

# **Consultation Paper**

## **Promotion of Innovation and Design : DesignSmart Initiative**

**Innovation and Technology Commission  
March 2004**

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## Promotion of Innovation and Design : DesignSmart Initiative

### FOREWORD

On 10 March 2004, the Financial Secretary announced in his Budget Speech the Government's plan to launch a \$250 million "DesignSmart Initiative" (the "Initiative") to promote innovation and design. This consultation paper :

- (a) outlines the current thinking on how to take forward the Initiative; and
- (b) invites views and suggestions on various aspects of the Initiative.

Interested parties may let us have their views in writing by fax, email or mail **on or before 30 April 2004** through :

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This consultation paper is available at website :  
[www.info.gov.hk/itc/designsmart](http://www.info.gov.hk/itc/designsmart)

## BACKGROUND

The Government attaches much importance to the development of design as it is an integral part of our innovative capability. Our objective in promoting design and innovation is to enhance industry understanding and application of design and innovation, and to promote design as a value added activity and integrate it into mainstream business processes.

2. According to the report on “Creative Industries in Hong Kong” released by the Hong Kong Trade Development Council in September 2002, Hong Kong is recognised as a regional design centre. Hong Kong designers have established a rich portfolio of excellent job references. Some 70% of Hong Kong design companies have exported their services<sup>1</sup>.

3. Hong Kong may capitalise on the potential for further development of design in at least two ways:

- (a) Hong Kong design has considerable potential for export to other parts of Asia and, particularly the Mainland, in the wake of China’s accession to the WTO and the recent implementation of CEPA; and
- (b) the wider application of design by the 60,000-strong Hong Kong-related enterprises in the Pearl River Delta region will increase the value and competitiveness of their products and services.

4. The Government has been promoting design through various means, including but not limited to the following:

- The Government has coordinated support and resources for the setting up of the Hong Kong Design Centre (HKDC), which is a multi-disciplinary centre to promote design as a value-added activity, to enhance design standards, to foster design-related education, and to raise the profile of Hong Kong as an innovation and creative hub.
- The Government has made available more than HK\$150 million from the Innovation and Technology Fund and the former Industrial Support Fund to finance over 60 projects to facilitate the development of design capability of industry.

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<sup>1</sup> Source : “Creative Industries in Hong Kong”, Hong Kong Trade Development Council (September 2002).

- A Steering Group on the Promotion of Innovation and Design, with membership drawn from industrial companies with outstanding record of design excellence and design professionals has been formed, to spearhead the promotion of innovation and design in industry.
- To promote and honour excellence in industrial design, the Government has been providing support to organise the annual “Hong Kong Awards for Industry: Consumer Product Design” and “Hong Kong Awards for Industry: Machinery Design”.
- To facilitate original design manufacturing (ODM) development of small and medium enterprises, the Government has supported the establishment of an integrated circuits (IC) design and development support centre in the Science Park, a digital media centre and a wireless development centre in the Cyberport.
- Together with HKDC and other promotional agencies, the Government helped make the “Business of Design Week” held in September 2002 a premier and highly visible design event in Asia. The second “Business of Design Week” was successfully held in December 2003.
- A robust intellectual property rights regime is essential for our design capability to flourish. The Government has maintained an intellectual property protection regime which is in full compliance with the international standards and norms. The Intellectual Property Department also provides design registration services in Hong Kong.

## **DESIGNSMART INITIATIVE**

5. Building on the current strengths and infrastructure in support of design as outlined in paragraph 4 above, the Government will launch the \$250 million DesignSmart Initiative, subject to funding approval of the Legislative Council Finance Committee, to strengthen our support for design and innovation, instill into our industries high value-add, high intellectual property and creativity content, and ultimately turn Hong Kong into a focal point of design excellence in the region.

6. The Innovation and Technology Commission (the “Commission”) is tasked to take forward the DesignSmart Initiative and is consulting relevant stakeholders and will take account of their views when developing the details of the Initiative.

