coverage of the Trade Descriptions Ordinance, it is difficult to separately quantify the expenditure involved according to categories of goods.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0799)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) Not specified
Programme: (3) Intellectual Property Rights and Consumer Protection
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)
Director of Bureau: Secretary for Commerce and Economic Development

This question originates from:

Question (Member Question No. 66):

Regarding the enforcement actions against false trade descriptions, would the Customs & Excise Department inform this Committee of:

1. The number of cases of false trade descriptions and unfair trade practices detected in 2013-14.
2. In the Matters Requiring Special Attention in 2014-15, it is mentioned that the Department will strengthen enforcement actions against false trade descriptions and unfair trade practices in respect of both goods and services. What are the details as well as the expenditure and manpower involved?

Asked by: Hon. KWOK Wai-keung

Reply:

1. In 2013, the numbers of cases involving false trade descriptions and unfair trade practices investigated by the Customs and Excise Department (C&ED) were 594 and 239 respectively, totalling 833.
2. In 2014-15, C&ED will deploy 187 officers (including 40 newly created posts) to carry out the enforcement work under the amended Trade Descriptions Ordinance. The total expenditure involved will be \$83.56 million. Apart from continuing to improve the three-pronged strategy of prevention, education and enforcement, C&ED will flexibly deploy resources, and focus on and inspect sales of products of relatively higher concern and traders under repeated complaints from consumers.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5427)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) Not specified
Programme: (3) Intellectual Property Rights and Consumer Protection
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from:

Question (Member Question No. 54):

In 2014-15, the Customs and Excise Department (C&ED) will continue to strengthen enforcement actions against false trade descriptions and unfair trade practices in respect of both goods and services. Would the Administration inform this Committee of the total number of companies prosecuted for suspected contravention of the amended Trade Descriptions Ordinance since its implementation, and among which the number of companies convicted and the amount of fines involved? What is the estimated expenditure of C&ED for strengthening public education in the future?

Asked by: Hon. LAM Tai-fai

Reply:

Since the implementation of the amended Trade Descriptions Ordinance (the Ordinance) on 19 July 2013 and up to 28 February 2014, the Customs and Excise Department (C&ED) initiated prosecution in 13 cases, among which 6 have concluded. Among the 5 convicted cases, the Court imposed fines ranging from \$10,000 to \$110,000 on 4 companies involved, and sentenced a person to a one-month imprisonment. The value of goods forfeited is over \$120,000.

With the commencement of the amended Trade Descriptions Ordinance in July 2013, C&ED launched extensive publicity and education activities in the second half of 2013 (such as organising seminars or talks in collaboration with industry associations and major chambers of commerce). Such work will continue in 2014-15. Since the work in this regard is taken up by officers in addition to their own inspection, enforcement and other backend duties, it is difficult to separately quantify the expenditure involved.

CONTROLLING OFFICER'S REPLY

(Question Serial No.: 4354)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) Not specified
Programme: (1) Control and Enforcement, (5) Trade Controls
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from:

Question (Member Question No.: 1.22):

With regard to the enforcement work under the “Kimberley Process Certification Scheme for rough diamonds”, please advise on:

- (a) the figures on enforcement operation, prosecution and conviction carried out by the Customs and Excise Department (C&ED) under the scheme in the past 5 years; and
- (b) the quantities, places of origin, sizes and categories of the rough diamonds involved in the said enforcement and prosecution.

Asked by: Hon. LEUNG, Kenneth

Reply:

- (a) In the past 5 years, C&ED carried out 4 476 inspections under the “Kimberley Process Certification Scheme for rough diamonds”, but no prosecution was required.
- (b) The rough diamonds involved mainly originated from places such as South Africa, Angola, Tanzania and Russia, with quantities ranging from several to tens of thousands of carats.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3294)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) Not specified
Programme: (3) Intellectual Property Rights and Consumer Protection
Controlling Officer: Commissioner of Customs and Excise
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from:

Question (Member Question No. 87):

The Customs and Excise Department often requests Internet service providers to provide information on their clients to facilitate the detection of online sale of infringing goods and other crimes. However, a unified code of practice for information collection has never been introduced by the Department. Will the Administration conduct any studies to formulate the relevant code of practice with a view to promoting cooperation with the industry? What are the details of the plans as well as the manpower and estimates involved? If no, what are the reasons?

Asked by: Hon. MOK, Charles Peter

Reply:

C&ED only requests Internet service providers to provide information on their clients when strictly necessary for the performance of duties in accordance with the relevant laws and established procedures and guidelines. Such requests are mainly related to crime prevention and detection as well as law enforcement.

Since investigations involving Internet service providers are largely related to online infringements of intellectual property rights, such requests are mostly made by the Inspectorate officer in charge of the relevant case in the Intellectual Property Investigation Bureau. If it is confirmed that the information posted by the users constitutes an infringement of intellectual property rights, officer at the rank of Assistant Superintendent in the Bureau may, upon examination of the case, request Internet service providers to remove such infringing information.

The Department will maintain liaison with the industry to ensure that the existing mechanism will continue to function smoothly. The related work is absorbed by the existing establishment and provision of the Department. It is difficult to quantify such manpower and expenditure separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No.: 6249)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) Not specified
Programme: (3) Intellectual Property Rights and Consumer Protection
Controlling Officer: Commissioner of Customs and Excise
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from:

Question (Member Question No.: 93):

It is learnt that from February 2013 to January 2014, the Customs and Excise Department (C&ED) made to internet service providers 873 requests for obtaining users' information and 391 requests for removing users' information. Would the Administration advise this Committee on:

- (1) The respective formations in C&ED that made the said requests, and the distribution and rank of the officers handling the said requests in each formation; and
- (2) With the assistance of the information obtained / removed at the request of C&ED, the total number of cases that C&ED handled, the respective numbers of persons prosecuted and arrested, as well as the expenditure involved in each operation.

Asked by: Hon. MOK, Charles Peter

Reply:

1. C&ED only requests Internet service providers to provide information on their clients when strictly necessary for the performance of duties in accordance with the relevant laws and established procedures and guidelines. Such requests are mainly related to crime prevention and detection as well as law enforcement.

Since investigations involving Internet service providers are largely related to online infringements of intellectual property rights, such requests are mostly made by the Inspectorate officer in charge of the relevant case in the Intellectual Property Investigation Bureau. If it is confirmed that the information posted by the users constitutes an infringement of intellectual property rights, officer at the rank of Assistant Superintendent in the Bureau may, upon examination of the case, request Internet service providers to remove such infringing information.

2. With the help of the information obtained from Internet service providers, the Intellectual Property Investigation Bureau detected a total of 182 cases from February 2013 to January 2014, with 209 persons arrested and 147 of them prosecuted. However, the Department does not have any breakdown of expenditure by individual operations.

CONTROLLING OFFICER'S REPLY**(Question Serial No.: 5411)**

Head: (31) Customs and Excise Department

Subhead (No. & title): (-) Not specified

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from:

Question: (Member Question No.: 68)

With regard to the enforcement against persons and syndicates suspected of committing offences relating to infringement of intellectual property rights (IPR), will the Customs and Excise Department (C&ED) advise this Committee on:

1. The number of IPR infringement cases detected by C&ED in 2013-14 by product type;
2. The top five types of IPR infringing articles seized by C&ED in 2013-14 by number of seizures; and
3. As to strengthening enforcement actions against false trade descriptions and unfair trade practices in respect of both goods and services, which is mentioned in the matters requiring attention in 2014-15, what are the details? What will be the expenditure and manpower involved?

Asked by: Hon. WONG Kwok-kin

Reply:

1. & 2. In 2013, C&ED detected 656 cases of intellectual property rights infringement. Details of the top five types of infringing articles seized are listed as follows:

| Articles seized | Number of cases* |
|---|-------------------------|
| Electronic products, electrical appliances, computers and parts | 266 |
| Garments and accessories | 176 |
| Leather products | 155 |
| Watches and parts | 108 |
| Pirated optical discs | 44 |

*C&ED may seize more than one type of articles in a single case. The number of cases in the list is therefore larger than that of detected cases.

3. In 2014-15, C&ED will deploy 187 officers (including 40 newly created posts) to carry out the enforcement work under the amended Trade Descriptions Ordinance. The total expenditure involved will be \$83.56 million. Apart from continuing to improve the three-pronged strategy prevention, education and enforcement, C&ED will flexibly deploy resources, and focus on and inspect sales of products of relatively higher concern and traders under repeated complaints from consumers.

CONTROLLING OFFICER'S REPLY

(Question Serial No.: 0997)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) Not specified
Programme: (3) Intellectual Property Rights and Consumer Protection
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from:

Question (Member Question No. 31):

The Customs and Excise Department (C&ED) indicated that it would promote public and traders' awareness of intellectual property rights and consumer protection legislation, including the amended Trade Descriptions Ordinance, through publicity and education programmes; and strengthen enforcement actions against false trade descriptions and unfair trade practices in respect of both goods and services.

Regarding the work involved, what is the amount of resources to be deployed by the Department in conducting actual publicity and education work, especially that relating to the relevant content of the newly amended Trade Descriptions Ordinance, which employers of enterprises and the public might need time to understand?

In respect of strengthening enforcement actions, what actions will C&ED take? Does it entail the addition of 40 officers? What are the distribution of ranks and the expenditures involved?

Asked by: Hon. WONG Ting-kwong

Reply:

The Customs and Excise Department (C&ED) enhances the awareness of the public of intellectual property rights and consumer interests through various channels, including seminars or talks in collaboration with the Intellectual Property Department, the Consumer Council, industry associations and major Chambers of Commerce from time to time. With the commencement of the amended Trade Descriptions Ordinance in July 2013, C&ED launched extensive publicity and education activities in the second half of 2013. Such work will continue in 2014-15. Since the work in this regard is taken up by officers in addition to their own inspection, enforcement and other backend duties, it is difficult to separately quantify the expenditure involved.

In 2014-15, C&ED will deploy 187 officers (including 40 newly created posts) to carry out the enforcement work under the amended Trade Descriptions Ordinance. Their ranks mainly range from Assistant Trade Control Officers to Principal Trade Control Officers. The total expenditure involved will be \$83.56 million. Apart from continuing to improve the three-pronged strategy of

prevention, education and enforcement, C&ED will flexibly deploy resources, and focus on and inspect sales of products of relatively higher concern and traders under repeated complaints from consumers.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2196)

Head: (31) Customs and Excise Department
Subhead (No. & title): (-) Not specified
Programme: (1) Control and Enforcement
Controlling Officer: Commissioner of Customs and Excise (Clement CHEUNG)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from:

Question (Member Question No. 39):

Regarding the work to improve clearance services to facilitate efficient cargo flow across the boundary, please advise this Committee on the following:

1. The average clearance time for cross-boundary cargo in the past 3 years (2011-12, 2012-13 and 2013-14);
2. The latest update on the promotion of the Road Cargo System;
3. The latest progress of the test for the feasibility of the harmonization of the Hong Kong Intermodal Transshipment Facilitation Scheme and the Mainland Cross-boundary Express Clearance System, and when it can be fully realized;
4. The latest progress of the implementation of the Hong Kong Authorized Economic Operator Programme;
5. The latest progress of the study carried out together with the Mainland on the establishment of a third-party platform to facilitate cargo flow across the boundary; and
6. The details and estimates in respect of the work to facilitate cargo flow across the boundary in 2014-15 and whether new measures will be introduced.

Asked by: Hon. YICK Chi-ming, Frankie

Reply:

1. According to current service standards, cross-boundary vehicles not selected for inspection can be cleared within 60 seconds. The Customs and Excise Department (C&ED) fully met this target in the past 3 years.

2. The Road Cargo System (ROCARS) has been operating smoothly since its full implementation in November 2011. C&ED has been liaising with industry users, to ensure the provision of efficient and reliable services for the trading and logistics industries.
3. The harmonisation enables seamless cross-boundary clearance of transshipment cargoes through the use of a single electronic lock under the principle of “separate monitoring with one lock across the boundary”. The testing progresses smoothly. Upon completion, Hong Kong will consider the result and discuss the long-term implementation plan with the Mainland.
4. There has been further progress since the Hong Kong Authorised Economic Operator (HKAEO) Programme was given additional resources for promotion in April 2013. Apart from an increasing number of applications and accredited companies, C&ED entered into mutual recognition arrangements (MRAs) with the customs administrations of the Mainland, India and Korea in October and November 2013 and February 2014 respectively. The MRAs allow accredited enterprises to enjoy further customs facilitation such as prioritised clearance and reduced examination of their goods on the Mainland and overseas.
5. The Hong Kong and Mainland Customs have already adopted the same data model developed by the World Customs Organisation to facilitate synchronised submission of cargo data by the industries, the use of which has been smooth. As for the need for a new “third-party platform”, the Mainland and HKSAR will continue to monitor the actual demand of the industries.
6. C&ED will continue to upgrade the functions of ROCARS in order to provide stable and reliable services for shippers and truck drivers; expedite the testing for the feasibility of the harmonisation of the Hong Kong’s Intermodal Transshipment Facilitation Scheme and the Mainland’s Cross-boundary Express Clearance System; and further promote the HKAEO Programme, encouraging companies’ participation and seeking MRAs with different overseas economies. These duties are part of the overall work of C&ED. It is difficult to quantify such expenditure separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 4996)

Head: (33) Civil Engineering and Development Department
Subhead (No. & title): (-) Not Specified
Programme: (1) Tourism and Recreational Development
Controlling Officer: Director of Civil Engineering and Development (C K HON)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 54):

When will the Administration complete the statutory procedures for the proposed public landing facility in Lei Yue Mun, and when will the Administration seek funding in the Legislative Council for the project? Does the Administration have any plan for the other infrastructural facilities to meet the development of the proposed public landing facility?

Asked by: Hon. WU Chi-wai

Reply:

The proposed public landing facility for Lei Yue Mun is one of the facilities to be provided under the Tourism Commission's Lei Yue Mun Waterfront Enhancement Project, and the works in question would be carried out by the Civil Engineering and Development Department. The Department is working on the required statutory procedures for gazettal of the above works under the Foreshore and Seabed (Reclamations) Ordinance. The schedule for submitting the funding approval cannot be confirmed at this stage.

Apart from the public landing facility mentioned above, the Lei Yue Mun Waterfront Enhancement Project covers other beautification works to be carried out by the Architectural Services Department, including the construction of a waterfront promenade; the provision of several lookout points and streetscape improvement works along the footpath linking up the lookout points; as well as the construction of a new viewing platform, etc., with a view to further improving the facilities along the waterfront.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5821)

Head: 78 Intellectual Property Department

Subhead (No. & title):

Programme: (1) Statutory Functions

Controlling Officer: Director of Intellectual Property (CHEUNG Kam-fai, Peter)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 464):

In the past two years, the Intellectual Property Department received financial provisions of \$89.2 million and \$92.6 million respectively:

- a) what was the actual expenditure in respect of the provisions?
- b) how will the estimated expenditure be used?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

- a) For the Intellectual Property Department under Programme (1) Statutory Functions, the actual expenditure for 2012-13 is \$89.2 million and the revised estimate for 2013-14 is \$92.6 million. The actual expenditure for 2013-14 is not available yet.
- b) In 2014-15, the Department's estimate under Programme (1) is \$98.2 million to carry out statutory functions which involve -
 - examining trademark applications, conducting registrability and opposition hearings, maintaining the register of trademarks and making it available for public search;
 - examining patent applications, granting short-term patents, registering patents granted by designated Patent Offices, maintaining the register of patents and making it available for public search;
 - examining design applications, maintaining the register of designs and making it available for public search; and
 - examining applications for registration of copyright licensing bodies, maintaining the register of copyright licensing bodies and making it available for public search.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5822)

Head: 78 Intellectual Property Department

Subhead (No. & title):

Programme: (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property (CHEUNG Kam-fai, Peter)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 465):

Has the authority received any complaints or allegations against “illegal uploading” and “secondary creation”? If yes, what are the respective figures?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

According to the records of the Intellectual Property Department from April 2013 to the present, we have not received any complaints or allegations against “illegal uploading” and “secondary creation”.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5823)

Head: 78 Intellectual Property Department

Subhead (No. & title):

Programme: (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property (CHEUNG Kam-fai, Peter)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 466):

What follow-up work is carried out after the completion of the public consultation on treatment of parody? What is the estimated expenditure involved in the Department's follow-up in future?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

We conducted public consultation last year to explore how parody should be taken care of as appropriate having full regard to present day circumstances. We briefed the Legislative Council Panel on Commerce and Industry on the consultation outcome and our proposed directions in December 2013 and March 2014 respectively. We are now formulating legislative proposals with a view to concluding efforts since 2006 to update our copyright regime and strengthen copyright protection in the digital environment as soon as possible. The related work is absorbed by the existing establishment. It is difficult to quantify such manpower and expenditure separately.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 5824)**

Head: 78 Intellectual Property Department

Subhead (No. & title):

Programme: (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property (CHEUNG Kam-fai, Peter)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 467):

What intellectual property right owners and youth organisations has the Department cooperated with (please list out in detail)? What is the expenditure involved?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

The Intellectual Property Department has been striving to promote the awareness of respect for intellectual property (IP) rights in the general public (including the young people). Over the years, we have maintained close liaison with IP right owners and youth organisations to encourage the general public (including the young people) to respect and protect IP rights by co-organising and supporting various publicity and educational activities, such as promotion videos, talks, music shows, creativity competitions, etc.

In 2013-14, the expenditures in relation to co-organising activities with IP right owners and youth organisations and supporting relevant activities amounted to about \$540,000. These activities included:

- (i) collaborating with the Business Software Alliance and the Customs and Excise Department (C&ED) to organise the "Piracy & Malware" Independent Enquiry Study Competition;
- (ii) collaborating with the Hong Kong Reprographic Rights Licensing Society and the C&ED to organise the "Respect Copyright" Creative Competitions;
- (iii) collaborating with the Intellectual Property Rights Protection Alliance and the C&ED to organise the "Creativity" Film Show;
- (iv) collaborating with the Chinese YMCA of Hong Kong and Wholala Organisation to organise the "I Pledge Live Band Festival";
- (v) collaborating with 13 youth uniform organisations and the C&ED to organise the "I Pledge • Youth Ambassador of the Year Award Presentation cum Drama Performance";
- (vi) supporting the Hong Kong Invention Association in nominating Hong Kong students to participate in the "Guangdong Youth and Children Invention Award";
- (vii) supporting the Hong Kong Intellectual Property Society in organising the Hong Kong and Taiwan "My Video Competition"; and
- (viii) supporting the Hong Kong Recording Industry Alliance Limited in organising the "Chinese New Year Music Composition Quest".

CONTROLLING OFFICER'S REPLY

CEDB(CIT)268

(Question Serial No. 5827)

Head: 78 Intellectual Property Department

Subhead (No. & title):

Programme: (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property (CHEUNG Kam-fai, Peter)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 468):

What stakeholders did the Government collaborate with in enhancing the copyright regime in the digital environment in 2013? Please provide a list of these stakeholders.

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

In 2013-14, we organised many events to enhance the copyright regime in the digital environment in collaboration with the following stakeholders:

- (i) Business Software Alliance, Hong Kong
- (ii) Hong Kong Reprographic Rights Licensing Society
- (iii) Hong Kong Recording Industry Alliance Limited
- (iv) Hong Kong Intellectual Property Society

We have also met with the following stakeholders from various sectors and participated in seminars organised by different organisations to discuss ways to enhance the copyright regime in the digital environment:

- (i) Online Service Providers Alliance
- (ii) The International Federation of Creativity and Technology
- (iii) The Hong Kong Internet Society
- (iv) Copyright and Derivative Works Alliance
- (v) Keyboard Frontline
- (vi) Concern Group of Rights of Derivative Works
- (vii) Hong Kong Copyright Concern Group
- (viii) Hong Kong Comics and Animation Federation
- (ix) The Chamber of Hong Kong Computer Industry
- (x) Hong Kong Software Industry Association
- (xi) Hong Kong Information Technology Joint Council
- (xii) Hong Kong Innovative Technology Preferred
- (xiii) Hong Kong United Youth Science and Technology Association
- (xiv) I.T. People Association of Hong Kong
- (xv) Joint School ACG Union
- (xvi) Copyright Ordinance Amendment Doujin Concern Group

CONTROLLING OFFICER'S REPLY

CEDB(CIT)269

(Question Serial No. 5828)

Head: 78 Intellectual Property Department

Subhead (No. & title):

Programme: (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property (CHEUNG Kam-fai, Peter)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 469):

The Administration stated that a new set of the Copyright Tribunal Rules was being prepared. When will the Rules be issued? Apart from ensuring that proceedings before the Copyright Tribunal can be dealt with efficiently and cost-effectively, what other considerations have been taken into account in preparing the Rules?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

The Government plans to update the Copyright Tribunal Rules to provide a new set of concise and user-friendly rules to modernise the practice and procedure of the Tribunal with a view to not only maintaining the fairness of the proceedings but also making the procedures as flexible, convenient and cost-effective as possible in accordance with contemporary dispute resolution practice. We are updating the Rules along the following approach:

- (i) applying the relevant principles of the Civil Justice Reform as the blueprint of dispute resolution before the Tribunal;
- (ii) prescribing unified standard procedures and forms for all types of applications/references before the Tribunal for the benefits of convenience;
- (iii) empowering the Tribunal to exercise active case management to enhance efficiency;
- (iv) promoting Alternative Dispute Resolution;
- (v) empowering a single member of the Tribunal to exercise certain adjudication powers for greater flexibility;
- (vi) using Practice Directions to provide additional information to regulate administrative matters before the Tribunal, if appropriate; and
- (vii) prescribing a set of self-contained rules to obviate the need for cross references with the Arbitration Ordinance.

