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Panel on Information Technology and Broadcasting

Meeting on 12 May 2014

Updated background brief on Hong Kong Design Centre

Purpose

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

Background

2. HKDC is a non-profit making infrastructure organization established in 2001 to further the development of design. It is a company limited by guarantee, with the Hong Kong Designers Association, Chartered Society of Designers, Hong Kong, Interior Design Association Hong Kong, Hong Kong Fashion Designers Association, and the Hong Kong Federation of Design Associations as members. The objectives of HKDC are to, among other things, promote design as a value-added activity and integration of design into mainstream business processes, which are in line with the Government's policy on the promotion of design and innovation. HKDC has since its inception been the Government's main partner in promoting design. To support HKDC's initial operation, the Government provided a one-off funding of \$10 million to HKDC as seed money in 2001. The Finance Committee ("FC") approved in June 2004 a funding commitment of \$250 million for the setting up of the DesignSmart Initiative¹ ("DSI") under which \$45 million was set aside for

¹ DesignSmart Initiative ("DSI") aimed at supporting and promoting design and related activities that offer industries and businesses the ability to differentiate themselves from their competitors, add value to their products or services, and increase their economic competitiveness. In May 2011, the Administration issued an information paper on the consolidation of DSI and CreateSmart Initiative ("CSI") which was launched in June 2009 to provide financial support to initiatives that are conducive to the development and promotion of creative industries (LC Paper No. CB(1)2134/10-11(01) issued on 9 May 2011).

supporting the operation of HKDC.

3. On 11 October 2006, the Chief Executive announced in his 2006-2007 Policy Address that the Government would earmark \$100 million over five years for HKDC to further assist the trades and industries in Hong Kong to make full use of their designs and build their brand names. Following consultation with the Panel on Commerce and Industry, the Administration submitted a funding proposal of \$100 million to support the operation of HKDC over five years to promote the importance of design and innovation. The proposal was approved by FC on 25 May 2007.

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

Previous discussions

ITB Panel

Nurturing talents and design start-ups

5. At the ITB Panel meeting on 11 March 2013, the Panel was briefed on the proposal, which was subsequently approved by the Finance Committee, to inject an additional \$300 million into the CSI and to expand the ambit of the CSI to cover the Design-Business Collaboration Scheme² ("DBCS"). Some Panel members urged the Administration to step up efforts to promote CSI funding scheme to SMEs. Measures should also be taken to nurture talents and start-ups, in particular on the provision of overseas design training programmes to the young generation, and help them build their brands with international renown in areas such as fashion design. Some Panel members urged the Administration to render support to local manufacturing industries and to accord priority to applicants under DBCS with factories operating in Hong Kong. The Administration

² The Design-Business Collaboration Scheme provides matching grant to encourage small and medium-sized enterprises in using design services.

advised that it would continue to encourage and support local SMEs and designers in the development of creative industry. At the Panel's request, the Administration would amend the application form and template of the completion report for new DBCS projects for collection of information on where applicants' project deliverables were produced.

6. At the ITB Panel meeting on 10 February 2014, the Administration updated Members on the work of CreateHK in 2013 and gave a preview of CreateHK's major initiatives in 2014. Members noted that HKDC, as a strategic partner of the Government in promoting design, had organized with the sponsorship of CreateHK a 15-day World Design Summer Camp 2013 in Hong Kong from 27 June to 11 July 2013 for over 120 local and overseas design students to broaden their horizon and encourage cultural and design knowledge exchange. Students participated in a range of programmes including master talks, workshops, seminars, local site visits and a 3-day-2-night study tour to Pearl River Delta. Some members opined that the Administration should provide assistance to start-ups in the creative industry in the commercialization of inventions and tapping new markets outside Hong Kong. The Administration assured that CreateHK would continue to facilitate the various sectors of Hong Kong's creative industry in tapping the Mainland market.

Performance indicators

7. At the ITB Panel meeting on 27 May 2013, some Panel members opined that economic indicators in terms of job opportunities or the value added to the Gross Domestic Product by the Administration's effort in promoting design industry should be made available to evaluate the work of HKDC. Some other members expressed concern about the lack of feedback from the stakeholders, such as the business sector, in assessing the work of HKDC. They urged the Administration to review the matter in future. Some Panel members expressed concern about the position of the local young design generation when compared to those in other overseas jurisdictions. These members urged the Administration to gauge views from the business sector and come up with some indicators for assessing the position of this generation in this regard.

8. The Administration advised that it was mindful of the need to nurture community-wide understanding and appreciation of the value of design. To this end, the CSI under CreateHK had supported youth programmes, such as the Hong Kong Young Design Talent Awards organized by HKDC, to arouse students' interest in design and inspire them to undertake further studies or pursue a career in the design field. The Administration subsequently provided statistics (vide LC Paper No. CB(4)992/12-13(01) issued on 19 September 2013) on the contribution by the design industry to the economic growth of Hong Kong from 2008 to

2012 (**Appendix**).

Special Finance Committee meeting

9. At the special FC meeting on 2 April 2014, Hon Andrew LEUNG, Hon Martin LIAO, Hon MA Fung-kwok raised questions, among others, on the resources deployed for promoting Hong Kong as Asia's creative capital. The Administration advised that CreateHK would continue to support the operation of HKDC, provide funding support for the HKDC to organize the BODW and the HKDC Awards, and support the HKDC in administering the second phase of the Design Incubation Programme³ ("DIP"). The estimated provision in 2014-2015 for the work of HKDC was about \$52.9 million.

Latest position

10. The Administration and HKDC representative will brief the ITB Panel on 12 May 2014 on the progress of work of HKDC and the relevant initiatives taken to promote design and innovation.

Relevant papers

11. A list of the relevant papers with their hyperlinks is at:
http://www.legco.gov.hk/yr15-16/english/panels/itb/papers/itb_g.htm

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³ Launched in 2006, the Design Incubation Programme aims at nurturing design start-ups to help build up a design talent pool and design entrepreneurship in Hong Kong. It offers funding support and other support services to incubatees, with a view to helping them meet the challenges during the early and critical stages of development.

Appendix

Contribution by the design industry to the economic growth of Hong Kong from 2008 to 2012

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
(a) Value-added of the design sector (HK\$ million)	2,683	2,289	2,932	3,615	Statistics not yet available (N/A)
(b) Number of persons engaged by the design sector	11 100	11 300	12 080	13 150	N/A
(c) Number of registrations for trademarks	5 926	7 524	8 482	8 430	9 111
(d) Number of designs registered	2 304	1 641	1 794	1 638	1 468
(e) Number of standard patents granted	47	86	93	76	90
(f) Number of short-term patents granted	269	302	294	320	310

Note

- (1) Items (a) and (b) show the figures provided by the Census and Statistics Department.
- (2) Items (c), (d), (e) and (f) show the number of intellectual property rights ("IPRs") registered by or granted to Hong Kong applicants in Hong Kong. The figures, which are provided by the Intellectual Property Department, do not cover those IPRs registered by or granted to Hong Kong applicants outside Hong Kong.