

**Revised Minutes of the 116th Meeting of the Hong Kong Productivity Council
held at 2:30p.m. on Tuesday, 29 March 2011 in the Board Room
2nd floor, HKPC Building, 78 Tat Chee Avenue, Yau Yat Chuen, Kowloon**

Present: Chairman – Mr. Clement Chen, BBS, JP
Members – Mr. Albert Au Siu-cheung
Dr. Cliff Chan Chok-ki
Mrs. Helen Chan, JP
Ir Daniel Cheng Man-chung, MH
Mr. Choi Kam-wah, MH
Dr. Fan Cheuk-hung
Mr. Jimmy Kwok Chun-wah, MH, JP
Ms. Maria Kwan, JP
Mr. Leung Yam-shing
Mr. Byron Ng, JP (representing Mr. Alan Wong, JP)
Dr. David Ng Tai-chiu
Mr. Victor Ng
Mrs. Katherine Ngan Ng Yu-ying, JP
Dr. Elizabeth Shing, BBS, JP
Ms. Marilyn Tang Yin-lee
Miss Elizabeth Tse, JP
Miss Janet Wong, JP
Mr. Jack Yeung Chung-kit

Absent with Apologies: Mr. Lo Foo-cheung, JP
Mr. Andrew Mak Yip-shing
Prof. Helen Meng Mei-ling
Mr. Poon Siu-ping, MH

In Attendance from the Innovation and Technology Commission:

Mr. Andrew Lai, JP
Mr. Davey Chung

In Attendance from HKPC:

Mrs. Agnes Mak Tang Pik-ye, MH, JP	Executive Director
Mr. Edmund Sung	Director, Business Consulting
Mr. Tony Lam	Director, Corporate Services
Mr. Joseph Poon	Director, Technology Development
Mr. Jonathan Ho	General Manager, Corporate Communications
Dr. Samuel Leung	General Manager, Finance and Administration
Mr. Alfonso Tam	Principal Consultant, Council Secretariat
Ms. Miranda Yeap	Senior Consultant, Council Secretariat

Welcome to New Members

The Chairman welcomed Mr. Leung Yam-shing, Mrs. Katherine Ngan, Mr. Jack Yeung and Mr. Byron Ng, Assistant Commissioner for Labour representing Mr. Alan Wong who attended the meeting for the first time.

Vote of Appreciation

Members supported the Chairman's suggestion to record a vote of appreciation to the Hon. Dr. Samson Tam Wai-ho, Prof. Lee Wing-bun, Dr. Raymond Chan and Dr. Carrie Willis for their contributions to HKPC during their tenure as Deputy Chairman, Staffing Committee Chairman and Council Members.

Confirmation of Minutes (P.C. 33/2010 Revised)

The Revised Minutes of the 115th Council meeting held on 16 November 2010 had been circulated to Members and there were no further requests for amendments. The Revised Minutes were taken as read, confirmed and signed by the Chairman.

I. Report from the Business Development Committee (P.C. 3/2011)

(This agenda item was advanced at the request of the Chairman so that Mr. Joseph Poon, Director of Technology Development could leave the meeting earlier to receive a delegation from Fujian)

1. introduced the paper and said that at its 44th meeting held on 15 March 2011, the Business Development Committee (BDC) endorsed for Council's approval the updated HKPC Services Audit Statement with the inclusion of the following guiding principles to guide the delivery of HKPC services which should:

- (a) complement the strategic directions of the Council's three year strategic plan, namely: scaling up sector-specific platforms to benefit industries, creating value for SMEs, sharpening HKPC's core competencies and developing strategic partnership;
- (b) fulfill implementation of public policy or HKPC's public mission;
and
- (c) foster multi-disciplinary one stop total solutions.

In this connection, the BDC also endorsed HKPC's updated service exit programme which included the completion of the planned exit from two services in 2010/11 and the planned exit from 5 services in 2011/12 and 2012/13.

2. Separately, the BDC noted the progress of five new business initiatives and the resource requirements in support of their implementation:

- (a) the Intelligent Manufacturing System which would be implemented by deploying HK\$3.3M from HKPC's 2010/11 capital expenditure budget. An Intelligent Mould shop would first be set up in HKPC to demonstrate the concept and benefits of an automatic system, to be followed by extending the i-Mould shop concept to i-Manufacturing;
- (b) HKPC would apply for HK\$8.5M from the Innovation and Technology Fund (ITF) to inaugurate the Mechanical Watch Testing Laboratory (replacing the previously proposed Mechanical Watch Development Centre) to provide testing and evaluation support to facilitate the imperative migration of the Hong Kong watch industry towards the production of high end products. The proposed laboratory would also provide staunch support to the testing and certification sectors newly identified as a potential pillar industry in Hong Kong;
- (c) HKPC would apply for HK\$6.5M from the ITF and APAS to support the development of new material processing and application with a focus on Carbon Composite and Al-Li Alloy for commercial applications in the aviation, automotive and high-end sports goods industries;
- (d) HKPC would apply for HK\$9.7M from the ITF to set up the Chemical Extraction and Processing Laboratory to develop extraction technologies for the processing of Chinese medicine; and
- (e) HKPC's Electromagnetic Compatibility Centre (EMC) was being upgraded with HK\$9.9M from the Government's 2010/11 Resource Allocation Exercise (RAE) to enable it to provide services which would meet the new and more stringent test standards adopted by the European Union. It was envisaged that the upgraded EMC would be able to provide services in June 2011.

4. _____ then reported that at the same meeting, the BDC also considered the following matters:

- (a) noted HKPC’s latest involvement in projects under various government funding schemes, including the interim and final performance review of 5 completed ITF projects;
- (b) agreed to the appointment of Mr. Jack Yeung, in replacement of Dr. Raymond Chan, as mentor of the ITF project “Innovative Development of Local Technology and Capability in Design and Manufacture of Aircraft Cabin Seat Assembly”; and
- (c) noted the attendance record of BDC members in 2010.

5. Members noted the latest development at the BDC and approved the updated HKPC Services Audit Statement at the Annex of P.C. 3/2011.

II. Report from the Audit Committee (P.C. 2/2011)

14. Members noted the latest developments at the Audit Committee.

III. Report from the Finance Committee (P.C. 4/2011)

15. _____ said that the 41st meeting of the Finance Committee (FC) was held on 22 March 2011. At the meeting, the FC noted the quarterly report on investment of HKPC's funds for the first three quarters of 2010/11 which generated an interest income of HK\$0.45M. In this connection, the FC had also endorsed for Council’s approval the addition of _____ banks to HKPC’s list of approved banks, namely _____ which offered competitive interest rates.

16. _____ said that the FC
The FC also agreed that, as the Government Treasury was now conducting a review on the investment guidelines for government departments which would provide useful reference for HKPC, the Management should revisit the issue of a revised investment framework for HKPC when the Government had completed the said review. Separately, the FC noted that:

- (a) _____ ;

- (b) for the first 3 quarters of 2010/11, HKPC's total fee income was HK\$226.55M, which was \$0.14M (0.1%) below budget whereas total expenditure was HK\$343.06M, representing 6.2% under-expenditure, arriving at a surplus of HK\$22.53M; and
- (c) the attendance record of FC members in 2010.

17. Members noted the latest development at the FC. Members also approved the addition of _____ to HKPC's list of approved banks list and agreed for HKPC to seek the approval of the Financial Secretary in accordance with Section 20 of the HKPC Ordinance.

IV. Report from the Staffing Committee (P.C. 5/2011)

19. _____ then briefed Members on the other matters noted by the SC at the same meeting:

- (a) as at 31 January 2011, 642 staff members were employed on the approved establishment of 701;
- (b) at its 27th meeting held on 15 December 2010, the Advisory Committee on HKPC Retirement Benefit Schemes (the Advisory Committee) considered that _____ and _____ had demonstrated satisfactory fund performance in respect of measurements previously laid down in the Mechanisms for Reviewing the Performance of Service Providers of HKPC's ORSO Scheme and MPF Scheme. On the basis of the Advisory Committee's recommendation, the Management agreed that _____ and _____ should continue to be the service providers of the HKPC's ORSO and MPF Schemes in 2011 and they had been informed accordingly;
- (c) in response to the Advisory Committee's comments, the Management had also informed _____ that an additional benchmark yardstick (the Fund Expense Ratio published by MPFA) had been adopted to better monitor its performance in the MPF Scheme;

- (d) on the suggestion of the Joint Consultative Committee (JCC), the Long Service Award (previously for staff who had completed 15 and 25 years of continuous service in HKPC) had been extended to cover also staff with length of continuous service at 10, 20, 30 and 35 years. All the awardees would receive a certificate and two free tickets to the Annual Dinner in order that they could share their honour with family members at the time of award presentation at the Annual Dinner;
- (e) the 9th survey of the One-minute Staff Morale Index was conducted in January 2011 and attracted a response rate of 81%. Increases were recorded for staff's satisfaction level in all the four surveyed areas, with the satisfaction level for "Work Aspects" at a record high since the launch of the survey in 2007 as staff generally expressed a sense of belonging and were confident in developing their careers in HKPC;
- (f) ;
- (g) ; and
- (h) the attendance record of SC members in 2010.