We will continue to communicate with stakeholders in respect of the matter with a view to finalising the drafting as early as possible.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5830)

Head: 78 Intellectual Property Department

Subhead (No. & title): (000) Operational expenses

Programme:

Controlling Officer: Director of Intellectual Property (CHEUNG Kam-fai, Peter)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 470):

It is expected that there will be a net increase of 10 posts including one supernumerary post in 2014-15. What are the other posts?

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

The expected net increase of 10 posts in 2014-15 consists of the creation of 1 supernumerary post of Assistant Director of Intellectual Property and the posts of 2 Senior Solicitors, 1 Solicitor, 1 Chief Intellectual Property Examiner, 1 Senior Intellectual Property Examiner, 1 Personal Secretary I and 1 Assistant Clerical Officer; and the creation of 2 posts for the replacement of 2 non-civil service contract positions, including 1 Intellectual Property Examiner I and 1 Assistant Clerical Officer.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0690)

Head: 78 Intellectual Property Department

Subhead (No. & title):

Programme: (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property (CHEUNG Kam-fai, Peter)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 41):

Under this Programme, it is mentioned in “Matters Requiring Special Attention in 2014-15” that the Intellectual Property Department will organise promotion and education activities specially for SMEs with emphasis placed on IP protection and management. Please advise this Committee of the details of the activities, as well as the expenditure and manpower required. How effective are such efforts in recent years? Will the Administration step up the promotional work?

Asked by: Hon. CHUNG Kwok-pan

Reply:

The Intellectual Property Department (IPD) maintains close liaison with the local business sector (including small and medium enterprises (SMEs), business associations, intellectual property (IP) intermediaries, etc.). Through organising various publicity and education activities and providing information on the IP laws and systems in the Mainland and Hong Kong, we aim to promote SMEs' understanding of the importance of protecting their IP rights and raise their awareness of innovation and IP management, with a view to enhancing their competitiveness.

In 2014-15, we have earmarked about \$2.4 million for promotion and education efforts mainly targeted at SMEs. The related work will be undertaken by our Marketing Division. The Division currently comprises nine staff members.

In the coming year, we will continue to organise promotion and education activities targeted at SMEs to help them protect and manage their IP assets in Hong Kong and in the region. This includes the following activities:

- i) participate actively in major exhibitions and seminars for SMEs held in Hong Kong, such as the “World SME Expo”, “Inno Design Tech Expo”, “Entrepreneur Day” and “Hong Kong International Licensing Show”;
- ii) co-organise promotional activities, such as seminars, exchange activities, with various business associations, to brief SMEs on the latest information on IP rights as well as issues on the protection and management of IP rights and distribute related booklets on these occasions; and

- iii) continue to co-organise activities with the IP authorities in Guangdong Province under the framework of the “Guangdong/Hong Kong Expert Group on the Protection of IP Rights” to promote and publicise the importance of IP rights protection and management. These will include organising thematic seminars, updating and enriching the content of the “Intellectual Property Database for Guangdong, Hong Kong and Macao” (www.ip-prd.net) as well as the “Guangdong/Hong Kong IP Cooperation Corner”, “Mainland Enterprises Corner” and “Mainland and Hong Kong Trademark Column” on IPD’s website (www.ipd.gov.hk), organising exchange activities and informing the business sector of the information on application for Guangdong Provincial Famous Trademarks by Hong Kong-invested enterprises in Guangdong.

IPD has conducted six rounds of “Survey on Business Attitudes to Intellectual Property” since 2004 to examine the current level of awareness and attitude of the business sector towards IP rights protection; as well as to evaluate the effectiveness of its promotion and education efforts targeted at the business sector. According to the findings of the survey conducted in November 2012, nearly two-thirds of the business establishments interviewed considered the promotional activities held by IPD effective in raising the awareness of Hong Kong businesses on IP rights protection. IPD will conduct a new round of “Survey on Business Attitudes to Intellectual Property” in 2014. Reference will be made to the findings in formulating suitable publicity strategies and activity plans.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2406)

Head: 78 Intellectual Property Department

Subhead (No. & title):

Programme: (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property (CHEUNG Kam-fai, Peter)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 34):

As regards policies for the development of an intellectual property trading market in Hong Kong, would the Administration advise in detail of:

- (a) the specific measures in expanding the related professions, such as valuer and lawyer;
- (b) the specific measures in providing more financing channels; and
- (c) the order or priority of implementation of various relevant measures.

Asked by: Hon. IP LAU Suk-ye, Regina

Reply:

Since its establishment in March 2013, the Working Group on Intellectual Property (IP) Trading (the Working Group) met regularly and held briefing session to exchange views with stakeholders of the IP industry. Two sub groups were formed under the Working Group to look into the more important and specialised subjects of IP valuation, and IP arbitration and mediation respectively. Taking account of stakeholders' views and after careful deliberation, the Working Group endorsed in end-2013 a strategic framework (the Framework) which covers four strategic areas, namely (i) enhancing the IP protection regime; (ii) supporting IP creation and exploitation; (iii) fostering IP intermediary services and manpower capacity; and (iv) pursuing promotion, education and external collaboration efforts.

Based on this Framework, the Working Group will explore specific policies and other support measures under each strategic area for driving the development of Hong Kong as a premier IP trading hub in the region in 2014.

Regarding the third strategic area, one of our strategies is to attract and nurture talents in IP activities and support the building of IP related professions. For example, the Government has agreed to introduce a regulatory regime in the long run for the patent agency services as a complementary component of the future "Original Grant" Patent (OGP) System. Work is underway to study the implementation.

In studying the subject of IP valuation, one of the two sub groups formed under the Working Group is looking into the wider issues of IP due diligence (in such aspects as technical and legal ones), IP financing and IP insurance. The sub group is first considering ways to facilitate development of some IP valuation standards for use by valuers and various stakeholders. This will help financial institutions, investors, intermediaries and enterprises better understand the nature and value of IP as an asset class and help IP financing.

Meanwhile, action is already underway to introduce measures to promote IP trading in Hong Kong, such as:

- working to develop and implement an OGP System with a view to enhancing our IP regime. Subject to the progress of implementation work and legislation in the future, we aim at launching the OGP system in 2016/17 at the earliest;
- reviewing our copyright regime and proposing directions for taking care of parody as appropriate under our regime having regard to present day circumstances to strike a balance between copyright protection and freedom of expression;
- co-organising the Business of Intellectual Property (BIP) Asia Forum with the Hong Kong Trade Development Council (HKTDC) and Hong Kong Design Centre to bring this annual IP flagship event in the region to a more strategic level;
- HKTDC launched the Asia IP Exchange, an online IP trading portal, at the BIP Asia Forum in end-2013 to enhance Hong Kong's online IP trading volume, capabilities and connections; and
- working to conduct a Survey on Intellectual Property Trading for providing statistical and other relevant data to support the work of the Working Group.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3126)

Head: 78 Intellectual Property Department

Subhead (No. & title):

Programme: (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property (CHEUNG Kam-fai, Peter)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 24):

Will the Administration please explain why the estimate for 2014-15 shows a substantial increase of 26.5% over the original estimate for 2013-14?

Asked by: Hon. LAU Wai-hing, Emily

Reply:

The Intellectual Property Department will create an additional 9 non-directorate posts (including 2 posts for replacing non-civil service posts) and 1 directorate post in 2014-15. The 7 non-directorate posts will form a new designated team to provide support for the new directorate post. The duties and responsibilities of the new team include implementing the original grant patent system, operating the new Patents Registry, implementing the refined short-term patent system and handling issues relating to establishing a regulatory regime for patent agents.

The new directorate post will also assist in driving the new policy initiative of promoting intellectual property trading with the support of the existing Marketing Division. The Marketing Division currently comprises nine staff members.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0366)

Head: 78 Intellectual Property Department

Subhead (No. & title):

Programme: (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property (CHEUNG Kam-fai, Peter)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 9):

The estimated provision for Programme (2) Protection of Intellectual Property in 2014-15 is \$35.3 million. What actions will the Administration take to:

- (1) assist businesses operating in the Mainland to strengthen protection and management of their intellectual property rights; and
- (2) promote protection and management of intellectual property rights to small and medium enterprises?

Asked by: Hon. LEUNG Kwan-yuen, Andrew

Reply:

- (1) To help the business sector (including small and medium enterprises (SMEs), business associations, intellectual property (IP) intermediaries, etc) strengthen protection and management of their IP rights, the Intellectual Property Department (IPD) maintains close co-operation with the Mainland authorities responsible for IP protection. In 2014-15, IPD will organise the following promotion and education activities:
 - (i) continue to co-organise the “Mainland, Hong Kong SAR and Macao SAR Intellectual Property Symposium” with the State Intellectual Property Office and the Macao Economic Services to keep the business sector abreast of the latest development of IP protection in the three places; and
 - (ii) continue to co-organise activities with the IP authorities in Guangdong Province under the framework of the “Guangdong/Hong Kong Expert Group on the Protection of IP Rights” to promote and publicise the importance of IP rights protection and management as well as the concept of IP trading. Such activities include organising thematic seminars, and updating and enriching the content of the “Intellectual Property Database for Guangdong, Hong Kong and Macao” (www.ip-prd.net) as well as the “Guangdong/Hong Kong IP Cooperation Corner”, “Mainland Enterprises Corner” and “Mainland and Hong Kong Trademark Column” on IPD’s website (www.ipd.gov.hk), with a view to providing the business sector with information about IP protection in the three places including law and regulations, registration procedures, enforcement

issues, promotion and education activities. IPD will also continue to organise exchange activities to enable the business sector to establish connection with the authorities and business sector related to IP on the Mainland, and to disseminate to the business sector information on application for Guangdong Provincial Famous Trademarks by Hong Kong-invested enterprises in Guangdong.

- (2) To promote IP protection and management to SMEs, IPD maintains close liaison with the local business sector (including SMEs, business associations and IP intermediaries). In 2014-15, IPD will organise the following promotion and education activities:
- (i) organise seminars with emphasis on IP trading, and continue supporting the Government to co-organise the “Business of IP Asia Forum” with the Hong Kong Trade Development Council and the Hong Kong Design Centre;
 - (ii) produce TV Announcement of Public Interest and dedicated informative webpages targeting SMEs, etc to help the business sector understand better the importance of protecting their IP rights and to raise their awareness of innovation and IP management, with a view to enhancing their competitiveness;
 - (iii) participate actively in major exhibitions and seminars for SMEs held in Hong Kong, such as the “World SME Expo”, “Inno Design Tech Expo”, “Entrepreneur Day” and “Hong Kong International Licensing Show”; and
 - (iv) co-organise promotional activities, such as seminars and exchange activities, with various business associations, to brief SMEs on the latest issues on the protection and management of IP rights and distribute related booklets on these occasions.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0605)

Head: 78 Intellectual Property Department

Subhead (No. & title):

Programme: (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property (CHEUNG Kam-fai, Peter)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No.32):

As mentioned in the Budget, the Administration will develop Hong Kong as a hub for intellectual property trading in the region, which covered introducing an original grant patent system and carrying out extensive promotion and publicity activities. It is, however, noted that the Bureau expects to increase manpower by only 9 non-directorate posts. How many officers will be assigned by the Department to handle the above matter and why?

Asked by: Hon. LIAO Cheung-kong, Martin

Reply:

The Intellectual Property Department will create an additional 9 non-directorate posts (including 2 posts for replacing non-civil service posts) and 1 directorate post in 2014-15. The 7 non-directorate posts will form a new designated team to provide support for the new directorate post. The duties and responsibilities of the new team include implementing the original grant patent system, operating the new Patents Registry, implementing the refined short-term patent system and handling issues relating to establishing a regulatory regime for patent agents.

The new directorate post will also assist in driving the new policy initiative of promoting intellectual property trading with the support of the existing Marketing Division. The Marketing Division currently comprises nine staff members.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0606)

Head: 78 Intellectual Property Department

Subhead (No. & title): (000) Operational expenses

Programme:

Controlling Officer: Director of Intellectual Property (CHEUNG Kam-fai, Peter)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 33):

With respect to the allowances under personal emoluments, while the revised estimate for 2013-14 is about 64% higher than the actual expenditure for 2012-13, the estimate for 2014-15 is only about 24% higher than the revised estimate for 2013-14. What are the reasons for the relatively low estimate?

Asked by: Hon. LIAO Cheung-kong, Martin

Reply:

Regarding the allowances under personal emoluments, the revised estimate for 2013-14 is \$3.649 million, representing an increase of \$1.425 million (64%) over the actual expenditure of \$2.224 million for 2012-13. The estimated expenditure in this area for 2014-15 is \$4.524 million, representing an increase of \$0.875 million (24%) over the revised estimate for 2013-14. The difference between the rates of increase lies mainly in the expenditure on acting allowance. To meet the operational needs of the department, we have made more acting arrangements in 2013-14 than in 2012-13 and the arrangements involved higher ranking positions. This resulted in a relatively large increase in the expenditure on acting allowance in 2013-14. We expect that there will be slightly more acting arrangements in 2014-15 than in 2013-14. The increase in the overall expenditure on allowances under personal emoluments in 2014-15 will therefore be relatively mild.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 2969)**

Head: 78 Intellectual Property Department

Subhead (No. & title):

Programme: (1) Statutory Functions

Controlling Officer: Director of Intellectual Property (CHEUNG Kam-fai, Peter)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 8):

It is stated in the Budget Speech that “the Secretary for Commerce and Economic Development will continue to lead the relevant working group to devise measures to develop Hong Kong as an IP trading hub in the region. The objectives are to provide more financing and trading channels for enterprises, and promote the development of the creative and technology industries.”

- (a) Please provide a breakdown of the respective numbers of patent applications received and patents granted by the Intellectual Property Department in the past 3 years. Has there been an obvious increase in such applications during the past year? If yes, what are the reasons? If not, the reasons for that?
- (b) There are insufficient talents for processing and examining patent applications. What is the Administration's latest plan to strengthen the training of manpower and technical expertise?
- (c) The Commerce and Economic Development Bureau will continue to work with the Advisory Committee on Review of the Patent System on the implementation for further developing the patent system in Hong Kong. What is the latest work progress?
- (d) The development of intellectual property trading requires expertise in various fields. What concrete plan on training of manpower will the Administration adopt to address the issue?
- (e) Please explain in detail the measures formulated by the relevant working group and the progress of implementation of such measures.

Asked by: Hon. QUAT, Elizabeth

Reply:

The numbers of patent applications received and patents granted by the Patents Registry of the Intellectual Property Department (IPD) in 2011, 2012 and 2013 are as follows:

| | 2011 | 2012 | 2013 |
|---|--------|--------|--------|
| Standard patent applications received | 13 493 | 12 988 | 13 916 |
| Short-term patent applications received | 615 | 645 | 552 |
| Standard patents granted | 5 050 | 5 035 | 6 564 |
| Short-term patents granted | 517 | 515 | 538 |

Application numbers may be affected by macro factors such as the economic environment. IPD does not possess concrete information to explain the changes in numbers.

The Government announced in February 2013 the way forward for the development of the patent system in Hong Kong, including the establishment of an “original grant” patent (OGP) system and the refinement of the existing short-term patent system. Subject to the progress of implementation work and preparation of new legislation, we tentatively aim at launching the OGP system in 2016-17 at the earliest. IPD has started preparatory work. Major tasks to be carried out in the coming years include –

- (i) mapping out the legal and administrative framework for revamping our patent system, and overseeing a consultancy study to assist in formulating the legal framework for the OGP system;
- (ii) finalising the detailed arrangement of substantive examination for the OGP system and the refined short-term patent system;
- (iii) formulating appropriate legislative amendments for introduction into the Legislative Council;
- (iv) planning and building the electronic system in support of the new patent regime;
- (v) drafting examination manuals and designing workflows for examination of patent applications under the new patent system;
- (vi) providing ongoing secretariat support, including substantial amount of legal research input, to the Advisory Committee on Review of the Patent System in Hong Kong;
- (vii) engaging the stakeholders for support from time to time; and
- (viii) promoting the new patent system prior to its introduction.

IPD has reached a co-operation arrangement with the State Intellectual Property Office to secure its support in providing technical assistance and support in substantive examination for Hong Kong’s OGP system and refined short-term patent system, and to assist Hong Kong in manpower training and development to build up its capability for conducting substantive examination. Meanwhile, the IPD will, as usual and in accordance with operational needs, dispatch its staff to attend patent-related seminars and training programmes so as to continuously enhance their professional expertise.

Working Group on Intellectual Property (IP) Trading (the Working Group) endorsed in end-2013 the Framework which covers four strategic areas, namely enhancing the IP protection regime; supporting IP creation and exploitation; fostering IP intermediary services and manpower capacity; and pursuing promotion, education and external collaboration efforts. Based on this Framework, the Working Group will explore specific policies and other support measures under each strategic area for driving the development of Hong Kong as a premier IP trading hub in the region in 2014. Meanwhile, action is already underway to introduce measures to promote IP trading in Hong Kong, such as:

- working to develop and implement an “Original Grant” Patent (OGP) System with a view to enhancing our IP regime. Subject to the progress of implementation work and legislation in the future, we aim at launching the OGP system in 2016/17 at the earliest;

- reviewing our copyright regime and proposing directions for taking care of parody as appropriate under our regime having regard to present day circumstances to strike a balance between copyright protection and freedom of expression;
- co-organising the Business of Intellectual Property (BIP) Asia Forum with the Hong Kong Trade Development Council (HKTDC) and Hong Kong Design Centre to bring this annual IP flagship event in the region to a more strategic level;
- HKTDC launched the Asia IP Exchange, an online IP trading portal, at the BIP Asia Forum in end-2013 to enhance Hong Kong's online IP trading volume, capabilities and connections; and
- working to conduct a Survey on Intellectual Property Trading for providing statistical and other relevant data to support the work of the Working Group.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)278****(Question Serial No. 2985)**Head: 78 Intellectual Property DepartmentSubhead (No. & title):Programme: (1) Statutory FunctionsControlling Officer: Director of Intellectual Property (CHEUNG Kam-fai, Peter)Director of Bureau: Secretary for Commerce and Economic DevelopmentThis question originates from: Estimates on Expenditure Volume Page (if applicable)Question (Member Question No. 18):

Has the Government made use of existing financial resources and manpower to find out the current situation of intellectual property trading in Hong Kong? If yes, please provide details of intellectual property trading in Hong Kong in the past 3 years in terms of the number of transactions, nature and geographical origins of the intellectual properties traded, trade value and peripheral services involved, and the amount of financial resources and manpower deployed by the Government to get the above picture; if no, the detailed reasons for that.

Asked by: Hon. QUAT, ElizabethReply:

Intellectual property (IP) include patents, copyright works, industrial designs, trademarks, semi-conductor layout-designs, trade secrets, etc. IP trading broadly refers to the trading of the above IP rights, and may take different forms of trading such as licensing, acquisition and franchising. As such, the Government does not have a unified statistic for IP trading. As an example for reference, according to the figures of the Census and Statistics Department, the exports and imports of services¹ classified as charges for the use of IP² by service component in 2010-12 are as follows:

| Exports of services | | | Imports of services | | |
|---------------------|--------------|------------------------|---------------------|--------------|------------------------|
| Year | HK\$ million | As a % of all services | Year | HK\$ million | As a % of all services |
| 2010 | 3,110 | 0.5 | 2010 | 15,367 | 2.8 |
| 2011 | 3,575 | 0.5 | 2011 | 15,640 | 2.7 |
| 2012 | 4,034 | 0.5 | 2012 | 15,656 | 2.6 |

In 2014-15, we will conduct a Survey on IP Trading for providing statistical and other relevant data to assess the IP trading situation in Hong Kong. The tender process is in progress and the amount of resources required is not available yet.

- Exports and imports of services refer to transactions between the residents (individuals and organisations) of an economy and the residents of another economy.
- Charges for the use of IP include franchises and trademarks licensing fees, and charges for the use of other IP rights.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1678)

Head: 78 Intellectual Property Department

Subhead (No. & title):

Programme: (2) Protection of Intellectual Property

Controlling Officer: Director of Intellectual Property (CHEUNG Kam-fai, Peter)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 5):

It is stated that “[t]rade in Intellectual Property (IP) has great development potential. The Secretary for Commerce and Economic Development will continue to lead the relevant working group to devise measures to develop Hong Kong as an IP trading hub in the region. The objectives are to provide more financing and trading channels for enterprises, and promote the development of the creative and technology industries.” Please advise this Committee of:

- (a) the estimated expenditure to be incurred by the Department for this task in 2014-15;
- (b) the number and rank(s) of officers undertaking the task;
- (c) concrete work plan covering which project(s) to be included; and
- (d) the progress or timetable for 2014-15?

Asked by: Hon. SIN Chung-kai

Reply:

- (a) The related expenditure is included in IPD’s estimated provision for publicity and educational programmes. It is difficult to quantify such expenditure separately.
- (b) The IPD shall create a supernumerary post of Assistant Director of Intellectual Property (ADIP) at the rank of DL2 for a period of three years with effect from 1 April 2014 to carry out the work relating to the implementation of the “original grant” patent system and the strengthening of the promotion of Hong Kong as an intellectual property trading hub. With the support of the existing Marketing Division of the IPD, the supernumerary ADIP post will render assistance to the Commerce and Economic Development Bureau in driving the policy initiative of IP trading. The Marketing Division currently comprises nine staff members, including the Head, 3 Senior Managers, 4 Assistant Managers and 1 Marketing Co-ordinator.

(c)&(d)

Since its establishment in March 2013, the Working Group on Intellectual Property (IP) Trading (the Working Group) met regularly and held briefing session to exchange views with stakeholders of the IP industry. Two sub groups were formed under the Working Group to look into the more important and specialised subjects of IP valuation, and IP arbitration and mediation respectively. Taking account of stakeholders’ views and after careful

deliberation, the Working Group endorsed in end-2013 a strategic framework (the Framework) which covers four strategic areas, namely enhancing the IP protection regime; supporting IP creation and exploitation; fostering IP intermediary services and manpower capacity; and pursuing promotion, education and external collaboration efforts.

