

2010-11 Policy Address

The Six Industries where Hong Kong enjoys clear advantages: Progress in brief

In 2009, the Task Force on Economic Challenges recommended the development of six industries where Hong Kong enjoys clear advantages. They are medical services, education services, environmental industries, innovation and technology, testing and certification, and cultural and creative industries. In the 2009-10 Policy Address, the Chief Executive outlined the direction and plans for the development of these six industries. Progress is summarised below.

Medical Services

Development of Private Hospitals

Four sites at Wong Chuk Hang, Tseung Kwan O, Tai Po and Lantau were designated for private hospital development, with expressions of interest invited from the market in late 2009. Feedback is being considered with a view to formulating suitable arrangements to dispose of the sites in phases from late 2011 or 2012.

Development of Chinese Medicine

To ensure high professional standards and to expedite the standardisation of Chinese medicine, the Government regulates the safety, quality and efficacy of proprietary Chinese medicines. In addition, the Chinese medicine industry will be developed under the concept of “evidence-based medicine” and with a scientific authentication mechanism.

At present, there are no international criteria for the Chinese medicine standards. Hong Kong is taking positive steps to participate in the development of safety and quality standards for Chinese herbal medicines. Work continues on the development of the Hong Kong Chinese Materia Medica Standards to extend its coverage to 200 commonly used Chinese herbal medicines for completion in 2012.

The Hospital Authority is testing different models of Chinese and Western medicines shared-care services in various hospitals. Provision of such services on a larger scale is being considered in the proposed Chinese medicine building under the Kwong Wah Hospital Redevelopment Project.

The Chinese Medicine Ordinance allows Chinese medicine experts from the Mainland to conduct clinical research and educational work in local universities and scientific research institutions through a limited registration system. We will explore with the Chinese Medicine Council of Hong Kong the possibility of inviting and encouraging more Chinese medicine experts from the Mainland and other countries to come to Hong Kong for work and exchanges.

Environmental Industries

We have been promoting the development of various new businesses relating to environmental protection, including electric vehicles, new energy technology, and products to enhance building energy efficiency. We are taking the lead to step up environmental protection initiatives among government departments with a view to creating new business opportunities for the environmental industries. We have been encouraging the private sector, through various policies and financial incentives, to support the development of environmental industries.

The last Policy Address mentioned we would develop green specifications for more products commonly procured by the Government. At present, the number of such products with green specifications has increased to over 100. We will continue to expand the list of products with green specifications, and also plan to extend green procurement to government service contracts such as vehicle hiring services. In public works contracts, we will gradually increase the use of recycled materials.

The Legislative Council will soon complete the scrutiny of the Buildings Energy Efficiency Bill. The Bill seeks to stipulate a minimum energy efficiency standard for buildings, and promote wider use of energy-efficient building services installations. The Mandatory Energy Efficiency Labelling Scheme, which came into operation last year, has helped change the behaviour of suppliers and consumers of electrical appliances, and opened up more business opportunities for energy-efficient electrical appliances. Our efforts to promote green transportation and electric vehicles send a clear signal to car manufacturers, the automobile industry and fleet operators that they are encouraged to introduce more environmental-friendly vehicles to the local market.

Hong Kong is gradually becoming an important business and trading platform for green products, technologies and services in the region. The “Eco Expo Asia” is expected to attract a greater number of exhibitors this year, and become the premier eco-exhibition in the region.

Testing and Certification Services

The Hong Kong Council for Testing and Certification was established last year. In March this year the Council submitted to the Chief Executive a three-year development plan for the testing and certification industry, including recommendations on strengthening the competitiveness of the industry in general and exploring new business opportunities in four selected trades, namely, Chinese medicine, jewellery, food and construction materials. The Government accepted all the Council's recommendations and is working closely with the Council and the industry to implement them.

Education Services

In the past year, the Education Bureau, together with representatives from institutions, went on overseas visits to promote Hong Kong's new academic structure and its positioning as a regional education hub. To facilitate the internationalisation of the education sector, we will continue to attract quality non-local students to study in Hong Kong and encourage our students to participate in overseas exchange programmes. In order to promote the development of the international school sector, four greenfield sites for the development of international schools were allocated last year. We expect that more than 5,000 new international school places will come on stream in the coming few years.

We are actively promoting the diversification of our higher education sector. Since the Policy Address last year, the number of self-financing degree-awarding institutions has increased to four, providing 11,000 student places. In March this year, we launched three sites for institutions to provide self-financing degree programmes. We will offer another three earmarked sites having regard to the development needs of the sector. The Land Grant Scheme and Start-up Loan Scheme, coupled with the \$2.5 billion fund announced in the Policy Address this year, will boost the development of the self-financing post-secondary education sector and enhance the quality of teaching and learning.

Innovation and Technology

The \$4.9 billion Phase 3 development of the Hong Kong Science Park will commence construction in the second half of 2011, and will be completed in phases after 2013, eventually providing an additional floor area of 105,000 m². We are now refining the funding mechanism for the Innovation and Technology Fund (ITF) to accelerate the

commercialisation and transfer of research and development (R&D) results. We will also encourage government departments and public organisations, with funding under the ITF, to try out R&D outputs of local universities and research institutes.

Cultural and Creative Industries

During the past year, the newly-established Create Hong Kong Office has been actively engaging stakeholders in the film, design, architecture, advertising, animation and comics, digital entertainment, music, publishing and other sectors to listen to their views, and introduce to them the \$300 million CreateSmart Initiative and related funding sources. In the coming year, priorities will include nurturing talents and exploring markets, with a view to helping existing and prospective practitioners and sustaining the development of the sectors.

Separately, we will complete the selection of the operator to revitalise the site of the former Police Married Quarters on Hollywood Road and announce the result shortly. The site will be transformed into a creative industries landmark expected to commence operation in 2014.

To develop the cultural industries and to complement the West Kowloon Cultural District project, we are adopting a multi-pronged approach in strengthening our cultural software through arts programme development, manpower training, promotion of arts education, audience building and cultural exchanges. In 2010-11 to 2014-15, an additional recurrent expenditure of \$486 million has been earmarked for a series of measures including stepping up the promotion of public art, launching trainee programmes for arts administrators, supporting student participation in arts and cultural activities, enhancing the brand of the Hong Kong Arts Festival and injecting capital into the Cantonese Opera Development Fund.

In addition, we have injected \$3 billion into the Arts and Sport Development Fund as seed money to be shared equally between the arts and sports portions. The annual investment returns for the arts portion will be used for the long-term development of the arts and culture, including strengthening our support for small and medium arts groups as well as providing funding to more projects that are conducive to building up a vibrant local arts scene and boosting the city's standing in the world cultural map.