20. Members noted the latest developments at the Staffing Committee.

VI. Any Other Business

(A) Recruitment at the General Manager Level

28. said that under HKPC's current recruitment policy, the Management should enhance the career development of existing staff and motivate them to fill up vacant positions as far as possible rather than recruiting externally. Under this general policy, priority would be given to suitable staff through internal recruitment before considering external candidates. This policy applied to all job positions except that of (a) the Executive Director the recruitment arrangement of which was decided by the Council, and (b) the Branch Directors the recruitment of which was through open recruitment.

29. said that the General Manager was also an important directorate grade position for which strategic business planning was heavily involved. From the corporate perspective, there were definite benefits to conduct open recruitment, as in the case of the Branch Director posts, to provide a wider pool of candidates to choose from to fill such a strategic position. This would not affect the opportunity for suitable existing staff as they could also apply for the vacant General Manager position under open recruitment. If all other things being equal, an existing staff should naturally be more competitive than an external candidate given his/her familiarity with the operation of HKPC.

30. proposed, and Members agreed, that the current arrangement of giving priority to internal recruitment should be relaxed and that open recruitment should be adopted for vacancies at the General Manager level. It was agreed that a Council member should be invited to be a member of the recruitment panel for each recruitment exercise. The Management would circulate an information paper to Members on the recruitment, selection and appointment procedures following the Council's decision to adopt open recruitment to fill vacancies at the General Manager level.

(Post-meeting note: P.C. 7/2011 was circulated for Members' information on 8 April 2011.)

(B) Membership of the Executive Director on External Committees

31. Members noted that, in consultation with the Chairman and Deputy Chairman, the Executive Director had resigned from 5 external committees having regard to the relevance of such appointments to the duties of the Executive Director and in consideration to minimize any possible conflict of interest which might arise therefrom. The Chairman and Deputy Chairman had however agreed that the Executive Director should continue to serve the following boards and committees:

- (a) Science Faculty Advisory Committee of the Hong Kong Baptist University;
- (b) IT Training & Development Committee of the Vocational Training Council;
- (c) Information & Communication Technology Industry Training Advisory Committee, Education Bureau;
- (d) Information and Communications Technology Industry Consultative Network, Employment Retraining Board;
- (e) Pilot Green Transport Fund Steering Committee;
- (f) Welfare Sub-committee of Community Care Fund;
- (g) Supervisory Board of the Hong Kong Housing Society; and
- (h) Social Welfare Advisory Committee.

(C) 匯智營商 2011

33. Invited by the Chairman, _____ briefed Members on the 匯智營商 2011 programme which would be launched on 31 March 2011. Based on the success of the 2010 programme, HSBC had decided to continue to be the sole sponsor of the programme. The programme consisted of ten episodes which would focus on topical issues of interests to SMEs (e.g. the Mainland internal sales market, corporate social responsibility, the changing business environment, certification, the Mainland's 12.5 Strategy etc.) to provide professional views and market information to help SMEs achieve business success. In addition, thematic seminars and free consultancy services by HKPC consultants would be provided to SMEs on the topics covered by the TV episodes. Separately, a SME summit would also be held where government officials, prominent industrialists, economists and business leaders would share their views on the Mainland 12.5 Strategy and the opportunities for Hong Kong's SMEs.

34. _____ invited Members to tune in to the TV information series which would be aired in 2 stages, from 31 March 2011 and from 1 September 2011 on every Thursday at 8:30pm. For further details on the programme, Members could direct their enquiries to _____.

(D) Testing Facilities for Nuclear Radiation Detection

35. In response to the enquiry of _____, _____ said that at present there was no testing laboratory accredited by the Hong Kong Accreditation Service on radiation detection. The Government Laboratory was equipped to conduct such tests but the laboratory was an internal government facility and did not provide public service. _____ said that there were major difficulties for organizations like HKPC to provide nuclear radiation detection services having regard to the safety issue and the costly facility and equipment investment required.

(Post-meeting note: The Hong Kong Council for Testing and Certification recently conducted a survey and found that 11 testing laboratories provided services on radiation detection and measurement as at mid-April 2011.)

(E) Attendance Record

36. Members noted their attendance record in 2010 which was tabled at the meeting.

VII. Date and venue of Next Meeting

37. The next meeting was tentatively scheduled on 26 July 2011 at 2:30pm and it was agreed that the venue of the next meeting be left open.

38. There being no other business, the Chairman thanked Members for their attendance and the meeting was adjourned at 4:50pm.