Based on this Framework, the Working Group will explore specific policies and other support measures under each strategic area for driving the development of Hong Kong as a premier IP trading hub in the region in 2014. Meanwhile, action is already underway to introduce measures to promote IP trading in Hong Kong, such as:

- working to develop and implement an “Original Grant” Patent (OGP) System with a view to enhancing our IP regime. Subject to the progress of implementation work and legislation in the future, we aim at launching the OGP system in 2016/17 at the earliest;
- reviewing our copyright regime and proposing directions for taking care of parody as appropriate under our regime having regard to present day circumstances to strike a balance between copyright protection and freedom of expression;
- co-organising the Business of Intellectual Property (BIP) Asia Forum with the Hong Kong Trade Development Council (HKTDC) and Hong Kong Design Centre to bring this annual IP flagship event in the region to a more strategic level;
- HKTDC launched the Asia IP Exchange, an online IP trading portal, at the BIP Asia Forum in end-2013 to enhance Hong Kong’s online IP trading volume, capabilities and connections; and
- working to conduct a Survey on Intellectual Property Trading for providing statistical and other relevant data to support the work of the Working Group.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)280****(Question Serial No. 1038)**Head: 78 Intellectual Property DepartmentSubhead (No. & title):Programme: (1) Statutory Functions, (2) Protection of Intellectual PropertyControlling Officer: Director of Intellectual Property (CHEUNG Kam-fai, Peter)Director of Bureau: Secretary for Commerce and Economic DevelopmentThis question originates from: Estimates on Expenditure Volume Page (if applicable)Question (Member Question No. 74):

Regarding the development of the patent system in Hong Kong, the Administration is requested to provide information on:

- (1) the number of applications for registration of trademarks, patents and designs respectively in Hong Kong in each of the past 5 years; among these applications, the number of successful and unsuccessful applications; the average time to process an application; and the manpower and expenditure involved in processing these applications by the Administration;
- (2) the details of the Administration's proposal on establishing an "original grant patent" system; the economic benefits that are expected to be brought to Hong Kong; and the timetable, manpower arrangement and estimated expenditure.

Asked by: Hon. WONG Kwok-hingReply:

1.

- (a) The numbers of applications received by the Trade Marks and Designs Registries under the Intellectual Property Department (IPD) between 2009 and 2013 are as follows:

| | Applications for trademark registration received | Applications for registered design received (in terms of the number of designs) |
|---|--|---|
| 2009 | 24 754 | 3 818 |
| 2010 | 28 872 | 4 245 |
| 2011 | 32 559 | 4 839 |
| 2012 | 35 530 | 5 206 |
| 2013 | 37 092 | 4 584 |
| Total | 158 807 | 22 692 |
| Among the total, the number of applications successfully registered | 118 705 | 21 130 |

| | Applications for trademark registration received | Applications for registered design received (in terms of the number of designs) |
|--|--|---|
| Among the total, the number of applications refused by the Registries or withdrawn by applicants | 17 649 | 657 |
| Average time between the receipt of applications and applications registered | About 8 months | About 3.5 months |

(b) The numbers of patent applications received by the Patents Registry under the IPD between 2009 and 2013 and the results of such requests are as follows:

| | Applications for standard patent received | Applications for short-term patent received |
|--|---|---|
| 2009 | 11 857 | 551 |
| 2010 | 11 702 | 614 |
| 2011 | 13 493 | 615 |
| 2012 | 12 988 | 645 |
| 2013 | 13 916 | 552 |
| Total | 63 956 | 2 977 |
| Among the total, the number of successful grants | 10 619 | 2 400 |
| Among the total, the number of applications refused by the Registry or withdrawn by applicants | 1 282 | 443 |
| Average time between the receipt of applications and applications granted | Depending on the time taken by the designated patent offices* for grant of the patent | About 6 months |

* The three designated patent offices are, namely, the State Intellectual Property Office (SIPO) of the People's Republic of China, the European Patent Office (EPO) for patents designating the UK and the UK Patent Office (UKPO).

- (c) The manpower and expenditure to be involved in processing applications by the Trade Marks, Patents and Designs Registries under the IPD in 2014-15 are as follows:

| | Manpower | Expenditure (\$million) |
|--------------------------------|----------|-------------------------|
| Trademarks, Patents and Design | 78 | 71.95 |

2. Upon accepting the strategic recommendations made by the Advisory Committee on Review of the Patent System in Hong Kong (the Advisory Committee), the Government announced in February 2013 the future positioning of Hong Kong's patent system, including setting up an "original grant" patent (OGP) system whilst retaining the current re-registration system for grant of standard patents. It bears strategic significance in facilitating the development of Hong Kong into a regional innovation and technology hub, as well as a premier intellectual property (IP) trading hub.

Subject to the progress of implementation work and preparation of new legislation, we tentatively aim at launching the OGP system in 2016-17 at the earliest. IPD has started preparatory work. Major tasks to be carried out in the coming years include –

- (a) mapping out the legal and administrative framework for revamping our patent system, and overseeing a consultancy study to assist in formulating the legal framework for the OGP system;
- (b) finalising the detailed arrangement of substantive examination for the OGP system and the refined short-term patent system;
- (c) formulating appropriate legislative amendments for introduction into the Legislative Council;
- (d) planning and building the electronic system in support of the new patent regime;
- (e) drafting examination manuals and designing workflows for examination of patent applications under the new patent system;
- (f) providing ongoing secretariat support, including substantial amount of legal research input, to the Advisory Committee;
- (g) engaging the stakeholders for support from time to time; and
- (h) promoting the new patent system prior to its introduction.

For the establishment of the OGP system, IPD will create 8 posts in 2014-15, including 1 directorate and 7 non-directorate posts. They will form a new designated team to carry out the above tasks, operate the new Patents Registry, and handle issues relating to establishing a regulatory regime for patent agents. Calculated on the basis of notional annual mid-point salary, the expenditure in terms of personal emoluments of the 8 newly established posts is approximately \$7.472 million per annum.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5277)

Head: 78 Intellectual Property Department

Subhead (No. & title): (000) Operational expenses

Programme:

Controlling Officer: Director of Intellectual Property (CHEUNG Kam-fai, Peter)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 53):

What is the 2014-15 estimate for the Intellectual Property Department's duty visits or exchanges in the Mainland? Please provide information about the themes of duty visits or exchanges in the Mainland planned for 2014-15. How will the Administration prevent activities irrelevant to official duties from taking place during duty visits outside Hong Kong? And how will the Administration prevent applications for revising visit destinations from becoming a mere formality?

Asked by: Hon. WONG Yuk-man

Reply:

In 2014-15, officers in Intellectual Property Department will conduct duty visits based on operational needs, including fostering professional ties with the Mainland, strengthening co-operation / exchange with the Mainland and attending relevant conferences, etc.

Expenditure of duty visits incurred by public funds is subject to relevant regulations and guidelines to ensure effective monitoring and prudent use of public funds. Under the guidelines, official duty visits undertaken should be fully justified on operational grounds. Prior approval must be obtained for duty visits and non-official activities should be avoided. In making an application, an officer should provide all necessary information in respect of the proposed duty visit as far as practicable. Where there are subsequent changes to the visit arrangements, the officer should inform the approving authority as soon as possible to assess the need for reconsideration of the application afresh.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0289)

Head: (79) Invest Hong Kong

Subhead (No. & title):

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Simon GALPIN)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 46):

In the "Matters Requiring Special Attention in 2014-15" under this programme, it is stated that the Administration will further strengthen aftercare support to multinational companies already established in Hong Kong. In this connection, will the Government inform this Committee of the following:

- (a) What will be the operational expenses, staff establishment and estimated salary provision involved in the above matter in 2014-15?
- (b) What measures will be taken to achieve the target of "further strengthening aftercare support to multinational companies already established in Hong Kong"?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

Provision of aftercare services is an important dimension of the work of Invest Hong Kong (InvestHK) to help retain investment in Hong Kong. In 2014-15, InvestHK will continue to strengthen its aftercare services. Apart from conducting regular visits to multinational companies already set up in Hong Kong to better understand their service needs, InvestHK will offer facilitation services such as visa and licence applications as well as placement in international schools for accompanying children of expatriate employees when these companies expand their business in Hong Kong. InvestHK will also continue to organise events targeting specific markets or business sectors to provide existing overseas and Mainland companies in Hong Kong with networking opportunities and updated market information, to strengthen relationship with these companies and to offer services to facilitate the expansion of their business. The estimated expenditure for organising these events in 2014-15 is around \$1.7 million. The figure does not include other staff cost or general marketing and promotion expenses which cannot be separately itemised.

Provision of aftercare services is one of the duties of the eight sector teams in the Head Office of InvestHK, involving eight Investor Relations Officers, 28 Investor Support Officers and two Investment Promotion Assistants. The estimated annual salary provision of these officers relating to their involvement in this area of work cannot be separately itemised.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2830)

Head: (79) Invest Hong Kong

Subhead (No. & title):

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Simon GALPIN)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 19):

On investment promotion, both foreign direct investment inflow into Hong Kong and share of foreign direct investment inflow into Hong Kong in the overall inflow into South-East Asia showed a downward trend in 2012 and have fallen to a record low since 2010. Has the Administration assessed the situation and uncovered the reasons for the downward trend? Has the Government figured out the reasons for the withdrawal of equity capital as well as the background of the enterprises concerned and the sectors to which they belonged? Please give a detailed account of the above. In addition, can the Government provide the figures of investment inflow in these two respects in the past year and the estimated figures for the coming year? What measures will be adopted to further attract foreign investment in Hong Kong?

Asked by: Hon. CHEUNG Wah-fung, Christopher

Reply:

Foreign direct investment (FDI) inflow is affected by macroeconomic conditions on a global scale. Due to the uncertainties in the world economy in recent years and fluctuations in the financial environment arising from destabilising factors such as the sovereign debt crisis in Europe and the fiscal cliff problem in the US, global FDI fell by about 20% in 2012. Hong Kong was therefore not the only place affected by the fragile global economic conditions in 2012. The drop in FDI inflow into Hong Kong in 2012 compared to that in 2011 was mainly attributable to the withdrawal of equity capital in some Hong Kong enterprises which had received direct investment from abroad by a few multinational corporations. Notwithstanding the decrease in FDI inflow into Hong Kong in 2012, the total value of FDI inflows into Hong Kong remained huge. In 2012, Hong Kong was the third largest FDI recipient in the world (up from fourth in 2011) after the US and the Mainland, showing that Hong Kong has continued to be a preferred destination for FDI. For the first three quarters of 2013, Hong Kong's FDI inflow was maintained at a level similar to that for the same period in 2012. Statistics on the proportion of Hong Kong's FDI inflow to the total FDI inflow into Southeast Asia in 2013 and the forecast on FDI inflow into Hong Kong for 2014 are yet to be available.

In 2014-15, Invest Hong Kong (InvestHK) will continue to conduct marketing campaigns and seminars in and investment promotion visits to priority markets such as the Mainland, Taiwan and Association of Southeast Asian Nations (ASEAN) to attract FDI from these markets, with the support of its eight sector teams in the head office and through its representatives in 28 locations worldwide, including 15 Investment Promotion Units (IPUs) based in the Hong Kong Economic and Trade Offices, the Beijing Office and the Hong Kong Economic, Trade and Cultural Office in Taiwan as well as 13 overseas consultants in locations not covered by IPUs. InvestHK will also continue to accord priority to promoting the business sectors where Hong Kong has a competitive edge, including the financial services, creative industries as well as information and communications technology sectors, with a view to identifying potential investors and encouraging them to invest and set up business operation in Hong Kong.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0321)

Head: (79) Invest Hong Kong

Subhead (No. & title):

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Simon GALPIN)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 14):

As mentioned under Matters Requiring Special Attention in 2014-15, Invest Hong Kong (InvestHK) will, inter alia, continue to focus investment promotion efforts on the priority sectors, with an emphasis on the financial services, creative industries as well as information and communications technology sectors. What are the specific measures and expenditures involved? Please provide figures in respect of the key priority sectors. As the Chief Executive announced in his 2013 Policy Address that we must deepen and expand our industries, how much expenditure did InvestHK spend in the past year on promoting investment in our industries? How effective were the promotion efforts? Will there be continued efforts to promote development of our industries? If so, what are the details and expenditures involved?

Asked by: Hon. CHUNG Kwok-pan

Reply:

Invest Hong Kong (InvestHK) prioritises its investment promotion work to support Government policy objectives. In 2013-14, InvestHK focused its investment promotion work in the financial services, creative industries as well as innovation and technology sectors. Through organising sector-focused receptions and sponsoring major local and overseas events, InvestHK has showcased Hong Kong as an ideal business location for companies in these sectors and encouraged these companies to set up offices in Hong Kong. The expenditure incurred in 2013-14 for organising and sponsoring the related events is around \$1.5 million. The figure does not include staff cost or general marketing and promotion expenses which cannot be separately itemised. In 2013, InvestHK completed a total of 42 projects from the financial services sector, 34 projects from the creative industries sector and 45 projects from the innovation and technology sector.

In 2014-15, InvestHK will continue to accord priority to promoting business sectors where Hong Kong has competitive edge, including the financial services, creative industries as well as information and communications technology sectors. InvestHK will conduct investment promotion visits in target markets such as the US, Mainland, the UK, Germany, France, Japan and Singapore, and organise investment promotion activities in target markets with the support of its representatives in 28 locations worldwide, including 15 Investment Promotion Units (IPUs) based in the Hong Kong Economic and Trade Offices, the Hong Kong Economic, Trade and Cultural

Office in Taiwan and the Beijing Office as well as 13 overseas consultants in locations not covered by IPU, with the objective of encouraging and assisting companies in these markets to set up or expand their business in Hong Kong. InvestHK will also continue to partner with relevant organisations such as the Hong Kong Science and Technology Parks Corporation, Cyberport, the Hong Kong Exchanges and Clearing Limited in respect of its promotion work in the priority sectors, as well as to organise sector-focused receptions and sponsor major local and overseas events, with a view to promoting the business opportunities in these priority sectors. The estimated expenditure for organising and sponsoring the related events in 2014-15 is around \$1.5 million. The figure does not include staff cost or general marketing and promotion expenses which cannot be separately itemised.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2793)

Head: (79) Invest Hong Kong

Subhead (No. & title):

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Simon GALPIN)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 55):

In the Matters Requiring Special Attention in 2014-15 under this programme, it is stated that Invest Hong Kong will continue to attract global startups to set up business in Hong Kong and to promote Hong Kong as a leading hub for startups and entrepreneurship. Please advise this committee how effective such work was in the past year and which global startups were attracted to Hong Kong to start their business. What was the expenditure involved? What are the specific work plans and estimated expenditure in 2014-15? In recent years, some survey reports suggested that Hong Kong was becoming less competitive. How will Invest Hong Kong promote Hong Kong as a leading hub for startups and entrepreneurship? What is the promotion focus?

Asked by: Hon. CHUNG Kwok-pan

Reply:

To seize the opportunities brought by the rapidly growing startup sector and to provide a one-stop service platform to global startups, InvestHK embarked on a worldwide initiative in 2013 known as "StartmeupHK". The objective of the initiative is to promote Hong Kong as a leading hub for entrepreneurship, and to encourage startups which are innovative and scalable to use Hong Kong as a launch pad to grow their businesses. In 2013, InvestHK launched an integrated social media-led marketing campaign, set up a startmeup.hk website and organised a global competition, to promote Hong Kong as a leading global hub for startups and attract more startup entrepreneurs to set up in Hong Kong. In 2013, InvestHK assisted 55 startups from different sectors to set up their business operations in Hong Kong. The actual expenditure incurred in 2013-14 for conducting the related investment promotion activities was about \$2.7 million.

In 2014-15, InvestHK will continue with its StartmeupHK initiative through social media and other channels, and once again organise a global competition to further promote Hong Kong as a leading hub for startups, and assist startups in taking their businesses global. InvestHK will organise investment promotion events in key startup hubs such as London and Tel Aviv to tie in with the major startup events held in these places. It will also conduct a series of roadshows in and investment promotion visits to key overseas markets in Europe and North America, targeting startup entrepreneurs.

Furthermore, InvestHK will enhance its startmeup.hk website set up under the StartmeupHK initiative to provide startups with a one-stop service platform and assist them in better integrating into the wider business and financial community as well as reaching out to other supporting organisations in Hong Kong. InvestHK will also partner with Government departments and organisations including the Innovation and Technology Commission, the Office of the Government Chief Information Officer, the Hong Kong Science and Technology Parks Corporation, Cyberport, Innocentre and the Hong Kong Productivity Council to promote Hong Kong as a global premier destination for startups. The estimated expenditure for conducting the related investment promotion activities is around \$3.8 million. The figure does not include staff costs or general marketing and promotion expenses which cannot be separately itemised.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2622)

Head: (79) Invest Hong Kong

Subhead (No. & title):

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Simon GALPIN)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 20):

Regarding the effort to “further strengthen aftercare support to multinational companies already established in Hong Kong”, please advise:

- (a) What is the approximate estimated expenditure of the Bureau in this area in 2014-15?
- (b) What are the number and ranks of officers responsible for this task?
- (c) What items are included in the concrete action plan?
- (d) What is the progress or timetable in 2014-15?

Asked by: Hon. HO Chun-yan, Albert

Reply:

Provision of aftercare support is an important dimension of the work of Invest Hong Kong (InvestHK) to help retain investment in Hong Kong. In 2014-15, InvestHK will continue to strengthen its aftercare services. Apart from conducting regular visits to multinational companies already set up in Hong Kong to better understand their service needs, InvestHK will offer facilitation services, such as visa and licence applications as well as placement in international schools for accompanying children of expatriate employees, when these companies expand their business in Hong Kong. InvestHK will also continue to organise events targeting specific markets or business sectors to provide overseas and Mainland companies in Hong Kong with networking opportunities and updated market information, and to strengthen relationship with these companies. The estimated expenditure for organising these events in 2014-15 is around \$1.7 million. The figure does not include other staff cost or general marketing and promotion expenses which cannot be separately itemised.

Provision of aftercare services is one of the duties of the eight sector teams in the Head Office of InvestHK, involving eight Investor Relations Officers, 28 Investor Support Officers and two Investment Promotion Assistants. The estimated annual salary provision of these officers relating to their involvement in this area of work cannot be separately itemised.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2623)

Head: (79) Invest Hong Kong

Subhead (No. & title):

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Simon GALPIN)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 21):

Regarding the changes in the size of establishment, will the Administration advise:

(a) Why were there no changes in the size of establishment in 2011-2014 and why is there no change expected in 2015?

(b) Is there any recruitment plan in 2014-2015? If yes, what is the estimated expenditure? If no, what are the reasons?

Asked by: Hon. HO Chun-yan, Albert

Reply:

Invest Hong Kong (InvestHK) has 35 civil service posts on its permanent establishment. The other staff, which constitute the majority of the staffing complement of InvestHK, are employed on non-civil service contract terms to enable the department to respond flexibly to the varying need for investment promotion work in the light of changing economic circumstances. Apart from staff at its Head Office, InvestHK also conducts investment promotion work in various overseas and Mainland markets through its representatives in 27 locations worldwide, including 14 investment promotion units (IPUs) based in the Hong Kong Economic and Trade Offices (ETOs), the Hong Kong Economic, Trade and Cultural Office (ETCO) in Taiwan and the Beijing Office, as well as 13 overseas consultants in locations not covered by the IPUs.

To enhance its investment promotion efforts so as to identify and attract more companies from target markets, InvestHK has strengthened its overseas representation in recent years, through the establishment of IPUs in the Singapore ETO and the Taiwan ETCO in 2011 and 2012 respectively, strengthening of the staffing complement of the IPU in the Singapore ETO in early 2014, as well as the recruitment of overseas consultants in markets such as Malaysia, South America and the Middle East. In 2014-15, InvestHK will further strengthen its representation on the Mainland through the establishment of an IPU in the new Wuhan ETO, with an estimated staff cost of about \$1.5 million.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2336)

Head: (79) Invest Hong Kong

Subhead (No. & title):

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Simon GALPIN)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 18):

Does Invest Hong Kong have any large scale investment promotion plans in 2014-15? Will additional resources be provided to enhance Hong Kong's competitiveness?

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

To raise the awareness and profile of Hong Kong in the overseas and Mainland markets, Invest Hong Kong (InvestHK) will continue to organise events, such as receptions for major overseas and Mainland business communities as well as sector-focused receptions. InvestHK will also sponsor or participate in major events that take place in Hong Kong and in key overseas markets, such as Asia Hedge Forum, Art Basel, Private Equity and Venture Capital Forum and Cable and Satellite Broadcasting Association of Asia Convention. These events provide opportunities for InvestHK to network with participants who are potential or existing investors, generate project leads and raise awareness of the advantages of investing in Hong Kong and the wide range of services which InvestHK provides to prospective investors.

Since 2002, InvestHK has been conducting a series of joint investment promotion seminars in overseas markets in collaboration with Mainland provinces and cities to promote the combined advantages offered by the economic integration of Hong Kong and the Mainland, in particular the Pearl River Delta. In 2014-15, InvestHK plans to organise four joint overseas investment promotion seminars, including one seminar partnering with Zhuhai in Mexico (April), one with Zhaoqing in Istanbul (June), one with Jiangmen in Lyon (September) and one with Guangdong province in the US (November).

As regards the Mainland market, InvestHK will continue to work closely with the Mainland authorities and business associations in organising investment promotion seminars targeting the high-growth cities on the Mainland, including Chongqing, Yinchuan, Nanchang, Wuhan, Nanjing, Quanzhou, Wuxi, Kunming, Xiamen and Xian, with a view to promoting Hong Kong as an ideal platform for Mainland companies to go global.