## SCOPE OF DESIGN

7. According to a “Baseline Study on Hong Kong’s Creative Industries”<sup>2</sup>, the scope of design encompasses graphic, fashion, interior and product design. The last is closely integrated with the process of manufacturing production which may include footwear, furniture, garment and textiles, toys, watches, electronic appliances and other consumables<sup>3</sup>. Design is a professional business activity (as opposed to a form of art) that can add value and increase competitiveness of products or services by interfacing with aesthetics, science and technology. Design is also a process involving the exploitation and transformation of creativity and innovation into the development of tradable products and services. It is multi-disciplinary, and may embrace the sciences of materials technology, engineering, ergonomics, manufacturing and aesthetics.

8. Given the diversity of design disciplines and the multi-disciplinary nature of design processes, the Commission considers that the scope of the DesignSmart Initiative should not be industry-specific but would aim at supporting and promoting design and related activities that would offer businesses the ability to differentiate themselves from their competitors, add value to their products or services, and increase their economic competitiveness.

## MAJOR COMPONENTS OF DESIGNSMART INITIATIVE

9. Subject to the consultation currently underway, the DesignSmart Initiative will include the following major elements:

- (a) launching a **Design Support Programme**, which will finance projects in design research, branding research and design/business collaborations as well as design professional continuing education, promoting and honouring design excellence and branding. The

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<sup>2</sup> Paragraph 2.7, “Baseline Study on Hong Kong’s Creative Industries” (for the Central Policy Unit of the Hong Kong Special Administrative Region Government), Centre of Cultural Policy Research, The University of Hong Kong (September 2003).

<sup>3</sup> Source : ditto.

Commission's plan is to allocate most of the \$250 million funds, if approved by the Legislative Council Finance Committee, for this part of the Initiative ; and

- (b) developing an “**Innovation and Design Centre**” for accommodating a cluster of high value-added design activities among design professionals and interns, and design companies, where creative ideas with functionality will be stimulated, nurtured, researched, promoted, commercialised and branded. Incubation programme for design ventures is planned to be organized. The Commission is considering to make use of the Tech Centre in Kowloon Tong, currently vested with the Hong Kong Science and Technology Parks Corporation (HKSTPC)<sup>4</sup>, for setting up the Innovation and Design Centre.

### I. Design Support Programme

10. This Programme is intended to fund the following four broad categories of activities :

- **design research and branding research** : This category will cover research projects undertaken by universities, industry support organizations, trade associations, etc., in different aspects of design and branding (such as design / branding methodology, ergonomics, user requirements research, best practice studies, etc.). Apart from applications by relevant organisations, the Commission plans to issue theme-specific research topics and invite applications. The research results are intended to be non-exclusive so that they provide a platform for attaining greater awareness of and for better capturing the economic opportunities afforded by design. Successful project applicants are expected to secure sponsorship of at least 10% of the approved project cost to demonstrate industry support.
- **design-business collaboration activities** : This category of projects aim to stimulate the interests and investment of small-and-medium-sized enterprises (SMEs) in utilizing design as a competitive tool through leveraging the knowledge and

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<sup>4</sup> The HKSTPC is a statutory organisation to provide one-stop infrastructure services to cater for the needs of technology-based companies at various stages, ranging from nurturing technology start-ups through incubation programme, providing premises and services in the Science Park for applied research and development activities, to providing land in industrial estates for production.

resources of the design industry. Project funding will be provided to the applicants who will be the design companies on a matching basis. This means that the applicant design company and the SMEs in the project are expected to contribute in aggregate at least 50% of the approved project cost. Maximum funding support for each approved project is intended to be in the region of \$100,000. Through this part of the Design Support Programme, the Commission wishes to see design activity be transformed into tradable deliverables, be it product or service, that manifests exploitation and deployment of intellectual property, which may comprise patent, copyright, trademark or industrial design.

- **professional continuing education** : This category will cater for professional continuing training that contributes to design and branding capability building and nurturing of talents. Given that there are in existence other Government funding schemes which may also be utilized for training in design-related areas<sup>5</sup>, the Commission considers it necessary to avoid duplication of resources and to maximize impact to the greatest possible extent. The Commission will consider if the Initiative should mainly fund the development of new design training courses by local organisations or in collaboration with overseas training organisations so as to enrich training opportunities for our designers. The Commission will also consider if the Initiative may be used to fund internship programme that may provide widened horizon, external exposure and nourishment in design.