The estimated expenditure for these promotion programmes is about \$7.5 million.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)289****(Question Serial No. 2362)**

Head: (79) Invest Hong Kong

Subhead (No. & title):

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Simon GALPIN)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 44):

According to the data provided by the Administration, the amounts of foreign direct investment inflow (FDI) into Hong Kong were \$642.6 billion in 2010, \$748.2 billion in 2011 and \$580.9 billion in 2012. Would the Administration advise this Committee of the specific reasons for the substantial decrease in FDI? What is the FDI trend for 2013 according to Government statistics? Has any assessment be made on the impact of the decrease in FDI on the local economy? Are there any specific plans to attract investment?

Asked by: Hon. LAM Kin-fung, Jeffrey

Reply:

Foreign direct investment (FDI) inflow is affected by macroeconomic conditions on a global scale. Due to the uncertainties in the world economy in recent years and fluctuations in the financial environment arising from destabilising factors such as the sovereign debt crisis in Europe and the fiscal cliff problem in the US, global FDI fell by about 20% in 2012. Hong Kong was therefore not the only place affected by the fragile global economic conditions in 2012. The drop in FDI inflow into Hong Kong in 2012 compared to that in 2011 was mainly attributable to the withdrawal of equity capital in some Hong Kong enterprises which had received direct investment from abroad by a few multinational corporations. Notwithstanding the decrease in FDI inflow into Hong Kong in 2012, the total value of FDI inflows into Hong Kong remained huge. In 2012, Hong Kong was the third largest FDI recipient in the world (up from fourth in 2011) after the US and the Mainland, showing that Hong Kong has continued to be a preferred destination for FDI. For the first three quarters of 2013, Hong Kong's FDI inflow was maintained at a level similar to that for the same period in 2012.

In 2014-15, Invest Hong Kong (InvestHK) will continue to conduct marketing campaigns and seminars in and investment promotion visits to priority markets such as the Mainland, Taiwan and Association of Southeast Asian Nations (ASEAN) to attract FDI from these markets, with the support of its eight sector teams in the head office and through its representatives in 28 locations worldwide, including 15 Investment Promotion Units (IPUs) based in the Hong Kong Economic and Trade Offices, the Beijing Office and the Hong Kong Economic, Trade and Cultural Office in Taiwan as well as 13 overseas consultants in locations not covered by IPUs. InvestHK will also continue to accord priority to promoting the business sectors where Hong Kong has a competitive

edge, including the financial services, creative industries as well as information and communications technology sectors, with a view to identifying potential investors and encouraging them to invest and set up business operation in Hong Kong.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0607)

Head: (79) Invest Hong Kong

Subhead (No. & title): (000) Operational Expenses

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Simon GALPIN)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 34):

The growth rate of expenditure on the Civil Service Provident Fund contribution projected for 2014-15 is 51%, which is higher than the increase of 39% in the last financial year. Is the projected increase caused by officers leaving or retiring from the service?

Asked by: Hon. LIAO Cheung-kong, Martin

Reply:

The Civil Service Provident Fund (CSPF) Scheme is applicable to those civil servants, joining the civil service on or after 1 June 2000, who are employed under permanent terms upon satisfactory completion of probation. As the number of officers eligible for joining the CSPF scheme in Invest Hong Kong will increase from two to four in 2014-15, there will be a corresponding increase in expenditure under this item.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1346)

Head: (79) Invest Hong Kong

Subhead (No. & title):

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Simon GALPIN)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 37):

The Administration states that it will continue to focus investment promotion efforts on the priority sectors, with an emphasis on the financial services, creative industries as well as information and communications technology sectors. In this regard, would the Administration advise of the following:

- a. In the past two years, what specific results were delivered by the investment promotion efforts on these three priority sectors? For unsuccessful cases, has the Administration identified the major problems? If yes, what are the details? If no, what are the reasons?
- b. In response to the increasing competition within the region, has the Administration sought to enhance its investment promotion strategies, so as to attract more overseas companies to Hong Kong to set up or expand their business? If yes, what are the details? If no, what are the reasons?

Asked by: Hon. LO Wai-kwok

Reply:

Invest Hong Kong (InvestHK) prioritises its investment promotion work to support Government policy objectives. In the past two years, InvestHK has accorded priority to promoting the business sectors where Hong Kong has competitive edge, including the financial services, creative industries as well as information and communications technology sectors. InvestHK has encouraged and assisted overseas and Mainland companies in different target sectors in setting up or expanding their business operations in Hong Kong through providing one-to-one facilitation service. The actual implementation of the development or expansion plan of individual companies however could be subject to the overall business strategy of their parent companies outside Hong Kong or the business plan of these companies. Details of the completed projects in 2012 and 2013 from these priority sectors are as follows:

| Sector | Number of completed projects in 2012 | Number of completed projects in 2013 |
|---|---|---|
| Financial services | 40 | 42 |
| Creative industries | 32 | 34 |
| Information and communications technology | 34 | 36 |

In 2014-15, InvestHK will continue to accord priority to promoting above-mentioned sectors where Hong Kong has competitive edge. InvestHK will conduct investment promotion visits in target markets such as the US, Mainland, the UK, Germany, France, Japan and Singapore, and organise investment promotion activities in target markets with the support of its representatives in 28 locations worldwide, including 15 Investment Promotion Units (IPUs) based in the Hong Kong Economic and Trade Offices, the Hong Kong Economic, Trade and Cultural Office in Taiwan and the Beijing Office as well as 13 overseas consultants in locations not covered by IPUs, with the objective of encouraging and assisting companies in these markets to set up or expand their business in Hong Kong. InvestHK will also continue to partner with relevant organisations such as the Hong Kong Science and Technology Parks Corporation, Cyberport, the Hong Kong Exchanges and Clearing Limited in respect of its promotion work in the priority sectors, as well as to organise sector-focused receptions and sponsor major local and overseas events, with a view to promoting the business opportunities in these sectors.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1397)

Head: (79) Invest Hong Kong

Subhead (No. & title):

Programme: Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Simon GALPIN)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 73):

Regarding the investment promotion efforts on information and communications technology sectors and the efforts to attract startups to set up business in Hong Kong, would the Administration please inform this Committee of –

- (a) The number of investment projects resulting in setting up or expanding business operations in Hong Kong with the assistance of InvestHK which were from the information and communications technology sectors in the past 3 years and the countries they came from;
- (b) The number of startups which set up business in Hong Kong with the assistance of InvestHK in the past 3 years; and
- (c) The resources to be allocated by InvestHK to attract global startups to set up business in Hong Kong, the details of the work as well as the manpower and expenditure involved in 2014-15.

Asked by: Hon. MOK, Charles Peter

Reply:

- (a) In the past three years, Invest Hong Kong (InvestHK) has completed 102 projects from the information and communications technology sector. These projects were mainly from the US, Mainland, the UK, France and Australia.
- (b) In the past three years, InvestHK has assisted 138 startups from different sectors to set up their business operations in Hong Kong.
- (c) To seize the opportunities brought by the rapidly growing startup sector and to provide a one-stop service platform to global startups, InvestHK embarked on a worldwide initiative in 2013 known as “StartmeupHK”. The objective of the initiative is to promote Hong Kong as a leading hub for entrepreneurship, and to encourage startups which are innovative and scalable to use Hong Kong as a launch pad to grow their businesses. In 2014-15, InvestHK will continue with its StartmeupHK initiative through social media and other channels, and once again organise a global competition to further promote Hong

Kong as a leading hub for startups, and assist startups in taking their businesses global. InvestHK will organise investment promotion events in key startup hubs such as London and Tel Aviv to tie in with the major startup events held in these places. It will also conduct a series of roadshows in and investment promotion visits to key overseas markets in Europe and North America, targeting startup entrepreneurs.

Furthermore, InvestHK will enhance its startmeup.hk website set up under the StartmeupHK initiative to provide startups with a one-stop service platform and assist them in better integrating into the wider business and financial community as well as reaching out to other supporting organisations in Hong Kong. InvestHK will also partner with Government departments and organisations including the Innovation and Technology Commission, the Office of the Government Chief Information Officer, the Hong Kong Science and Technology Parks Corporation, Cyberport, Innocentre and the Hong Kong Productivity Council to promote Hong Kong as a global premier destination for startups.

InvestHK will carry out the above-mentioned work with the support of its eight sector teams and a dedicated startup team soon to be established in the head office, involving a total of nine Investor Relations Officers, 29 Investor Support Officers and 2 Investment Promotion Assistants. The estimated expenditure for conducting the related investment promotion activities is around \$3.8 million. The figure does not include staff cost or general marketing and promotion expenses which cannot be separately itemised.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5278)

Head: (79) Invest Hong Kong
Subhead (No. & title): (000) Operational Expenses
Programme: Investment Promotion
Controlling Officer: Director-General of Investment Promotion (Simon GALPIN)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 54):

What is the 2014-15 estimate for duty visits or exchanges in the Mainland conducted by Invest Hong Kong? Please provide information about the themes of duty visits or exchanges in the Mainland planned for 2014-15. How will the Administration prevent activities irrelevant to official duties from taking place during duty visits outside Hong Kong? And how will the Administration prevent applications for revising visit destinations from becoming a mere formality?

Asked by: Hon. WONG Yuk-man

Reply:

In 2014-15, Invest Hong Kong will conduct seminars in and investment promotion visits to the Mainland to promote Hong Kong as an ideal platform for Mainland companies to go global, so as to encourage and assist more companies from the Mainland in setting up or expanding their operations in Hong Kong.

Expenditure of duty visits incurred by public funds is subject to relevant regulations and guidelines to ensure effective monitoring and prudent use of public funds. Under the guidelines, official duty visits undertaken should be fully justified on operational grounds. Prior approval must be obtained for duty visits and non-official activities should be avoided. In making an application, an officer should provide all necessary information in respect of the proposed duty visit as far as practicable. Where there are subsequent changes to the visit arrangements, the officer should inform the approving authority as soon as possible to assess the need for reconsideration of the application afresh.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3738)

Head: (168) Hong Kong Observatory
Subhead (No. & title): (-) Not Specified
Programme: (3) Time Standard and Geophysical Services
Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi Ming)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 156):

Regarding the Pacific-wide Tsunami Exercise "PacWave13" organised by the Oceanographic Commission, please advise:

- a) the details, expenditure, manpower involved and achievements of the participation of the Hong Kong Observatory (HKO) in this event ;
- b) the details, expenditure, manpower involved and achievements of the HKO's participation in each of the five such events held before 2013.

Asked by: Hon. CHAN Ka-lok, Kenneth

Reply:

- (a) The Observatory together with relevant government bureau and departments and other organisations participated in the Pacific-wide tsunami exercise organised by the Intergovernmental Oceanographic Commission (IOC) on 14 May 2013. It was a table-top exercise smoothly coordinated and successfully completed for the purpose of testing the adequacy of the tsunami warning system in Hong Kong.
- (b) Before 2013, the IOC had previously conducted three Pacific-wide tsunami exercises on 17 May 2006, 29 October 2008 and 10 November 2011. The Observatory together with relevant government bureau and departments and other organisations also participated in these three exercises, all with the objectives and results achieved like the one completed in 2013.

The Observatory used existing manpower and resources to take part in the exercises. The expenditure has been subsumed into the provision for the Observatory. It is difficult to quantify such expenditure separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5672)

Head: (168) Hong Kong Observatory
Subhead (No. & title): (-) Not Specified
Programme: (1) Weather Services
Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi Ming)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 87):

Would the Administration inform this Committee: will the Hong Kong Observatory extend the existing seven-day weather forecasts to ten-day forecasts in the near future and provide the mid-range weather analysis just as the National Meteorological Center of China do (<http://www.weather.gov.cn/publish/bulletin/mid-range.htm>)? If not, what are the reasons?

Asked by: Hon. FUNG Kin-kee, Frederick

Reply:

The Hong Kong Observatory plans to extend the existing 7-day weather forecast to a 9-day one in the second quarter of 2014.

The existing 7-day weather forecast, and the 9-day weather forecast to be launched, already includes an analysis of the general weather situation in the coming days as well as a day-by-day forecast of the state of sky, wind speed and direction, temperature and humidity. The information generally covers the trend and the evolution of weather as provided in the mid-range weather analysis issued by the National Meteorological Center. The Observatory will continue to develop the forecasting technique with a view to providing more reliable and useful weather forecasts in the future.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2624)

Head: (168) Hong Kong Observatory
Subhead (No. & title): (-) Not Specified
Programme: (1) Weather Services
Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi Ming)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 22):

On conducting “an initial study of the windshear condition of the proposed third runway of the HKIA”, please advise:

- (a) What is the approximate estimated expenditure of the Bureau in this area for 2014-15?
- (b) What are the number and ranks of officers responsible for this task?
- (c) What items are included in the specific action plan?
- (d) What is the progress or timetable in 2014-15?

Asked by: Hon. HO Chun-yan, Albert

Reply:

The Observatory has started the initial study. It is collecting windshear data over the proposed third runway, for simulation of possible windshear conditions using numerical models. Preliminary results are expected to become available in mid-2014. The Director and other staff of the Observatory are responsible for the study. The Observatory uses existing manpower and resources to carry out the study. As the expenditure has been subsumed into the provision for the Observatory, it is difficult to quantify it separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2418)

Head: (168) Hong Kong Observatory
Subhead (No. & title): (-) Not Specified
Programme: (1) Weather Services
Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi Ming)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 17):

The Hong Kong Observatory is responsible for the issue of weather information and forecasts. In this connection, please advise this Committee on whether the Administration has any plans to improve the current weather forecasting work with the estimated expenditure of \$260 million in 2014-15, such as modeling on overseas practices by incorporating the topographical structure into the calculation system, or adopting a new weather forecasting model under which probability is also included in weather forecasts.

Asked by: Hon. IP LAU Suk-ye, Regina

Reply:

The Hong Kong Observatory has been striving to enhance weather forecasting work. The current numerical weather prediction system has already taken into account the effects of topography. The Observatory will continue to refine the resolution of topography in the system. Moreover, the Observatory launched in late 2013 a new webpage on a territory-wide daily rainfall probability forecast for 7 days, as well as a regional 7-day hourly forecast of weather elements, covering temperature, relative humidity, wind direction and wind speed.

In 2014-15, the Observatory will extend the existing 7-day weather forecast to a 9-day one. It will also enhance the Digital Weather Forecasts. These enrich the contents of weather forecasting services for the public.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 6333)

Head: (168) Hong Kong Observatory
Subhead (No. & title): (-) Not Specified
Programme: (1) Weather Services
Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi Ming)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 59):

Please provide the expenditure of the Community Weather Information Network (Co-WIN) in 2013-14 as well as the objectives and specific estimates for the promoting Co-WIN in 2014-15.

Asked by: Hon. KWOK Ka-ki

Reply:

The Community Weather Information Network (Co-WIN) is a joint public education initiative of the Observatory and the Hong Kong Polytechnic University. Network members share weather observation data through a platform on the Internet, for real-time public dissemination. In 2014-2015, Co-WIN will further promote community weather observation, and will participate in organising the "Weather Observations and Weather Photos Competition" to encourage students to carry out first-hand weather observations, so as to broaden their knowledge of weather and climate. The Observatory uses existing manpower and resources to carry out the work. As the expenditure has been subsumed into the provision for the Observatory, it is difficult to quantify it separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No.6335)

Head: (168) Hong Kong Observatory
Subhead (No. & title): (-) Not Specified
Programme: (1) Weather Services
Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi Ming)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 64):

Please list the details of the Hong Kong Observatory's initiative in 2014-15 to develop the delivery of weather services through mobile and social networking platforms, and the estimated expenditure involved.

Asked by: Hon. KWOK Ka-ki

Reply:

To facilitate public access to the latest weather information anytime, anywhere, the Observatory will continue to develop services on mobile platform, namely "MyObservatory", and social network platforms such as Twitter, Weibo and Youtube. In 2014-15, the Observatory will launch a new 9-day weather forecast service on mobile and social network platforms and enhance the user interface of the "MyObservatory" mobile application for better user experience.

The Observatory uses existing manpower and resources to develop the services related to mobile and social network platforms. As the expenditure has been subsumed into the provision for the Observatory, it is difficult to quantify it separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 6336)

Head: (168) Hong Kong Observatory
Subhead (No. & title): (-) Not Specified
Programme: (1) Weather Services
Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi Ming)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 65):

Please state the details and the estimated expenditure for enhancing media weather services by the Hong Kong Observatory in 2014-15.

Asked by: Hon. KWOK Ka-ki

Reply:

The Hong Kong Observatory set up in late 2013 a new media weather unit which comprised two Scientific Officers and an Experimental Officer. The unit has produced weather programmes for television and other media (such as the Internet). In 2014-15, the unit will enhance the content of its programmes (e.g. "Cool Met Stuff"). The Observatory uses existing manpower and resources to carry out the work. As the expenditure has been subsumed into the provision for the Observatory, it is difficult to quantify it separately.

In addition, the Observatory plans to acquire a professional weather graphics presentation system in 2014-15 to enhance the quality of the TV weather programmes. The new system will allow the display of more types of meteorological information from Hong Kong and other places. Weather information can be more effectively communicated through the better use of graphics and animation. The cost for acquiring the new system is estimated to be about \$2 million.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 6337)**

Head: (168) Hong Kong Observatory

Subhead (No. & title): (000) Operational expenses

Programme: Not Specified

Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi Ming)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 66):

Please list out the actual expenditure incurred in activities organised to celebrate Hong Kong Observatory 130th anniversary.

Asked by: Hon. KWOK Ka-ki

Reply:

The main activities to celebrate the 130th anniversary of the Hong Kong Observatory and their associated expenditures are summarized below:

| | Items | Actual Expenditure (\$) |
|---|--|-------------------------|
| 1 | A new high-definition TV documentary "Meteorology Series IV" (four one-hour episodes) on weather and climate for public education, jointly produced with Radio Television Hong Kong (RTHK) | 3,200,000* |
| 2 | Joint exhibition - "Hong Kong Observatory - Under the Same Sky 130 Years" with the Hong Kong Museum of History from 10 July to 2 September 2013, attracting more than 146 000 visitors | 1,043,000 |
| 3 | Hong Kong Observatory Open Day and kick-off ceremony of 130th anniversary activities | 234,000 |
| 4 | A postal slogan for the 130 th anniversary of the Hong Kong Observatory used by the Hongkong Post for stamping local and overseas postal items from 11 to 28 March 2013 | 143,000 |
| 5 | A new publicity short video for the Observatory in collaboration with RTHK | 100,000 |
| 6 | Publishing a collection of articles in the book "Under the Same Sky" | 40,000 |

* including expected expenditure of \$1,200,000 in 2014-15

CONTROLLING OFFICER'S REPLY

(Question Serial No. 6338)

Head: (168) Hong Kong Observatory
Subhead (No. & title): (-) Not Specified
Programme: (1) Weather Services
Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi Ming)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 69):

Please list out the estimated expenditure for the Hong Kong Observatory to upgrade its TV studio facilities.

Asked by: Hon. KWOK Ka-ki

Reply:

The Observatory plans to procure a professional weather graphics presentation system in 2014-15 to enhance the quality of the TV weather programmes. The new system will allow the display of more types of meteorological information from Hong Kong and other places. Weather information can be more effectively communicated through the better use of graphics and animation. The cost for acquiring the new system is estimated to be \$2 million.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 6339)

Head: (168) Hong Kong Observatory
Subhead (No. & title): (-) Not Specified
Programme: (1) Weather Services
Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi Ming)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 71):

Please list out the estimated expenditure for the Hong Kong Observatory to use government fixed-wing aircraft to collect airborne meteorological data.

Asked by: Hon. KWOK Ka-ki

Reply:

The expenditure for the deployment of government fixed-wing aircraft to collect airborne meteorological data depends on the actual number of tropical cyclones affecting Hong Kong. The Observatory uses existing manpower and resources to carry out the work. As the expenditure has been subsumed into the provision for the Observatory, it is difficult to quantify it separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 6661)

Head: (168) Hong Kong Observatory
Subhead (No. & title): (-) Not Specified
Programme: (3) Time Standard and Geophysical Services
Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi Ming)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 895):

- (a) Please provide a breakdown of reports received from the public in witness of Unidentified Flying Objects (UFO) in the past 5 years by 18 districts.
- (b) How many civil servants and how much public money are involved in handling the UFO issue by relevant departments?

Asked by: Hon. LEUNG Kwok-hung

Reply:

- (a) The Observatory received a total of 182 reports of Unidentified Flying Object (UFO) from members of the public from 2009 to 2013. The numbers of reports each year by districts are shown in the table attached.
- (b) The Observatory uses existing manpower and resources to cover the related work. As the expenditure has been subsumed into the provision for the Observatory, it is difficult to quantify it separately.

Number of reports received from the public in witness of
Unidentified Flying Object (UFO) from 2009 to 2013 by districts

| District | Calendar Year | | | | |
|--|---------------|------|------|------|------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Hong Kong Island – Eastern | 1 | 1 | - | 2 | 1 |
| Hong Kong Island – Wan Chai | 4 | 4 | 2 | 1 | 1 |
| Hong Kong Island – Central and Western | - | 3 | - | - | - |
| Hong Kong Island – Southern | - | 3 | 1 | 2 | 1 |
| Kowloon East – Kwun Tong | 2 | 3 | 2 | 1 | 1 |
| Kowloon East – Wong Tai Sin | 1 | 1 | 1 | - | - |
| Kowloon West – Yau Tsim Mong | 3 | 3 | 1 | - | 1 |
| Kowloon West – Kowloon City | 1 | 3 | 1 | - | 1 |
| Kowloon West – Sham Shui Po | - | 3 | - | - | 1 |
| New Territories East – Sai Kung | 2 | 4 | 1 | - | 3 |
| New Territories East – Sha Tin | 2 | 2 | 2 | 2 | 3 |
| New Territories East – Tai Po | 15 | 3 | 2 | 2 | 3 |
| New Territories East – North | 1 | 2 | 3 | 1 | - |
| New Territories West – Kwai Tsing | - | 4 | 2 | - | 1 |
| New Territories West – Tsuen Wan | 1 | 1 | 1 | 1 | 1 |
| New Territories West – Tuen Mun | - | 5 | 1 | - | - |
| New Territories West – Yuen Long | 3 | 2 | 1 | 5 | 2 |
| New Territories West – Islands | 1 | - | 2 | 1 | 1 |
| Others (District not mentioned in reports) | 12 | 6 | 5 | 9 | 4 |
| Sub-total | 49 | 53 | 28 | 27 | 25 |
| Total | 182 | | | | |

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0916)

Head: (168) Hong Kong Observatory
Subhead (No. & title): (-) Not Specified
Programme: (3) Time Standard and Geophysical Services
Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi Ming)
Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 7):

In the Matters Requiring Special Attention in 2014-15, the Hong Kong Observatory mentioned that it will “continue to study as well as to promote public understanding of climate change impact on Hong Kong”. Please provide the details and expenditures involved in these studies and education over the past three years; and the details and expenditures so involved in the coming year.

Asked by: Hon. LEUNG Mei-fun, Priscilla

Reply:

In the last three years (i.e. 2011-12 to 2013-14), the Hong Kong Observatory conducted a number of studies relating to the impact of climate change on Hong Kong, including the long-term trend of local climate, projection of annual temperature in the 21st century, projections of extreme temperature and rainfall, trends of return period of extreme weather events, long-term change of tropical cyclone activity, etc. The results of the studies were published in scientific journals and presented at technical conferences.

On public education, the Observatory published a number of blog posts and articles on climate change and provided information on extreme weather events on the climate change webpage. To enhance public awareness of climate change issues, the Observatory organised around 120 seminars on climate change for members of the public, schools, universities, government departments and professional organisations, and also launched an online quiz. Besides, the Observatory also assisted in the filming of an Educational Television programme on climate change and, in collaboration with Radio Television Hong Kong, produced a TV documentary “Meteorology Series IV” which covered contents related to climate change.

In the coming year, the Observatory will apply the latest climate model data to update the projections of annual rainfall and extreme weather events. More climate change seminars will be conducted to communicate the latest information and research results to the public and stakeholders. The Observatory also plans to produce a series of short video clips on climate change as educational resources. The climate change pamphlet will be updated and the webpage will be enhanced to provide the latest information on climate change.

The Observatory uses existing manpower and resources to carry out the above tasks. The expenditure has been subsumed into the provision for the Observatory. It is difficult to quantify such expenditure separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2978)

Head: (168) Hong Kong Observatory
Subhead (No. & title): (-) Not Specified
Programme: (1) Weather Services
Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi Ming)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 31):

In 2014-15, the Hong Kong Observatory will acquire a new Light Detection and Ranging ("LIDAR") system to replace the ageing system at the south runway at the Hong Kong International Airport ("HKIA") and conduct an initial study of the windshear condition of the proposed third runway of the HKIA. Please advise on the following:

1. What is the expenditure on acquiring the new LIDAR system? What is the anticipated time for replacement and operation?
2. Regarding the initial study of the windshear condition of the third runway, has the work commenced? If yes, what is the latest progress? If not, what is the anticipated time for commencement and completion? What is the estimated resource and manpower required?

Asked by: Hon. QUAT, Elizabeth

Reply:

1. The Observatory is preparing to tender for the replacement of the Light Detection and Ranging (LIDAR) system at the southern runway at the Hong Kong International Airport. It will invite tenders in May. The expenditure will depend on the price of the successful tender. The new LIDAR is expected to become operational by end 2015.
2. The Observatory has started the initial study. It is collecting windshear data over the proposed third runway, for simulation of possible windshear conditions using numerical models. Preliminary results are expected to become available in mid-2014. The Observatory uses existing manpower and resources to carry out the study. As the expenditure has been subsumed into the provision for the Observatory, it is difficult to quantify it separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2979)

Head: (168) Hong Kong Observatory
Subhead (No. & title): (-) Not Specified
Programme: (3) Time Standard and Geophysical Services
Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi Ming)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 32):

In 2013, the Hong Kong Observatory developed and applied the Standardized Precipitation Index to assess the severity of historical drought conditions in Hong Kong and conducted studies on topics relating to water resource management. Please provide the details of the outcome and findings. What are the resources and manpower involved?

Asked by: Hon. QUAT, Elizabeth

Reply:

The Standardised Precipitation Index (SPI) is recommended by the World Meteorological Organisation for monitoring the severity of drought events. In the relevant study, the Observatory made reference to the rainfall and relevant data in the last 130 years. The results showed that Hong Kong experienced four extremely dry episodes in the last century, with the most severe one taking place from 1963 to 1964. The study results provide reference for water resource management in the future.

The Observatory uses existing manpower and resources to carry out the development and research work related to SPI. The expenditure has been subsumed into the provision for the Observatory. It is difficult to quantify such expenditure separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5269)

Head: (168) Hong Kong Observatory
Subhead (No. & title): (000) Operational expenses
Programme: Not Specified
Controlling Officer: Director of the Hong Kong Observatory (SHUN Chi Ming)
Director of Bureau: Secretary for Security, Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 45):

What is the 2014-15 estimate for duty visits or exchanges in the Mainland conducted by the Hong Kong Observatory? Please provide information about the themes of duty visits or exchanges in the Mainland planned for 2014-15. How will the Administration prevent activities irrelevant to official duties from taking place during duty visits outside Hong Kong? And how will the Administration prevent applications for revising visit destinations from becoming a mere formality?

Asked by: Hon. WONG Yuk-man

Reply:

In 2014-15, officers in Hong Kong Observatory will conduct duty visits based on operational needs, including fostering professional ties with the Mainland, strengthening co-operation / exchange with the Mainland and attending relevant conferences, etc.

Expenditure of duty visits incurred by public funds is subject to relevant regulations and guidelines to ensure effective monitoring and prudent use of public funds. Under the guidelines, official duty visits undertaken should be fully justified on operational grounds. Prior approval must be obtained for duty visits and non-official activities should be avoided. In making an application, an officer should provide all necessary information in respect of the proposed duty visit as far as practicable. Where there are subsequent changes to the visit arrangements, the officer should inform the approving authority as soon as possible to assess the need for reconsideration of the application afresh.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5339)

Head: 181 Trade and Industry Department
Subhead (No. & title): (000) Operational Expenses
Programme: (1) Commercial Relations
Controlling Officer: Director-General of Trade and Industry (Kenneth MAK)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 88):

In Matters Requiring Special Attention in 2014-15 under this Programme, it is stated that the Administration will continue to work closely and constructively with the Director-General of the World Trade Organization (WTO) and all WTO Members. In this regard, would the Administration please advise this Committee:

- (1) what specific measures it will adopt to enhance its cooperation with the Director-General of the WTO and all WTO Members?
- (2) how will it enhance Hong Kong's competitiveness in the course of its cooperation with the Director-General of the WTO and all WTO Members?
- (3) what are the respective estimated operational expenses, establishment and emolument expenses involved in 2014-15?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

Hong Kong is a strong advocate of free trade and open markets, and has adopted the rules-based multilateral trading system as the cornerstone for its external trade policy. We have been actively taking part in the work of the World Trade Organization (WTO), making efforts in moving forward the Doha round of multilateral trade negotiations, and playing an intermediary and bridging role among WTO Members for reaching a consensus in fostering trade liberalisation so as to promote and protect Hong Kong's trade interests.

Together with representatives of the Geneva Economic and Trade Office of the HKSAR Government, we maintain close working relationship with the Director-General of the WTO and other WTO Members and actively participate in WTO's work. Hong Kong delegates assume the Chairmanship of WTO Councils, Committees and Working Groups from time to time.

In 2013, Hong Kong actively took part in the Ninth WTO Ministerial Conference. One of the outcomes of the conference was the conclusion of the new Trade Facilitation Agreement (TFA). Under the TFA, Members are required to streamline their customs clearance procedures for goods to facilitate cross-border trade which will help reduce costs and improve efficiency for businesses. As an export-oriented economy and trading centre, Hong Kong will definitely benefit from the TFA. Hong Kong will continue to work closely with other WTO Members with a view to reaching early conclusions on the remaining issues of the Doha Development Agenda.

Close cooperation with the Director-General of the WTO and WTO Members is part of the overall work on commercial relations. The relevant expenditure has been subsumed under the overall estimated expenditure for all commercial relations work. It is difficult to account for the relevant manpower and financial resources separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5340)

Head: 181 Trade and Industry Department
Subhead (No. & title): (000) Operational Expenses
Programme: (1) Commercial Relations
Controlling Officer: Director-General of Trade and Industry (Kenneth MAK)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 89):

Under Matters Requiring Special Attention in 2014-15 of this Programme, it is stated that the Administration will participate actively in Asia-Pacific Economic Cooperation (APEC), Pacific Economic Cooperation Council (PECC) and other regional bodies, and contribute particularly to APEC's work on greater regional economic integration. In this regard, would the Administration please advise this Committee:

- (a) what will be the advantages and disadvantages of participating in the above-named organisations brought to Hong Kong's competitiveness and development?
- (b) whether the Administration will actively consider participating in more international trade organisations?
- (c) what are the specific advantages to Hong Kong's competitiveness and development after Hong Kong's participating in the above organisations?
- (d) what are the estimated operating expenses, expenditure on establishment and emoluments involved in the above work in 2014-15?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

Hong Kong has been actively participating in the Asia-Pacific Economic Cooperation (APEC) to promote broader cooperation in the Asia-Pacific region. Trade between Hong Kong and other member economies of APEC accounts for some 80% of Hong Kong's external trade. APEC has provided an excellent platform for Hong Kong to collaborate with other member economies on various trade and economic issues in the region.

APEC's primary goal is to achieve trade and investment liberalisation and facilitation for economic cooperation and growth. Hong Kong has been maintaining close economic relations with APEC member economies. Any measure which can further improve the business environment and facilitate trade and investment in the region will bring about opportunities for and enhance the competitiveness of Hong Kong.

As far as trade facilitation is concerned, APEC's relevant work in this area such as simplifying customs procedures, enhancing business mobility through the APEC Business Travel Card, promoting electronic commerce and establishing mutual recognition arrangements for telecommunications, electrical and electronic equipment, etc. can help improve the region's business environment by saving business costs and time.

Hong Kong also participates actively in the work of Pacific Economic Cooperation Council which serves as a forum for regional cooperation and policy coordination. It promotes trade and investment activities as well as economic development in the Pacific region through research and policy discussion.

We will closely monitor the development of other international trade organisations. Should there be any opportunities which are appropriate and will bring benefits to Hong Kong, we will consider participating in a timely manner.

The work relating to Hong Kong's participation in regional bodies is part of the overall work of commercial relations and the relevant expenditure has been subsumed under the overall estimated expenditure of the Trade and Industry Department. It is difficult to account for the relevant expenditure separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5342)

Head: 181 Trade and Industry Department
Subhead (No. & title): (000) Operational Expenses
Programme: (1) Commercial Relations
Controlling Officer: Director-General of Trade and Industry (Kenneth MAK)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 92):

In the Matters Requiring Special Attention in 2014-15 under this Programme, it is stated that the Administration will seek to implement the Free Trade Agreement with Chile and start negotiations on an investment agreement with Chile. In this regard, would the Administration advise the Committee:

- (1) what is the current situation of our trade with Chile?
- (2) what will be the estimated growth in Hong Kong's trade after implementing the Free Trade Agreement with Chile and the signing of an investment agreement with Chile?
- (3) apart from Chile, what countries will the Administration plan to start negotiations with for free trade agreements and investment agreements?
- (4) what are the respective estimated operational expenses, establishment and emolument expenses in 2014-15?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

In 2013, trade in goods between Hong Kong and Chile reached HK\$7,669 million. Chile ranked the 43rd among Hong Kong's trading partners worldwide and the fourth among Latin American economies. As for trade in services, bilateral trade between the two places reached HK\$1,291 million in 2012. Chile ranked the 38th among Hong Kong's trading partners worldwide and the third among Latin American economies in terms of trade in services

Hong Kong and Chile signed a Free Trade Agreement (FTA) in September 2012. The FTA will enter into force after Chile has completed the necessary domestic procedures. Negotiations on an investment promotion and protection agreement will be launched after the FTA comes into force.

Forging an FTA and an investment agreement with Chile helps promote bilateral cooperation between Hong Kong and Chile and opens up new opportunities for our businessmen and investors. Chile is not only an emerging market with potential opportunities but also a gateway to the South American markets. The said agreements will certainly enhance trade and investment flows between Hong Kong and Chile as well as the South American markets and in turn foster the economic growth of Hong Kong.

Hong Kong and the Association of Southeast Asian Nations (ASEAN) will commence negotiations on the Hong Kong-ASEAN FTA later this year. It is expected that the negotiations will cover investment issues. In addition, we will continue to negotiate an investment promotion and protection agreement with Russia. We will also examine the possibility of pursuing FTAs and investment agreements with other trading partners.

The above work relating to FTAs and investment agreements is part of the overall work on commercial relations. The relevant expenditure has been subsumed under the overall estimated expenditure for all commercial relations work. It is difficult to account for the relevant manpower and financial resources separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5344)

Head: 181 Trade and Industry Department
Subhead (No. & title): (000) Operational Expenses
Programme: (1) Commercial Relations
Controlling Officer: Director-General of Trade and Industry (Kenneth MAK)
Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 94):

In the Matters requiring Special Attention in 2014-15 under this Programme, it is stated that the Administration will continue to discuss with the Mainland authorities on further liberalisation under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) and to use the existing mechanism to further enhance the effective implementation of the liberalisation measures under CEPA. In this regard, would the Administration advise:

- (1) what are the advantages and disadvantages of CEPA brought to Hong Kong?
- (2) has the Administration set the limit of 'liberalisation'?
- (3) what are the respective estimated operational expenses, establishment and emolument expenses involved in 2014-15?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

The Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) has provided better conditions for opening up the Mainland market to the trade of Hong Kong, such as offering zero tariff preference, lowering the entry threshold and relaxing the scope of services, etc. Specifically, for trade in goods, all Hong Kong-origin goods meeting the CEPA rules of origin can enjoy zero tariff preference from 1 January 2006 and their competitiveness in the Mainland market has also been improved. As for trade in services, under CEPA and its ten supplements, a total of 403 liberalisation measures in 48 service sectors have been promulgated, which bring more business opportunities to Hong Kong service suppliers. The implementation of CEPA has made significant contributions to the economic development of Hong Kong in the past ten years.

The HKSAR Government will continue to strive to further open up the Mainland market for Hong Kong service sectors by broadening and deepening the scope of liberalisation. In principle, we hope that the Mainland will fully open up the various sectors as far as possible and minimise restrictive measures, for example, aligning the requirements and restrictions in the qualifications and scope of services, etc. for Hong Kong service suppliers with those for their Mainland counterparts.

The CEPA-related work outlined above is carried out by different government agencies. The Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) is responsible for the overall policy on CEPA; the Trade and Industry Department oversees bilateral discussions on further liberalisation and implementation of liberalisation measures under CEPA; and individual bureaux and departments deal with liberalisation and specific implementation issues in the relevant service sectors. The manpower and financial resources involved in the work are absorbed by relevant bureaux or departments. We do not have information on the actual amount.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5345)

Head: 181 Trade and Industry Department
Subhead (No. & title): (000) Operational Expenses
Programme: (1) Commercial Relations
Controlling Officer: Director-General of Trade and Industry (Kenneth MAK)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 95):

In the Matters Requiring Special Attention in 2014-15 under this Programme, it is mentioned that the Administration will continue to facilitate the trade in adjusting to changes in the Mainland's policies and in the global economic environment. In this regard, would the Administration advise this Committee:

- (1) what specific measures does the Administration have to facilitate the trade in adjusting to changes in the Mainland's policies and in the global economic environment?
- (2) what are the respective estimated operational expenses, establishment and emolument expenses involved in 2014-15?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

The Trade and Industry Department (TID) endeavours to facilitate the trade in adjusting to changes in the Mainland's policies and in the global economic environment.

TID has maintained close dialogue with the trade through various channels, in order to understand concerns and views of the trade. At the same time, we have maintained close liaison with the Mainland authorities at various levels (including the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade) to relay to them the trade's views and to discuss with them support measures for the trade. In addition, TID from time to time disseminates information to Hong Kong enterprises by means of circulars to enhance the trade's understanding of the Mainland's new policies, legislation and business environment. A total of about 700 circulars were issued in 2013-14. TID's website also includes a dedicated page on economic and trade information of the Mainland, with hyperlinks to the economic and trade websites of about 200 Mainland authorities. This platform facilitates Hong Kong enterprises in getting access to economic and trade information of the Mainland.

In face of changes in the global economic environment, TID assists the trade through the following measures:

- (i) to closely monitor changes in the trade regulations of our trading partners and the trade remedy measures against Hong Kong-origin products, disseminate relevant information through commercial trade circulars and give prompt advice to local traders and manufacturers, and lodge timely defences against any unfair or unfounded allegations and measures;
- (ii) to promote trade and investment cooperation with other economies (including emerging markets); and
- (iii) to participate in regional economic cooperation fora, in particular the work of the Asia-Pacific Economic Cooperation and Pacific Economic Cooperation Council, discuss with other members the challenges brought about by the changes in the regional and global economic environment and the ways to address them, promote regional economic growth and integration and enhance the business environment in the region.

In 2014-15, TID will continue to monitor changes in the Mainland's policies and in the global economic environment to provide the trade with appropriate assistance and enhance the cooperation in trade and investment with other economies. Given the uncertainties in the traditional European and U.S. markets and the steady economic growth in emerging markets, we will strengthen the liaison work with the emerging markets, encourage and support the trade to tap into these markets.

Assisting the trade in adjusting to changes in the Mainland's policies and in the global economic environment is part of the overall work on commercial relations. The relevant expenditure has been subsumed under the overall estimated expenditure for all commercial relations work. It is difficult to account for the relevant manpower and financial resources separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5347)

Head: 181 Trade and Industry Department
Subhead (No. & title): (000) Operational Expenses
Programme: (1) Commercial Relations
Controlling Officer: Director-General of Trade and Industry (Kenneth MAK)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 96):

In Matters Requiring Special Attention in 2014-15 under this Programme, it is stated that the Administration will monitor the progress of accession to the European Union (EU) by certain European countries (including Montenegro and Turkey) and the related institutional changes to ensure that Hong Kong's trade interests and market access to the enlarged EU will not be adversely affected. In this regard, would the Administration advise the Committee:

- (1) what are the specific implications of Montenegro's and Turkey's accession to the EU on Hong Kong's trade interests? Would the Administration provide specific data?
- (2) what are the specific implications of the unstable economy in certain EU Member States on Hong Kong's trade interests?
- (3) will the trade between Hong Kong and the EU be affected by the recent political turmoil in Ukraine?
- (4) what are the respective estimated operational expenditure, establishment and emolument expenditure involved in 2014-15?

Asked by: Hon. CHAN Wai-yip, Albert

Reply:

- (1) Generally speaking, European Union (EU) Member States adopt a single tariff regime, a harmonised system of import regulations and technical standards. Aligning the import requirements of different EU Member States can facilitate Hong Kong traders' exports to these countries. At present, the respective negotiations for Montenegro's and Turkey's accession to the EU are not yet concluded. We will closely monitor the developments. Should the two countries formally accede to the EU, we will inform the trade in a timely manner.
- (2) In 2013, the total merchandise trade between Hong Kong and the EU amounted to HK\$649.6 billion. From 2009 to 2013, the average annual growth rate in total bilateral trade between Hong Kong and the EU was 5.9%. This indicates that the bilateral trade between Hong Kong and the EU as a whole maintains a healthy growth despite the unstable economic situation in

certain EU Member States. The Trade and Industry Department (TID) closely monitors changes in the EU's trade regulations and its trade remedy measures against Hong Kong-origin products, promptly disseminates relevant information and gives advice to local traders and manufacturers through trade circulars.

- (3) Ukraine is not an EU Member State. In 2013, the total merchandise trade between Hong Kong and Ukraine amounted to HK\$1.98 billion. Ukraine ranked the 63rd among Hong Kong's trading partners worldwide. From 2009 to 2013, the average annual growth rate in total bilateral trade between the two places was 15.7%. TID will closely monitor the situation of Ukraine, which for the time being is not found to have any adverse effect on Hong Kong's trade relations with the EU.
- (4) The work relating to the above matters is part of the overall work on commercial relations. The relevant expenditure has been subsumed under the overall estimated expenditure for all commercial relations work. It is difficult to account for the relevant manpower and financial resources separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0317)

Head: 181 Trade and Industry Department

Subhead (No. & title): (-)

Programme: (1) Commercial Relations

Controlling Officer: Director-General of Trade and Industry (Kenneth MAK)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 6):

In 2014-15, the Trade and Industry Department will continue to facilitate the trade in adjusting to changes in the Mainland's policies and in the global economic environment. Will the Administration please advise the details of the work done in this area in 2013-14? What was the expenditure involved? What was the effectiveness? What are the specific measures in the coming year? Will there be additional expenditure to facilitate the trade in adjusting to markets in response to changes in external economic environment?

Asked by: Hon. CHUNG Kwok-pan

Reply:

The Trade and Industry Department (TID) endeavours to facilitate the trade in adjusting to changes in the Mainland's policies and in the global economic environment.

In 2013-14, TID has maintained close dialogue with the trade through various channels, in order to understand concerns and views of the trade. At the same time, we have maintained close liaison with the Mainland authorities at various levels (including the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade) to relay to them the trade's views and to discuss with them support measures for the trade. In addition, TID from time to time disseminates information to Hong Kong enterprises by means of circulars to enhance the trade's understanding of the Mainland's new policies, legislation and business environment. A total of about 700 circulars were issued in 2013-14. TID's website also includes a dedicated page on economic and trade information of the Mainland, with hyperlinks to the economic and trade websites of about 200 Mainland authorities. This platform facilitates Hong Kong enterprises in getting access to economic and trade information of the Mainland.

In face of changes in the global economic environment, relevant work carried out by TID and its outcome in 2013-14 are as follows:

- (i) to closely monitor changes in the trade regulations of our trading partners and the trade remedy measures against Hong Kong-origin products, disseminate relevant information through commercial trade circulars and give prompt advice to local traders and manufacturers, and lodge timely defences against any unfair or unfounded allegations and measures;

- (ii) to promote trade and investment cooperation with other economies (including emerging markets); and
- (iii) to participate in regional economic cooperation fora, in particular the work of the Asia-Pacific Economic Cooperation and Pacific Economic Cooperation Council, discuss with other members the challenges brought about by the changes in the regional and global economic environment and the ways to address them, promote regional economic growth and integration and enhance the business environment in the region.

In 2014-15, TID will continue to monitor changes in the Mainland's policies and in the global economic environment to provide the trade with appropriate assistance and enhance the cooperation in trade and investment with other economies. Given the uncertainties in the traditional European and U.S. markets and the steady economic growth in emerging markets, we will strengthen the liaison work with the emerging markets, encourage and support the trade to tap into these markets.

Assisting the trade in adjusting to changes in the Mainland's policies and in the global economic environment is part of the overall work on commercial relations. The relevant expenditure has been subsumed under the overall estimated expenditure for all commercial relations work. It is difficult to account for the relevant manpower and financial resources separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0318)

Head: 181 Trade and Industry Department

Subhead (No. & title): (-)

Programme: (2) Trade Support and Facilitation

Controlling Officer: Director-General of Trade and Industry (Kenneth MAK)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 7):

Regarding the work of trade support and facilitation, the Trade and Industry Department will continue to liaise closely with the Mainland authorities and local traders on the Mainland issues of significant impact on business operations. Please advise on the effectiveness of such work done in 2013-14, particularly those affecting small and medium enterprises. Which provincial and municipal authorities in the Mainland were liaised with? What specific work has been carried out? What was the expenditure involved? How will such work be implemented in the new financial year and what are the specific measures and targets?

Asked by: Hon. CHUNG Kwok-pan

Reply:

In 2013-14, the Trade and Industry Department (TID) has maintained close dialogue with the trade through various channels, so as to understand the trade's concerns and views. At the same time, we have maintained close liaison with the Mainland authorities at various levels (including through the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade) to relay to them the trade's views and to discuss with them support measures for the trade. In addition, TID from time to time disseminates information to Hong Kong enterprises by means of circulars to enhance the trade's understanding of the Mainland's new policies, legislation and business environment, and a total of about 700 circulars were issued in 2013-14. TID's website also includes a dedicated page on economic and trade information of the Mainland, with hyperlinks to the economic and trade websites of about 200 Mainland authorities. This platform facilitates Hong Kong enterprises in getting access to economic and trade information of the Mainland.

The manpower and expenditure of the above-mentioned work have been subsumed within the establishment and provision for this Department. It is difficult to quantify them separately.

In 2014-15, TID will continue to implement the above measures to assist Hong Kong enterprises in operating in the Mainland.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0319)

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 (Kenneth MAK)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 9):

One of the tasks of the Trade and Industry Department (TID) in support of the small and medium enterprises (SMEs) and industries is to assist Hong Kong enterprises in the promotion of brands to enhance their competitiveness in the Mainland and overseas markets. The government indicated last year that it would assist in the promotion of "Hong Kong Brands". What efforts has TID made in this area in 2013-14? What was the expenditure involved? Will there be additional resources allocated for implementing the relevant work in 2014-15? If yes, what are the details and what is the estimated expenditure? If not, what are the reasons?

Asked by: Hon. CHUNG Kwok-pan

Reply:

TID endeavours to assist Hong Kong enterprises in developing brands and exploring the Mainland and overseas markets. Its SME Export Marketing Fund provides financial support to small and medium enterprises (SMEs) for participating in export promotion activities; while the SME Development Fund provides financial support to non-profit-distributing organisations to carry out projects which enhance the competitiveness of SMEs in general or in specific sectors in Hong Kong. The revised estimated expenditure of the above funds for 2013-14 is \$277.5 million and the estimated expenditure for 2014-15 is \$291.7 million.

We launched the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) in June 2012 to provide funding support to individual enterprises and non-profit-distributing organisations, so as to assist enterprises in enhancing their competitiveness and facilitating their business development in the Mainland. Up to the end of February 2014, 192¹ and 37 applications were approved under the Enterprise Support Programme and Organisation Support Programme of the BUD Fund respectively. The total amount of funding approved is about \$205 million.

In 2013-14, TID also co-operated with the Hong Kong Trade Development Council, local business associations and other relevant organisations to organise seminars and workshops for which renowned local, Mainland and overseas entrepreneurs and experts were invited to share their experience in establishing brands and market development strategies. In addition, TID also disseminated practical reference information relating to brand development to Hong Kong enterprises through various channels (such as brand promotion website). We will continue work in this aspect in 2014-15 and the expenses involved will be covered by the recurrent expenditure of TID.

¹ Excluding 13 applications that were granted conditional approval. The final approval of such applications and the amount of grants will be subject to further information submitted by the applicants.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2795)

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 (Kenneth MAK)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 57):

The aim of the work of the Trade and Industry Department (TID) under this programme is to support and facilitate the development of Hong Kong's small and medium enterprises (SMEs) and industries. Would the Administration please advise this Committee of its specific work and resources or expenses on facilitating the development of Hong Kong's industries in the past year? What are the new work plans for facilitating the development of Hong Kong's industries in 2014-15? What is the expenditure involved? For example, in recent years, a number of manufacturers who have set up factories in the Mainland intend to relocate back to Hong Kong for development. Will the Commerce and Economic Development Bureau (CEDB) provide support to them? If yes, what are the specific measures? What are the resources to be allocated? If not, what are the reasons?

Asked by: Hon. CHUNG Kwok-pan

Reply:

In 2013-14, the Trade and Industry Department (TID) liaised closely with the trade and business associations, and provided timely and adequate support in response to issues of concern to the trade. TID also discussed with the trade issues affecting their development and support measures for them through various advisory boards, such as the Trade and Industry Advisory Board, Textiles Advisory Board and Small and Medium Enterprises Committee, etc. TID further provided enterprises including manufacturers with the latest market information and advisory services through different channels, and administered various funding schemes (including the SME Loan Guarantee Scheme, the SME Export Marketing Fund, the SME Development Fund as well as the Dedicated Fund on Branding, Upgrading and Domestic Sales) to enhance the competitiveness of enterprises of different industries. In 2014-15, TID will continue to implement the above measures.

The Government's policy is to create a business-friendly environment and provide timely and adequate support so that our trade can flourish. As regards the development of industries, given the land and manpower constraints in Hong Kong, land-intensive and low value-added while labour-intensive industries may not help create high quality job opportunities or benefit the long term development of the Hong Kong economy. We therefore consider that we should focus our resources on high value-added and high technology industries or processes that we have

competitive edges or that have development potential. The various initiatives being undertaken by the Government, including the SME Funding Schemes of TID, provide support to enterprises including those interested in relocating their operations back to Hong Kong in areas such as obtaining finance and enhancing their overall competitiveness.

The expenditure of the above work has been subsumed within the provision of the bureaux/departments concerned. It is difficult to quantify them separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2796)

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 (Kenneth MAK)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 58):

Under Programme (3) Support for Small and Medium Enterprises and Industries, there will be an increase of ten posts in 2014-15. Please advise this Committee the reasons for the increase, details of these posts, main duties covered by these posts and the expenditure involved.

Asked by: Hon. CHUNG Kwok-pan

Reply:

The three SME Funding Schemes under Programme (3), namely the SME Loan Guarantee Scheme, the SME Export Marketing Fund and the SME Development Fund, have become on-going measures. In this regard, the Department will create 12 civil service posts (2 Assistant Trade Officer I, 4 Assistant Trade Officer II and 6 Assistant Clerical Officer posts) and at the same time delete 15 Non-civil Service Contract Staff positions so as to provide stable manpower resources for these three schemes. Separately, 2 civil service Personal Secretary II posts will be deleted as a result of reduction in demand for secretarial and typing services due to office automation. Hence, there will be a net increase of 10 civil service posts in 2014-15 under this Programme. No additional expenditure will be involved.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 2249)**

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 (Kenneth MAK)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 90):

The Trade and Industry Department (TID) launched the Organisation Support Programme (OSP) of the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) in 2012 to support Hong Kong enterprises in developing brands, upgrading and restructuring their operations and promoting sales in the Mainland domestic market. In this regard, would the Administration advise the Committee:

- (1) the project titles, applicants, vetting results and funding amount of applications processed up to date since the launching of OSP; and

| | Project Titles | Applicants | Vetting Results | Funds Approved |
|--------------|-----------------------|---------------------------------|--------------------------------|-----------------------|
| Total | - | Total No. of Applicants: | Approved: Rejected: | Total Amount: |

- (2) names of the applicants and the total number of their funded projects up to date since the launching of OSP, and list them in the order of funding amount.

| Names of Organisations | Total No. of Funded Projects under the Organisations | Total Funding Amount |
|------------------------|--|----------------------|
| | | |

Asked by: Hon. KWOK, Dennis

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched on 25 June 2012. Up to the end of February 2014, 192¹ and 37 applications have been approved under the Enterprise Support Programme and the Organisation Support Programme of the BUD Fund respectively. The amounts of funding approved are about \$82.4 million and \$122.6 million respectively. 6 and 5 projects have been completed under the Enterprise Support Programme and the Organisation Support Programme respectively.

¹ Excluding 13 applications that were granted conditional approval. The final approval of such applications and the amount of grants will be subject to further information submitted by the applicants.

As far as the Organisation Support Programme is concerned, the project titles, applicant organisations and funding amounts of the applications approved up to the end of February 2014 are set out at Annex I and statistics by organisation is set out at Annex II. As for rejected applications, the Trade and Industry Department does not have authorisation from the applicants concerned and therefore cannot publicise their names and project information.

**Dedicated Fund on Branding, Upgrading and Domestic Sales -
Project Titles, Applicants and Funding Amounts of Approved Projects under the
Organisation Support Programme up to end of February 2014**

| | Project Title | Applicant | Funding Amount (\$) |
|-----------|---|--|--------------------------------|
| 1 | Building Hong Kong IT Solution Provider's Brand in Mainland China Through A Digital Interactive IT Solution Directory | Hong Kong Information Technology Federation Limited | 3,851,000 |
| 2 | Promote Hong Kong branding through HKTDC Design Gallery on the Mainland | Hong Kong Trade Development Council | 5,000,000 |
| 3 | HK Logistics Practitioners Upgrading and Branding Program | Hong Kong Sea Transport and Logistics Association Limited | 1,391,400 |
| 4 | "Certified FIR" – a mean to differentiate and promote Hong Kong Far Infrared (FIR) Products from low-cost untested FIR products in the Mainland Market | Hong Kong Far Infrared Rays Association Limited | 4,489,200 |
| 5 | Synergising Hong Kong ICT Hub with Mainland Businesses | Hong Kong Internet Service Providers Association | 3,908,975 |
| 6 | Setting up a "Hong Kong Pavilion" in the Die & Mould Zone at ChinaPlas to promote the mould and die industry in Hong Kong so as to help the industry players to tap business opportunities in the China domestic market | Federation of Hong Kong Industries | 4,204,800 |
| 7 | "Quality Appliances – HK Appliances" - Building up the image of good quality and safe Hong Kong electrical appliances through a series of promotion activities | Hong Kong Electrical Appliance Industries Association Limited | 3,462,300 |
| 8 | To Strengthen the Capability of our Local SMEs in Exploring the Emerging and High Value-Added Healthcare and Medical Devices Domestic Market | Hong Kong Medical and Healthcare Device Industries Association Limited | 4,144,455 |
| 9 | To establish a brand image for Hong Kong plastic industry in GREEN plastic manufacturing to enhance domestic sales in the China market | Hong Kong Plastic Machinery Association Ltd | 3,820,500 |
| 10 | Implementation and Support Programme to enhance HK industries' products and services quality (pCm, cosmetics and testing) leading to upgrade and extend business in Mainland China | CMA Industrial Development Foundation Limited | 4,429,057 |

| | Project Title | Applicant | Funding Amount (\$) |
|-----------|---|---|----------------------------|
| 11 | “HK Quality LED” – a campaign to leverage on “Hong Kong Qualified and Tested” branding to broaden the exposure of Hong Kong LED Industry’s SME in the Mainland through exhibitions and business matching | The Hong Kong Electronic Industries Association Limited | 2,534,040 |
| 12 | Assisting Hong Kong brands to Explore Southern Fujian Market through Organizing “Xiamen Hong Kong Brand Festival” Serial Activities | Hong Kong Brand Development Council Company Limited | 4,542,750 |
| 13 | To establish a distinctive Hong Kong Manufacturers Pavilion in “Jewelry Shanghai” (May 2013) to showcase the image, quality and creativity of Hong Kong jewelry SMEs | Hong Kong Jewelry Manufacturers' Association Limited | 3,455,730 |
| 14 | “To lead HK printing companies in upgrading to “Hong Kong Printing Modelling Enterprises” | The Hong Kong Printers Association | 914,400 |
| 15 | Software Business Promotion in Mainland China | Hong Kong Software Industry Association | 4,774,500 |
| 16 | To Promote Hong Kong Automotive Parts and Accessory System Domestic Sales - Assisting Hong Kong Automotive Parts SMEs to Enter the Mainland Automotive Market | SAE International (Hong Kong) Limited | 3,382,760 |
| 17 | Promote Hong Kong branding through HKTDC Style Hong Kong Shows in Qingdao and Changsha | Hong Kong Trade Development Council | 3,855,780 |
| 18 | To promote the image of “High End Intimate Apparel Sourcing Service Provider” in intimate apparel industry to enhance domestic sales in the China market | Hong Kong Intimate Apparel Industries' Association Ltd | 3,742,920 |
| 19 | Encourage Hong Kong enterprises to obtain quality assurance for their products/services under the "Hong Kong Q-Mark Scheme"; boost public recognition of "Hong Kong Q-Mark" in the Mainland market in order to facilitate the Hong Kong products concerned in domestic sales and serving Mainland customers | Federation of Hong Kong Industries | 4,185,945 |
| 20 | Study of the Supply Chain of Fast Moving Consumer Goods in Guangdong | Federation of Hong Kong Industries | 2,049,930 |
| 21 | Promoting HK Fashion SMEs thru Showroom Format in the Mainland | Fashion Farm Foundation | 1,596,600 |
| 22 | Exploring Mainland Toy Market for Hong Kong Toy Industry through Design, Upgrade and Branding | Federation of Hong Kong Industries | 3,213,540 |

| | Project Title | Applicant | Funding Amount (\$) |
|-----------|--|--|----------------------------|
| 23 | Upgrade and develop local medicine and health food to domestic market | The Hong Kong Medicine Dealer's Guild | 1,760,400 |
| 24 | An In-Depth Industry Analysis and Strategic Roadmap to Upgrade Hong Kong Traditional Surface Finishing Industries to Diversify into High-Value Added Components Markets for Domestic Sales Growth | Hong Kong Surface Finishing Society Limited | 1,111,950 |
| 25 | Assisting Hong Kong Brands to Explore Western China Market through Organizing "Chongqing Hong Kong Brand Festival" Serial Activities | Hong Kong Brand Development Council Company Limited | 4,629,150 |
| 26 | eCommerce for Domestic Sales Training Programme | Federation of Hong Kong Industries | 1,656,810 |
| 27 | Bringing Hong Kong Watch and Clock Industry into the Chinese Domestic Market | Hong Kong Watch Manufacturers Association Ltd | 4,669,740 |
| 28 | Exploring B2B business opportunities in Mainland market through the promotion of industry collective image "Shoe Fountain – HK Fashion Footwear" | The Federation of Hong Kong Footwear Limited | 4,204,800 |
| 29 | Strategic Marketing Programme to Support Hong Kong Environmental Companies to Enter Mainland Market | Hong Kong Environmental Industry Association Ltd | 3,253,860 |
| 30 | To Advocate "Inno-Tech Leading Industries" as a Branding Tool to Match Hong Kong Enterprises' Innovation and Technological Edges for Domestic Sales in China | Hong Kong (SME) Economic and Trade Promotional Association | 720,720 |
| 31 | Assisting Hong Kong Brands to Explore Northeast China Market through Organizing "Harbin Hong Kong Brand Festival" Serial Activities | Hong Kong Brand Development Council Company Limited | 4,708,440 |
| 32 | Building, Developing and Promoting 'Hong Kong Mediation' as a Brand for Professionals and Potential Users in targeting the Mainland Market | Joint Mediation Helpline Office | 2,812,400 |
| 33 | Setting up "Hong Kong Pavilion" in main Cultural and Creative Industries' Exhibitions in the Mainland to assist the Comics and Character Licensing Industry of Hong Kong to enter the Southern and Southwest China markets | Licensing and Franchising Association of Hong Kong Limited | 2,819,295 |
| 34 | Upgrading Hong Kong auto parts industry to meet customer-specific requirements of the Mainland automobile OEM manufacturers | Hong Kong Auto Parts Industry Association Limited | 3,357,540 |
| 35 | HK Fashion SMEs in Mainland Stores | Design Renaissance Foundation | 2,137,500 |

| | Project Title | Applicant | Funding Amount (\$) |
|-----------|---|--|---|
| 36 | To facilitate HK footwear manufacturing supply chain especially in upstream sectors (materials and accessories) to showcase their competitive edges so as to attract domestic and overseas footwear buyers with domestic sales in China | Hong Kong Footwear Association Limited | 4,211,010 |
| 37 | Promoting the “Made in Hong Kong” Smartphone Application Gallery: to facilitate the launch of Hong Kong mobile apps in Mainland China | Hong Kong Wireless Technology Industry Association Ltd | 3,609,000 |
| | | Total No. of Applicants: 30 | Total Funding Amount: around \$122.6 million |

Dedicated Fund on Branding, Upgrading and Domestic Sales –
Name of Organisation, Total Number of Funded Projects and Total Funding Amount
of Organisations with Approved Projects under the Organisation Support Programme
as at end of February 2014

| | Name of Organisation | Total No. of Funded Projects | Total Funding Amount (\$) |
|----|--|-------------------------------------|----------------------------------|
| 1 | Federation of Hong Kong Industries | 5 | 15,311,025 |
| 2 | Hong Kong Brand Development Council Company Limited | 3 | 13,880,340 |
| 3 | Hong Kong Trade Development Council | 2 | 8,855,780 |
| 4 | Hong Kong Software Industry Association | 1 | 4,774,500 |
| 5 | Hong Kong Watch Manufacturers Association Ltd | 1 | 4,669,740 |
| 6 | Hong Kong Far Infrared Rays Association Limited | 1 | 4,489,200 |
| 7 | CMA Industrial Development Foundation Limited | 1 | 4,429,057 |
| 8 | Hong Kong Footwear Association Limited | 1 | 4,211,010 |
| 9 | The Federation of Hong Kong Footwear Limited | 1 | 4,204,800 |
| 10 | Hong Kong Medical and Healthcare Device Industries Association Limited | 1 | 4,144,455 |
| 11 | Hong Kong Internet Service Providers Association | 1 | 3,908,975 |
| 12 | Hong Kong Information Technology Federation Limited | 1 | 3,851,000 |
| 13 | Hong Kong Plastic Machinery Association Ltd | 1 | 3,820,500 |
| 14 | Hong Kong Intimate Apparel Industries' Association Ltd | 1 | 3,742,920 |
| 15 | Hong Kong Wireless Technology Industry Association Ltd | 1 | 3,609,000 |
| 16 | Hong Kong Electrical Appliance Industries Association Limited | 1 | 3,462,300 |
| 17 | Hong Kong Jewelry Manufacturers' Association Limited | 1 | 3,455,730 |
| 18 | SAE International (Hong Kong) Limited | 1 | 3,382,760 |
| 19 | Hong Kong Auto Parts Industry Association Limited | 1 | 3,357,540 |
| 20 | Hong Kong Environmental Industry Association Ltd | 1 | 3,253,860 |
| 21 | Licensing and Franchising Association of Hong Kong Limited | 1 | 2,819,295 |
| 22 | Joint Mediation Helpline Office | 1 | 2,812,400 |
| 23 | The Hong Kong Electronic Industries Association Limited | 1 | 2,534,040 |
| 24 | Design Renaissance Foundation | 1 | 2,137,500 |
| 25 | Hong Kong Medicine Dealer's Guild | 1 | 1,760,400 |
| 26 | Fashion Farm Foundation | 1 | 1,596,600 |
| 27 | Hong Kong Sea Transport and Logistics Association Limited | 1 | 1,391,400 |
| 28 | Hong Kong Surface Finishing Society Limited | 1 | 1,111,950 |
| 29 | The Hong Kong Printers Association | 1 | 914,400 |
| 30 | Hong Kong (SME) Economic and Trade Promotional Association | 1 | 720,720 |
| | Total | 37 | Around \$122.6 million |

CONTROLLING OFFICER'S REPLY

(Question Serial No. 4353)

Head: 181 Trade and Industry Department

Subhead (No. & title): (-)

Programme: (2) Trade Support and Facilitation

Controlling Officer: Director-General of Trade and Industry (Kenneth MAK)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 121):

Regarding the Kimberley Process Certification Scheme (the Scheme), please advise on:

- (a) the volume, places of origin and classification of sizes of rough diamonds issued with certificates under the Scheme for the past five years; and
- (b) the expenditure and manpower involved in the administration of the Scheme for the past five years as well as the estimates for 2014-15.

Asked by: Hon. LEUNG, Kenneth

Reply:

- (a) In the past five years, the total import of rough diamonds issued with certificates by the Trade and Industry Department (TID) under the Kimberley Process Certification Scheme was 88 million carats and the total export of rough diamonds was 87 million carats. These included rough diamonds for industrial and non-industrial uses. The rough diamonds were mainly imported from Belgium, Israel, Switzerland, India and the United Arab Emirates, etc. into Hong Kong. As the Kimberley Process Certification System does not require applicants to declare the sizes of the rough diamonds, TID has no relevant information.
- (b) On manpower and expenditure, in the past five years, one Trade Officer, one Assistant Trade Officer, one Clerical Officer and one Clerical Assistant were involved in the implementation of the Kimberley Process Certification Scheme in Hong Kong. As the staff were also responsible for other duties, it is difficult to estimate the actual expenditure spent on the implementation of the Kimberley Process Certification Scheme. The estimated manpower and expenditure for 2014-15 will be comparable to those for the past five years.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0369)

Head: 181 Trade and Industry Department

Subhead (No. & title): (-)

Programme: (1) Commercial Relations

Controlling Officer: Director-General of Trade and Industry (Kenneth MAK)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 12):

The provision for Programme (1) Commercial Relations in 2014-15 is \$105.2 million. In this year, how will the Administration closely liaise with the trade and discuss with the Mainland authorities so as to support and facilitate the trade in adjusting to changes in the Mainland's policies?

Asked by: Hon. LEUNG Kwan-yuen, Andrew

Reply:

In 2013-14, the Trade and Industry Department (TID) has maintained close dialogue with the trade through various channels, so as to understand the trade's concerns and views. At the same time, we have maintained close liaison with the Mainland authorities at various levels (including through the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade) to relay to them the trade's views and to discuss with them support measures for the trade. In addition, TID from time to time disseminates information to Hong Kong enterprises by means of circulars to enhance the trade's understanding of the Mainland's new policies, legislation and business environment, and a total of about 700 circulars were issued in 2013-14. TID's website also includes a dedicated page on economic and trade information of the Mainland, with hyperlinks to the economic and trade websites of about 200 Mainland authorities. This platform facilitates Hong Kong enterprises in getting access to economic and trade information of the Mainland.

In 2014-15, TID will continue to implement the above measures to assist Hong Kong enterprises in operating in the Mainland.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0370)

Head: 181 Trade and Industry Department
Subhead (No. & title): (-)
Programme: (2) Trade Support and Facilitation
Controlling Officer: Director-General of Trade and Industry (Kenneth MAK)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 13):

The estimated provision under Programme (2) Trade Support and Facilitation for 2014-15 is \$124.7 million which is \$1.2 million lower than the revised estimate of the previous year, and there will be a decrease of 6 posts. Would the Administration please advise on whether the reduction in financial provision and manpower will affect the various tasks of the Trade and Industry Department (TID) and how the Bureau will deploy the manpower to ensure that TID will be able to achieve all the indicators?

Asked by: Hon. LEUNG Kwan-yuen, Andrew

Reply:

The reduction of \$1.2 million in the estimated provision and the deletion of 6 posts under Programme (2) in 2014-15 is due to reduced requirements in general departmental expenses and manpower for administering textiles control. The reduction will not constitute any adverse effect on the services provided by the department.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2391)

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 (Kenneth MAK)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 34):

It is announced in paragraph 101 of the Budget that the Administration would lend support to small and medium enterprises (SMEs) to assist them in facing the challenges such as surging costs and keen competition through the SME Loan Guarantee Scheme (SGS) and the SME Export Marketing Fund (EMF), etc. to support their development. In this regard, would the Administration please advise this Committee:

- (1) whether the Administration has assessed the effectiveness of the above measures? If so, what is the result of the assessment? If not, what are the reasons?
- (2) due to limited resources, it is not easy for SMEs to build up reputation of brands in the Mainland. Would the Administration consider setting up an electronic platform to introduce local brands and enhance the overall reputation of local brands in the Mainland, so as to assist SMEs in establishing a foothold in the Mainland? If yes, what are the details? If not, what are the reasons?

Asked by: Hon. LEUNG Mei-fun, Priscilla

Reply:

The Trade and Industry Department (TID) assists small and medium enterprises (SMEs) in obtaining finance, exploring markets and enhancing the overall competitiveness through the three existing SME funding schemes, namely the SME Loan Guarantee Scheme, the SME Export Marketing Fund (EMF) and the SME Development Fund.

TID closely monitors changes in the market situation as well as the needs of SMEs, and reviews from time to time the operation of various funding schemes to ensure that appropriate support is provided to the trade. For example, in order to further assist SMEs in exploring export market opportunities, the Government has further increased the cumulative grant ceiling per SME under the EMF from \$150,000 to 200,000 with effect from 10 June 2013, subject to the meeting of relevant additional requirements, with a view to encouraging SMEs to participate in new export promotion activities.

In addition, the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched on 25 June 2012 to provide funding support to Hong Kong enterprises and non-profit-distributing organisations to assist enterprises in enhancing their competitiveness and facilitating their business development in the Mainland. Up to the end of February 2014, 192¹ and 37 applications have been approved under the Enterprise Support Programme (ESP) and the Organisation Support Programme (OSP) of the BUD Fund respectively. The total amount of funding approved is about \$205 million. 6 and 5 projects have been completed under the ESP and the OSP respectively. We will continue to implement the BUD Fund in 2014-15.

The OSP under the BUD Fund provides funding support for organising large-scale promotional and marketing activities for individual industry sectors or the trade in general to introduce Hong Kong brands and enhance the overall awareness of Hong Kong brands in the Mainland. The OSP has supported individual project to provide Hong Kong enterprises with the training and information on e-commerce for developing the Mainland domestic sales market. Non-profit-distributing organisations of individual industry sectors may consider whether it is suitable for their sectors concerned to make use of the internet as a platform to promote their brands in the Mainland and apply for funding support under the OSP.

In addition, the Hong Kong Trade Development Council (HKTDC) has been actively expanding its Design Gallery network in the Mainland since last year to provide platforms for Hong Kong enterprises, particularly SMEs to showcase their products and build up greater awareness of Hong Kong brands in the Mainland. The HKTDC opened new Design Gallery shops in Qingdao in August 2013 and in Shanghai in March 2014 respectively. In addition, the HKTDC collaborated with department stores in the Mainland to open a series of Design Gallery “shops-in-shop” inside the stores. The first “shop-in-shop” was opened in Shanghai in March 2013. A total of four additional “shops-in-shop” were subsequently opened in Wuhan, Shanghai and Beijing in the rest of 2013. In 2014-15, the HKTDC plans to open more new Design Gallery shops in major cities in East and West China, and continue to collaborate with department stores in the Mainland to open more “shops-in-shop” in cities such as Shenyang, Chengdu, Chongqing, Beijing and Shanghai. As regards electronic platform, the HKTDC has co-operated with Taobao.com since 2010 to set up a business to customer (B2C) website, and more than 340 Hong Kong brands have participated in the platform.

¹ Excluding 13 applications that were granted conditional approval. The final approval of such applications and the amount of grants will be subject to further information submitted by the applicants.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0619)

Head: 181 Trade and Industry Department

Subhead (No. & title): (-)

Programme: (2) Trade Support and Facilitation

Controlling Officer: Director-General of Trade and Industry (Kenneth MAK)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 46):

One of the aims of the Trade and Industry Department (TID) is to enhance Hong Kong's role as a regional trading and distribution centre. In this regard, would TID please advise the estimated expenditure involved in the work plans in this aspect in 2014-15?

Asked by: Hon. LIAO Cheung-kong, Martin

Reply:

To enhance Hong Kong's role as a regional trading and distribution centre, Trade and Industry Department (TID) provides the trade with import and export licensing services, registration services for import/export enterprises, as well as certification of origin services for Hong Kong goods, so as to facilitate trade and build up a sound system on importing/exporting of goods to and from Hong Kong. In 2014-15, TID will continue to provide various licensing, certification of origin and registration services. As in the past, TID will explore ways to further optimise the processing procedures and shorten the processing time of various services to facilitate the trade.

The above work is part of the work of trade support and facilitation and the relevant expenditure has been subsumed under the overall estimated expenditure for the work of trade support and facilitation. It is thus difficult to account for separately.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 0620)**

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 (Kenneth MAK)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 47):

Regarding the SME Export Marketing Fund (EMF):

- a) What are the respective number of applications received, number of applications approved and the average amount of grant for each approved application for the past five years?
- b) For the past five years, how much did the Trade and Industry Department (TID) spend on the promotion and effectiveness review of the EMF? In 2014-15, what are the promotion plan and estimated expenditure breakdowns for the EMF?

Asked by: Hon. LIAO Cheung-kong, Martin

Reply:

- a) The number of applications received, the number of applications approved and the average amount of grant for applications approved under the SME Export Marketing Fund (EMF) in the past five years are as follows:

| Financial Year | Number of Applications Received | Number of Applications Approved | Average Amount of Grant for Applications Approved |
|----------------|---------------------------------|---------------------------------|---|
| 2009-10 | 31 339 | 29 558 | \$13,600 |
| 2010-11 | 26 157 | 23 757 | \$13,458 |
| 2011-12 | 21 241 | 19 191 | \$14,441 |
| 2012-13 | 18 192 | 16 461 | \$15,112 |
| 2013-14* | 17 851 | 14 520 | \$15,976 |

*As at the end of February 2014

- b) The Trade and Industry Department (TID) closely monitors the changes in the market as well as the needs of the SMEs and reviews from time to time the operation of the EMF to ensure that appropriate and timely support is provided to the SMEs. In the past five years, TID attended a number of seminars organised by SME organisations and trade associations to promote the EMF to SMEs. The department also promoted the EMF to SMEs through different channels, such as TV and radio Announcements of Public Interest, exhibitions, promotional leaflets, website, etc. In the coming year, we will continue to make use of the above channels to promote the EMF to more SMEs. The relevant manpower and expenditure have been subsumed under the establishment and provision of TID. It is difficult to quantify them separately.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)327****(Question Serial No. 2490)**

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 (Kenneth MAK)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 48):

It is mentioned in the Budget that the Administration will continue to assist Hong Kong enterprises in upgrading and restructuring their operations, developing brands and promoting sales in the Mainland domestic market through the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) so as to enhance their competitiveness in the Mainland market. Would the Administration please advise on the number of applications that the Fund has received and the number of successful applications so far? What are the amounts of grant approved? Has the Administration followed up those approved applications and assessed their effectiveness so as to continuously enhance the usage of the Fund. If yes, what are the details and the expenditures spent on such assessment in the past three years? If not, what are the reasons?

Asked by: Hon. LIAO Cheung-kong, Martin

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched on 25 June 2012. Up to the end of February 2014, 660 and 85 valid applications have been processed under the Enterprise Support Programme (ESP) and the Organisation Support Programme (OSP) of the BUD Fund respectively, amongst which 192¹ ESP applications and 37 OSP applications have been approved. The total amount of funding approved is about \$205 million. 6 and 5 projects have been completed under the ESP and the OSP respectively.

Enterprises and organisations implementing approved projects under the BUD Fund are required to submit Progress Reports, Final Reports and Auditor's Reports in respect of their projects. Most of the projects have not yet been completed. We will closely monitor the operation of the BUD Fund and assess its effectiveness in due course. The relevant expenditure has been subsumed within the provision for this Department. It is difficult to quantify it separately.

¹ Excluding 13 applications that were granted conditioned approval. The final approval of such applications and the amount of grants will be subject to further information submitted by the applicants.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 1343)**

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 (Kenneth MAK)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 32):

The Trade and Industry Department (TID) administers the Organisation Support Programme of the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund), which was launched in 2012. At the same time, it also works with the Commerce and Economic Development Bureau (CEDB) and the Hong Kong Productivity Council (HKPC) to administer the Enterprise Support Programme of the BUD Fund. In this regard, please advise on the following:

1. the number and percentage of applications approved as well as the highest and lowest amounts of grant approved under the Organisation Support Programme and the Enterprise Support Programme respectively since the launch of the BUD Fund;
2. the main reasons for rejecting the applications; and
3. has the Administration mapped out specific indicators and schedule to assess the effectiveness of the BUD Fund? If yes, what are the details? If not, what are the reasons?

Asked by: Hon. LO Wai-kwok

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched on 25 June 2012. The vetting results as at the end of February 2014 are as follows -

| | Enterprise Support Programme | Organisation Support Programme |
|--|---|---------------------------------------|
| Valid applications processed | 660 | 85 |
| Number of applications approved | 192 (Excluding 13 applications that were granted conditional approval. The final approval of such applications and the amount of grants will be subject to further information submitted by the applicants.) | 37 |

| | Enterprise Support Programme | Organisation Support Programme |
|--|--|---------------------------------------|
| Total approved funding | \$82.4 million | \$122.6 million |
| Success rate | 31% (including applications approved and applications granted conditional approval) | 44% |
| Highest amount of funding | \$500,000 | \$5 million |
| Lowest amount of funding | \$15,000 | \$720,720 |
| Number of applications rejected | 455 | 48 |
| Number of completed projects | 6 | 5 |

For the Enterprise Support Programme (ESP), the main reasons of rejection included: the applicant enterprise failed to meet the eligibility criteria (e.g. sufficient information could not be provided to demonstrate that it has substantive business operations in Hong Kong); the holistic business plan/project details provided were too broad-brush and lacked clarity; the implementation plan lacked sufficient concrete details to show how the project would be effectively implemented; the budget of the project deviated from the funding rules; and the applicant enterprise could not demonstrate that it has sufficient capability to implement the project, etc. The Hong Kong Productivity Council (HKPC), as the secretariat of the ESP, would inform the applicant enterprises concerned of the rejection reasons and remind them of areas they should pay attention to when re-submitting the applications so as to facilitate them to improve the content of their applications.

Regarding the Organisation Support Programme (OSP), the main reasons of rejection included: the project details provided by the applicant organisation lacked clarity or could not meet the objective of the BUD Fund; the implementation plan lacked sufficient concrete details; the budget of the project deviated from the funding rules; and the applicant organisation could not demonstrate that it has sufficient capability to implement the project, etc. The Trade and Industry Department, as the secretariat of the OSP, would inform the applicant organisations concerned of the rejection reasons. If the applicant organisations intend to re-submit their applications, the secretariat will meet with them if needed in order to explain the areas in the applications which require improvements.

The BUD Fund aims at providing funding support to individual enterprises and non-profit-distributing organisations in Hong Kong, so as to assist enterprises in enhancing their competitiveness and facilitating their business development in the Mainland. Most of the projects have not yet been completed. We will closely monitor the operation of the BUD Fund and assess its effectiveness in due course.

CONTROLLING OFFICER'S REPLY**(Question Serial No. 1680)**

Head: 181 Trade and Industry Department
Subhead (No. & title): (-)
Programme: (2) Trade Support and Facilitation
Controlling Officer: Director-General of Trade and Industry (Kenneth MAK)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 7):

Regarding the statement, "In 2011, the Central Government announced the objective of achieving basically liberalisation of trade in services between the Mainland and Hong Kong through the Closer Economic Partnership Arrangement (CEPA) by the end of the National 12th Five-Year Plan period. HKSAR Government is working closely with the Ministry of Commerce, striving to further open up the Mainland market to Hong Kong. We shall work with Guangdong Province, aiming at early achievement of basic liberalization of trade in services between Hong Kong and Guangdong this year", would the Administration please advise this Committee:

- (a) the estimated expenditure that the Bureau will spend on this aspect in 2014-15?
- (b) the respective number and ranks of officers tasked for this work?
- (c) what will be included in the specific work plans?
- (d) the progress or schedule for 2014-5?

Asked by: Hon. SIN Chung-kai

Reply:

Since the Central Government announced in August 2011 the objective of achieving basically liberalisation of trade in services between the Mainland and Hong Kong by the end of the National 12th Five-Year Plan period, the HKSAR Government has been following up the matter with the Ministry of Commerce and is committed to assisting the Hong Kong trade in accessing the Mainland market through the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), with a view to achieving basically the objective of liberalisation of trade in services by the end of 2015 and aiming at early achievement of this objective in Guangdong by the end of 2014. The relevant work has already commenced and is being carried out by a number of government agencies. The Commerce, Industry and Tourism Branch of Commerce and Economic Development Bureau is responsible for the overall policy on CEPA; the Trade and Industry Department (TID) oversees bilateral discussions on further liberalisation and implementation of liberalisation measures under CEPA; and individual bureaux and departments deal with liberalisation and specific implementation issues in the relevant service sectors. The manpower and financial resources involved in the work are absorbed by relevant bureaux or departments. We do not have information on the actual amount.

The work will be taken up by TID's existing manpower resources. The ranks of the responsible officers range from Assistant Trade Officers to Director-General of Trade and Industry.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1095)

Head: 181 Trade and Industry Department

Subhead (No. & title): (-)

Programme: (1) Commercial Relations

Controlling Officer: Director-General of Trade and Industry (Kenneth MAK)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 45):

During 2014–15, the Trade and Industry Department (TID) will continue to discuss, with the Mainland authorities on further liberalisation under CEPA so as to realise the goal of basically achieving liberalisation of trade in services between the Mainland and Hong Kong by the end of the National 12th Five-Year Plan period and to have early achievement of it in Guangdong; and continue to use the existing mechanism, including the Joint Working Group, to further enhance the effective implementation of the liberalisation measures under CEPA. In this regard, would the Administration please advise this Committee:

- (1) the work progress and the achievements sought for the past three years (i.e. from 2011-12 to 2013-14)? What was the expenditure involved?
- (2) are there any specific initiatives for the relevant work in 2014-15? What is the estimated expenditure involved?

Asked by: Hon. TIEN Pei-chun, James

Reply:

Since the Central Government announced in August 2011 the objective of achieving basically liberalisation of trade in services between the Mainland and Hong Kong by the end of the National 12th Five-Year Plan period, the HKSAR Government has been following up the matter with the Ministry of Commerce and is committed to assisting the Hong Kong trade in accessing the Mainland market through the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA). In the past three years, we have signed with the Mainland three supplements to CEPA respectively, striving to seek preferential and facilitation measures for various sectors, such as lowering the entry threshold and relaxing the scope of services, etc. and are making steady progress towards the goal of achieving liberalisation of trade in services between the two places.

The HKSAR Government attaches great importance to the effective implementation of CEPA. We have been working closely with the Mainland authorities at central, provincial and municipal levels to address and follow up on problems encountered by Hong Kong enterprises in using CEPA liberalisation measures in the Mainland. Last year, the HKSAR Government and the Ministry of Commerce set up a joint working group to further enhance the mechanism for implementation of CEPA measures. The joint working group convened meetings in June and December respectively in

Guangdong and Shanghai to discuss the problems encountered by the trade in using CEPA at provincial and municipal levels and achieved positive outcome. In future, Hong Kong and the Mainland will continue to work closely to assist the trade in making better use of CEPA liberalisation measures and gaining greater access to the Mainland market.

The CEPA-related work outlined above is carried out by different government agencies. The Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) is responsible for the overall policy on CEPA; TID oversees bilateral discussions on further liberalisation and implementation of liberalisation measures under CEPA; and individual bureaux and departments deal with liberalisation and specific implementation issues in the relevant service sectors. The manpower and financial resources involved in the work are absorbed by relevant bureaux or departments. We do not have information on the actual amount.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1096)

Head: 181 Trade and Industry Department
Subhead (No. & title): (-)
Programme: (2) Trade Support and Facilitation
Controlling Officer: Director-General of Trade and Industry (Kenneth MAK)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 46):

In 2014-15, the Trade and Industry Department will continue to liaise closely with the Mainland authorities and local traders on the Mainland issues of significant impact on business operations, and help reflect the trade's concerns to the relevant Mainland authorities. In this regard, would the Administration please advise this Committee on:

- (1) the work progress and the achievements made in 2013-14, and the expenditure involved?
- (2) the specific work plans in 2014-15, and the expenditure involved?

Asked by: Hon. TIEN Pei-chun, James

Reply:

In 2013-14, the Trade and Industry Department (TID) has maintained close dialogue with the trade through various channels, so as to understand the trade's concerns and views. At the same time, we have maintained close liaison with the Mainland authorities at various levels (including through the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade) to relay to them the trade's views and to discuss with them support measures for the trade. In addition, TID from time to time disseminates information to Hong Kong enterprises by means of circulars to enhance the trade's understanding of the Mainland's new policies, legislation and business environment, and a total of about 700 circulars were issued in 2013-14. TID's website also includes a dedicated page on economic and trade information of the Mainland, with hyperlinks to the economic and trade websites of about 200 Mainland authorities. This platform facilitates Hong Kong enterprises in getting access to economic and trade information of the Mainland.

The manpower and expenditure of the above-mentioned work have been subsumed within the establishment and provision for this Department. It is difficult to quantify them separately.

In 2014-15, TID will continue to implement the above measures to assist Hong Kong enterprises in operating in the Mainland.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1097)

Head: 181 Trade and Industry Department

Subhead (No. & title): (-)

Programme: (2) Trade Support and Facilitation

Controlling Officer: Director-General of Trade and Industry (Kenneth MAK)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 47):

During 2014-15, the Trade and Industry Department plans to keep in view the powdered formula export licensing arrangement and make adjustment as appropriate having regard to the outcome of reviews by the Food and Health Bureau on the supply situation of powdered formula in Hong Kong. In this regard, would the Administration please advise this Committee:

- i. the number of applications for powdered formula export licences and the product quantity involved in the past year;
- ii. whether there is any change in the administrative expenses for the relevant work? If yes, what are the details; and
- iii. the comparison between the above and the past figures?

Asked by: Hon. TIEN Pei-chun, James

Reply:

- i. For the whole year from 1 March 2013 to 28 February 2014 when the powdered formula export licensing arrangement was implemented, the Trade and Industry Department has issued a total of 8 888 licences, involving 10 880 000 kilograms of powdered formula.
- ii. Since the implementation of the powdered formula export licensing arrangement, 5 staff have been tasked to process applications for these licences. The amount of expenditure directly involved in the licensing work is about \$660,000 each year.
- iii. As the powdered formula export licensing arrangement took effect from 1 March 2013, we are unable to provide the past figures for comparison.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1155)

Head: 181 Trade and Industry Department
Subhead (No. & title): (-)
Programme: (1) Commercial Relations
Controlling Officer: Director-General of Trade and Industry (Kenneth MAK)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 44):

In 2014-15, the Trade and Industry Department (TID) will continue to facilitate trade adjustment to changes in the Mainland's policies and in the global economic environment. In this regard, would the Administration please advise the Committee:

- (1) what were the relevant measures in 2013-14? What was the expenditure involved?
- (2) is there any specific work plan in 2014-15? What is the estimated expenditure involved?

Asked by: Hon. TIEN Pei-chun, James

Reply:

The Trade and Industry Department (TID) endeavours to facilitate the trade in adjusting to changes in the Mainland's policies and in the global economic environment.

In 2013-14, TID has maintained close dialogue with the trade through various channels, in order to understand concerns and views of the trade. At the same time, we have maintained close liaison with the relevant Mainland authorities at various levels (including the Hong Kong/Guangdong Expert Group on the Restructuring and Upgrading of the Processing Trade) to relay to them the trade's views and to discuss with them support measures for the trade. In addition, TID from time to time disseminates information to Hong Kong enterprises by means of circulars to enhance the trade's understanding of the Mainland's new policies, legislation and business environment. A total of about 700 circulars were issued in 2013-14. TID's website also includes a dedicated page on economic and trade information of the Mainland, with hyperlinks to the economic and trade websites of about 200 Mainland authorities. This platform facilitates Hong Kong enterprises in getting access to economic and trade information of the Mainland.

In face of changes in the global economic environment, relevant work carried out by TID and its outcome in 2013-14 are as follows:

- (i) to closely monitor changes in the trade regulations of our trading partners and the trade remedy measures against Hong Kong-origin products, disseminate relevant information through commercial trade circulars and give prompt advice to local traders and manufacturers, and lodge timely defences against any unfair or unfounded allegations and measures;

- (ii) to promote trade and investment cooperation with other economies (including emerging markets); and
- (iii) to participate in regional economic cooperation fora, in particular the work of the Asia-Pacific Economic Cooperation and Pacific Economic Cooperation Council, discuss with other members the challenges brought about by the changes in the regional and global economic environment and the ways to address them, promote regional economic growth and integration and enhance the business environment in the region.

In 2014-15, TID will continue to monitor changes in the Mainland's policies and in the global economic environment to provide the trade with appropriate assistance and enhance the cooperation in trade and investment with other economies. Given the uncertainties in the traditional European and U.S. markets and the steady economic growth in emerging markets, we will strengthen the liaison work with the emerging markets, encourage and support the trade to tap into these markets.

Assisting the trade in adjusting to changes in the Mainland's policies and in the global economic environment is part of the overall work on commercial relations. The relevant expenditure has been subsumed under the overall estimated expenditure for all commercial relations work. It is difficult to account for the relevant manpower and financial resources separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2548)

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 (Kenneth MAK)
Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 48):

In 2014-15, the Trade and Industry Department (TID) will continue to closely monitor the global and domestic economic environment and the impact of any changes in the environment on Hong Kong enterprises, in particular small and medium enterprises. In this regard, would the Administration please advise the Committee:

- (1) what were the progress and outcome of the relevant work in 2013-14? What was the expenditure involved?
- (2) what are the specific work plans for 2014-15? What will be the estimated expenditure involved?

Asked by: Hon. TIEN Pei-chun, James

Reply:

In face of changes in the global economic environment, relevant work carried out by the Trade and Industry Department (TID) and its outcome in 2013-14 are as follows:

- (i) to closely monitor changes in the trade regulations of our trading partners and the trade remedy measures against Hong Kong-origin products, disseminate relevant information through commercial trade circulars and give prompt advice to local traders and manufacturers, and lodge timely defences against any unfair or unfounded allegations and measures;
- (ii) to promote trade and investment cooperation with other economies (including emerging markets); and
- (iii) to participate in regional economic cooperation fora, in particular the work of the Asia-Pacific Economic Cooperation and Pacific Economic Cooperation Council, discuss with other members the challenges brought about by the changes in the regional and global economic environment and the ways to address them, promote regional economic growth and integration and enhance the business environment in the region.

TID closely monitors the impact of changes in market situation on Hong Kong enterprises, in particular small and medium enterprises (SMEs) and reviews from time to time the operation of various support measures to ensure that timely and adequate support is provided to the trade. For example, in order to further assist SMEs in exploring export market opportunities, the Government has increased the cumulative grant ceiling per SME under the SME Export Marketing Fund from \$150,000 to \$200,000 with effect from 10 June 2013, subject to the meeting of relevant additional requirements, with a view to encouraging SMEs to participate in new export promotion activities.

In 2014-15, TID will continue to monitor changes in the global and domestic economic environment to provide the trade with appropriate assistance and enhance the cooperation in trade and investment with other economies. Given the uncertainties in the traditional European and U.S. markets and the steady economic growth in emerging markets, we will strengthen the liaison work with the emerging markets, encourage and support the trade to tap into these markets. We will also continue to assist enterprises in obtaining finance, exploring markets and enhancing the overall competitiveness through the three existing ongoing SME funding schemes, namely the SME Loan Guarantee Scheme, the SME Export Marketing Fund and the SME Development Fund.

The expenditure of the above-mentioned work has been subsumed within the provision for the Department. It is difficult to quantify it separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2549)

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 (Kenneth MAK)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 49):

In 2014-15, the Trade and Industry Department (TID) will continue to administer the Organisation Support Programme of the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) and work with the Commerce and Economic Development Bureau (CEDB) as well as the Hong Kong Productivity Council (HKPC) to administer the Enterprise Support Programme of the BUD Fund. In this regard, would the Administration please advise this Committee the number of applications received and approved, the number of beneficiaries as well as the amount of grants approved in the past year (i.e. 2013-14)?

Asked by: Hon. TIEN Pei-chun, James

Reply:

The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched in June 2012. From April 2013 to the end of February 2014, 239 and 26 valid applications have been received under the Enterprise Support Programme (ESP) and the Organisation Support Programme (OSP) of the BUD Fund respectively. Of them, 169 ESP applications and 24 OSP applications have been processed, and 46¹ ESP applications and 14 OSP applications have been approved. The total amount of funding approved is about \$65.5 million. A total of 43 enterprises and 13 organisations have benefited under the BUD Fund.

¹ Excluding 12 applications that were granted conditional approval. The final approval of such applications and the amount of grants will be subject to further information submitted by the applicants.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2550)

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 (Kenneth MAK)
Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 50):

In 2014-15, the Trade and Industry Department (TID) will continue to administer various SME funding schemes and closely monitor their effectiveness and utilisation. In this regard, would the Administration please advise this Committee on:

- (1) the utilisation rate of the funding schemes?
- (2) the highest, general and lowest interest rates of loans guaranteed under the SME Loan Guarantee Scheme (SGS)?
- (3) the default rate of the SGS, and the number and amount of default claims involved up to present?

Asked by: Hon. TIEN Pei-chun, James

Reply:

In 2014-15, the Trade and Industry Department (TID) will continue to assist enterprises in obtaining finance, exploring markets and enhancing the overall competitiveness through the three existing SME funding schemes, namely the SME Loan Guarantee Scheme (SGS), the SME Export Marketing Fund (EMF) and the SME Development Fund (SDF).

As at the end of February 2014, 27 590 applications involving a total guarantee amount of over \$20.6 billion have been approved under the SGS, representing about 69% of the \$30 billion total loan guarantee commitment. More than 172 000 and 220 applications have been approved under the EMF and the SDF, involving total grant amounts of about \$2.6 billion and \$260 million respectively. This amounts to about 83%¹ of the total commitment of the SME Export Marketing and Development Funds of \$3.75 billion.

The SGS aims to assist enterprises in obtaining loans in the commercial lending market. The interest rate of each loan is the individual commercial decision of the bank concerned. We do not keep statistics on the interest rates of the loans guaranteed under the SGS. As at the end of February 2014, the SGS has received 1 299 net default claims, involving a net default claims amount of about \$485 million, and the default rate is about 2.24%. About \$220 million has been compensated to date.

¹ In calculating the utilisation rate of the SME Export Marketing and Development Funds, apart from the EMF and the SDF, the amount of grants approved under the previous SME Training Fund (i.e. \$260 million), which ceased to receive applications since 1 July 2005, has been included.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1119)

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 (Kenneth MAK)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 14):

How much financial resources, man-hours and manpower did the Trade and Industry Department (TID) spend on the newsletter "SME Pulse" in the past year? What were the respective civil service grades and ranks involved?

Asked by: Hon. WONG Ting-kwong

Reply:

In the past year, the Trade and Industry Department (TID) published two issues of "SME Pulse", spending a total of \$65,000 on layout design, printing and hiring freelancers for conducting interviews with target entrepreneurs and drafting articles for these interviews.

The relevant civil service manpower has been subsumed within the establishment of TID. It is difficult to quantify them separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1120)

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 (Kenneth MAK)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 16):

How much financial resources and manpower are required for administering the SME Export Marketing Fund (EMF), the SME Loan Guarantee Scheme (SGS), the SME Development Fund (SDF) as well as the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) under the Trade and Industry Department (TID)? What are the civil services grades and ranks involved?

Asked by: Hon. WONG Ting-kwong

Reply:

The manpower and expenditure for administering the SME Export Marketing Fund, the SME Loan Guarantee Scheme, the SME Development Fund as well as the Dedicated Fund on Branding, Upgrading and Domestic Sales have been subsumed within the establishment and provision for the Trade and Industry Department. It is difficult to quantify them separately. The ranks of civil servants responsible for the relevant work range from clerical assistants to directorate officers.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2917)

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 (Kenneth MAK)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 52):

At present, some Hong Kong manufacturers who have moved to the Mainland to carry on business in early years intend to relocate back to Hong Kong for business. However, industrial land in Hong Kong is insufficient and there is a shortage of industrial manpower. What specific policies and measures does the Government have in assisting these returning Hong Kong businessmen from the Mainland? What government departments are involved? What are the financial resources and manpower involved?

Asked by: Hon. WONG Ting-kwong

Reply:

The Government's policy is to create a business-friendly environment and provide timely and adequate support so that our trade can flourish. As regards the development of industries, given the land and manpower constraints in Hong Kong, land-intensive and low value-added while labour-intensive industries may not help create high quality job opportunities or benefit the long term development of the Hong Kong economy. We therefore consider that we should focus our resources on high value-added and high technology industries or processes that we have competitive edges or that have development potential.

The various initiatives being undertaken by the Government, including the SME Funding Schemes of the Trade and Industry Department, provide support to enterprises including those interested in relocating their operations back to Hong Kong in areas such as obtaining finance and enhancing their overall competitiveness.

The relevant manpower and expenditure have been subsumed within the establishment and provision of the bureaux/departments concerned. It is difficult to quantify them separately.

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5454)

Head: 181 Trade and Industry Department
Subhead (No. & title): (-)
Programme: (1) Commercial Relations
Controlling Officer: Director-General of Trade and Industry (Kenneth MAK)
Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 53):

Has the Administration made any efforts to understand the operating situation of the Hong Kong enterprises in Southeast Asia, Africa and South America with the existing financial resources and manpower? If yes, please respectively list out the total number of Hong Kong enterprises in these areas, the number of small and medium enterprises (SMEs), the major business operations engaged, outputs, the assistance rendered to these enterprises by the Administration as well as the financial resources and manpower involved in rendering the assistance.

Asked by: Hon. WONG Ting-kwong

Reply:

The Trade and Industry Department (TID) does not have the statistics on the operation of Hong Kong enterprises in Southeast Asia, Africa and South America.

TID has been actively enhancing trade and investment co-operation with the emerging markets so as to open new markets for Hong Kong's merchandise and services and create business opportunities. TID will explore the possibilities of forging various bilateral agreements, including comprehensive free trade agreements and investment promotion and protection agreements, etc., to strengthen economic and trade ties. TID also closely monitors changes in the trade regulations of our trading partners and the trade remedy measures against Hong Kong-origin products, disseminates relevant information through commercial trade circulars and gives prompt advice to local traders and manufacturers, and lodges timely defences against any unfair or unfounded allegations and measures.

The above work is part of the overall work on commercial relations. The relevant expenditure has been subsumed under the overall estimated expenditure for all commercial relations work. It is difficult to account for the relevant manpower and financial resources separately.

CONTROLLING OFFICER'S REPLY

CEDB(CIT) 341

(Question Serial No. 5294)

Head: 181 Trade and Industry Department
Subhead (No. & title): (000) Operational Expenses
Programme: (-)
Controlling Officer: Director-General of Trade and Industry (Kenneth MAK)
Director of Bureau: Secretary for Commerce and Economic Development
This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 70):

What is the 2014-15 estimate for duty visits or exchanges in the Mainland conducted by the Trade and Industry Department? Please provide information about the themes of duty visits or exchanges in the Mainland planned for 2014-15. How will the Administration prevent activities irrelevant to official duties from taking place during duty visits outside Hong Kong? And how will the Administration prevent applications for revising visit destinations from becoming a mere formality?

Asked by: Hon. WONG Yuk-man

Reply:

In 2014-15, officers in the Trade and Industry Department will conduct duty visits based on operational needs, including attending meetings of the Asia-Pacific Economic Cooperation, discussing with the Mainland authorities on further liberalisation measures and implementation issues under the Mainland and Hong Kong Closer Economic Partnership Arrangement, assisting Hong Kong traders in exploring the Mainland market and enhancing economic and trade cooperation between the two places.

Expenditure of duty visits incurred by public funds is subject to relevant regulations and guidelines to ensure effective monitoring and prudent use of public funds. Under the guidelines, official duty visits undertaken should be fully justified on operational grounds. Prior approval must be obtained for duty visits and non-official activities should be avoided. In making an application, an officer should provide all necessary information in respect of the proposed duty visit as far as practicable. Where there are subsequent changes to the visit arrangements, the officer should inform the approving authority as soon as possible to assess the need for reconsideration of the application afresh.

CONTROLLING OFFICER'S REPLY**CEDB(CIT)342****(Question Serial No. 6602)**

Head: 152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)

Subhead (No. & title):

Programme: (2) Commerce and Industry

Controlling Officer: Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (Andrew HY WONG)

Director of Bureau: Secretary for Commerce and Economic Development

This question originates from: Estimates on Expenditure Volume Page (if applicable)

Question (Member Question No. 537):

According to paragraph 101 of the Budget Speech of 2014-15, "the development of SMEs has always been high on my agenda, and I appreciate the different challenges that they face such as surging costs and keen competition. Over the years, Government has rolled out an array of appropriate measures to support their development. Given the uncertain external economic environment, I shall continue to lend support to local SMEs in financing, market expansion, brand building and productivity enhancement through the following seven measures –

| | |
|-----|---|
| (a) | extending the application period for the special concessionary measures under the SME Financing Guarantee Scheme for one year to the end of February 2015. From its launch to the end of 2013, over 8 000 applications have been approved, benefiting over 5 500 enterprises with total loan guarantee of more than \$27 billion; |
| (b) | continuing the implementation of the Small Business Policy (SBP) scheme by the Hong Kong Export Credit Insurance Corporation to allow SMEs engaging in export trade more flexibility in taking out insurance cover. The SBP scheme has been well received since its launch in March last year. More than 700 applications have been approved with the value of total insured business amounting to over \$1 billion. SBP policyholders will continue to enjoy waiver of the annual policy fee and up to 20 per cent premium discount; |
| (c) | earmarking \$50 million to support retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity; |
| (d) | promoting cloud computing applications among SMEs and providing training to help them adopt appropriate and affordable IT solutions; |
| (e) | continuing with the Hong Kong Mortgage Corporation Limited's Microfinance Scheme. Up to the end of 2013, 106 applications have been approved under the scheme, with a total loan amount of over \$28 million; |
| (f) | continuing to make use of the dedicated fund and extend the network of the HKTDC Design Gallery to assist Hong Kong enterprises in developing brands, in upgrading and restructuring, as well as in exploring market opportunities in the Mainland; and |
| (g) | continuing to identify suitable workspace for individuals and enterprises engaging in creative industries and help promote their work. The "Comix Home Base" converted from a pre-war building was open in July last year. The creative industries landmark "PMQ", a \$500 million government project of revitalising the former Police Married Quarters on Hollywood Road, is coming on stream in the first half of this year." |

Would the Administration advise of the expected outcome and performance indicators of measures (a), (b), (c) and (f)?

Asked by: Hon. LEUNG Kwok-hung

Reply:

The Government attaches great importance to the development of SMEs. We review the various support measures from time to time in order to provide adequate and timely support to SMEs.

The existing measures and new initiatives announced by the 2014-15 Budget to support SMEs and relevant to the Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch) are detailed as follows:

- (1) The Hong Kong Mortgage Corporation Limited (HKMC) launched the special concessionary measures under its existing SME Financing Guarantee Scheme (SFGS) on 31 May 2012 to provide 80% loan guarantees at concessionary fee rates. The Government provides a total loan guarantee commitment of \$100 billion. As at the end of February 2014, the HKMC has received over 9 300 applications and approved over 8 300 applications, involving a total loan amount of about \$35.1 billion and a total guarantee amount of about \$28.1 billion. The special concessionary measures are time-limited special measures. The original application period was 9 months, which was later extended for one year up to the end of February 2014. In the light of the prevailing uncertain external economic environment, the Government has further extended the application period of the special concessionary measures for one more year up to the end of February 2015 to continue to assist enterprises in obtaining financing in the commercial lending market. Extension of the application period does not involve additional government resources. As the loan amount involved and industry demand in the coming year will be affected by a number of factors, including the prevailing economic situation, we are unable to provide the relevant estimates.
- (2) The Hong Kong Export Credit Insurance Corporation (ECIC) has launched a "Small Business Policy" (SBP) scheme for Hong Kong enterprises with an annual business turnover of less than \$50 million since 1 March 2013, providing exporters with more flexibility in taking out insurance cover. Within two years from 1 March 2013, SBP policyholders will enjoy waiver of the annual policy fee and up to 20 per cent premium discount. As at 28 February 2014, the ECIC has approved 791 applications with the value of total insured business amounting to over \$1.4 billion. In 2014-15, the ECIC will continue to launch the SBP scheme. This measure is launched within the ECIC's overall budget, and does not involve Government resources. As the industry demand for the scheme in the coming year will be affected by a number of factors, including the prevailing economic situation, we are unable to provide the relevant estimates.
- (3) The Government has earmarked \$50 million to support retailers on a matching fund basis for the use of IT and other technology solutions to increase productivity. This would help manage manpower demand of the retail industry. The target of the funding support for productivity enhancement is small and medium enterprises of the retail industry. We plan to partner with the Hong Kong Productivity Council in rolling out the scheme concerned, and are working with it and the industry on detailed parameters such as application eligibility and procedures, the technologies to be covered, expected results, etc. We will shortly present the detailed proposal to the Panel on Commerce and Industry and the Finance Committee to seek support for early launching of the scheme.

- (4) The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) was launched on 25 June 2012 to provide funding support to Hong Kong enterprises and non-profit-distributing organisations to assist enterprises in enhancing their competitiveness and facilitating their business development in the Mainland. Up to the end of February 2014, 192¹ and 37 applications have been approved under the Enterprise Support Programme and the Organisation Support Programme of the BUD Fund respectively. The total amount of funding approved is about \$205 million. 6 and 5 projects have been completed under the Enterprise Support Programme and the Organisation Support Programme respectively. We will continue to implement the BUD Fund in 2014-15. Provision for the BUD Fund is provided under Programme (3) Support for Small and Medium Enterprises and Industries of Head 181 Trade and Industry Department. The estimated expenditure of the BUD Fund in 2014-15 is \$107.4 million. Since most of the projects have not yet been completed, we will closely monitor the operation of the BUD Fund and assess its effectiveness in due course.

In addition, the Hong Kong Trade Development Council (HKTDC) has been actively expanding its Design Gallery network in the Mainland since last year to provide platforms for Hong Kong enterprises, particularly small and medium enterprises to showcase their products and build up greater awareness of Hong Kong brands in the Mainland. The HKTDC opened new Design Gallery shops in Qingdao in August 2013 and in Shanghai in March 2014 respectively. In addition, the HKTDC collaborated with department stores in the Mainland to open a series of Design Gallery “shops-in-shop” inside the stores. The first “shop-in-shop” was opened in Shanghai in March 2013. A total of four additional “shops-in-shop” were subsequently opened in Wuhan, Shanghai and Beijing in the rest of 2013. The HKTDC’s relevant expenditure in 2013-14 is around \$12 million. In 2014-15, the HKTDC plans to open more new Design Gallery shops in major cities in East and West China, and continue to collaborate with department stores in the Mainland to open more “shops-in-shop” in cities such as Shenyang, Chengdu, Chongqing, Beijing and Shanghai. The HKTDC’s relevant budget in 2014-15 is around \$15 million. Since their establishment in the Mainland, the Design Gallery shops have attracted the participation of over 250 Hong Kong brands, with products ranging from fashion accessories, jewellery, watches, gifts, houseware and electronic commodities, etc. Many Hong Kong brands have found suitable business partner(s) in the Mainland through the Design Gallery shops and eventually set up their own outlets in different Mainland cities. We expect that the expansion of Design Gallery shops in the Mainland would provide effective support to Hong Kong enterprises in exploring domestic sales.

¹ Excluding 13 applications that were granted conditional approval. The final approval of such applications and the amount of grants will be subject to further information submitted by the applicants.