Under this part of the Initiative, the Commission also plans to launch a **Young DesignStar Scheme**. The purpose of the Scheme is to select, through awards or competition or any other form to be decided, say, two best young designers each year to be sent to reputable organisations for a one-year training course or work attachment so as to broaden the horizon of our young and aspiring designers. The estimated expenditure for this Scheme is about \$1 million per year.

- **general support activities** : This category will cater for projects that contribute to fostering culture and excellence in design and branding in Hong Kong, such as conferences, exhibitions, seminars, etc.. In this regard, it is worthwhile to mention that the

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<sup>5</sup> Examples are New Technology Training Scheme, Continuing Education Fund and the SME Training Fund.



“Business of Design Week” (BODW) event (referred to in paragraph 4 above) has positioned itself as a respectable premier regional event in design with formidable publicity, profile, visibility and prestige. This event represents a solid foundation on which Hong Kong may ride to further promote and celebrate design. The Commission plans to use some of the funds under the Initiative to support this activity in the future. The Commission also plans to issue theme-specific topics and invite project proposals from universities, industry support organizations, trade associations, etc., to launch other events of general support nature. Successful project applicants are expected to find sponsorship of at least 10% of the approved project cost to demonstrate industry support.

## II. Development of a “Innovation and Design Centre” as a one-stop centre for design and related activities

11. The HKDC was established in 2001 with the concerted efforts of four leading design professional bodies in Hong Kong<sup>6</sup> with a view to promoting the design industry and its competitiveness in the region as a service industry. The objectives of the HKDC are to :

- promote design as a value added activity and integrate it into mainstream business processes;
- establish the HKDC as a focal point for design related activities in Hong Kong;
- foster the best design related education in the region;
- raise the design standard among the local design community;
- promote awareness of the value of design in the local community; and
- raise the profile of Hong Kong as an innovative and creative hub in Asia.

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<sup>6</sup> They four associations are the Hong Kong Designers Association, The Chartered Society of Designers Hong Kong; Interior Design Association Hong Kong and Hong Kong Fashion Designers Association.

12. The HKDC operates from its site at 28 Kennedy Road. In order to strengthen the infrastructural support services for design, we intend to develop a one-stop shop provisionally called “Innovation and Design Centre” to provide the following services which cannot be offered at 28 Kennedy Road.

13. We are considering using the Tech Centre in Kowloon Tong currently vested with the HKSTPC for the following purposes :

- (a) incubation services for design ventures;
- (b) rental space at commercial rates for design-related companies;
- (c) space for professional education and training, internship, exhibition and seminars in design, design library; and
- (d) networking opportunities among design professionals and user industries.

14. Through collaboration, HKDC may help HKSTPC facilitate the provision of professional education in design and branding, showcasing and exhibiting good design, maintaining design library; attract designing ventures and design incubatees, and connecting design companies to industry. HKSTPC has tremendous experience and expertise in running incubation programmes and may provide other necessary services and facilities in the Tech Centre. Under such scenario, HKDC and HKSTPC may benefit from each other by HKDC expanding its operation from its existing premises to part of the Tech Centre for the purpose of creating synergy.

15. Necessary resources for developing the one-stop centre under the collaboration of HKDC’s expanded operations and HKSTPC would be provided to the HKDC and HKSTPC under the DesignSmart Initiative.

## SUMMARY

16. In a nutshell, the DesignSmart Initiative is intended to provide the following major elements :

- **launching a Design Support Programme**, which will finance projects in **design research, branding research and design /**

**business collaborations as well as design professional continuing education, promoting and honouring design excellence and branding; and**

- **turning the Tech Centre (in Kowloon Tong) into an “Innovation and Design Centre”** with purposes such as incubation services for design ventures and clustering of design companies as well as provision of design professional training, exhibition, seminars, etc.. The Initiative will provide some funding support for incubation programme of design ventures to be held in the Tech Centre and to provide necessary funding for HKDC to expand its operations from its existing premises (at 28 Kennedy Road) to part of the Tech Centre.

## **WAY FORWARD**

17. The Commission would like to have the benefit of the view of stakeholders when drawing up the details of the DesignSmart Initiative. It would therefore like to invite your views and comments on various aspects, general or particular, of the DesignSmart Initiative as described above. In more specific terms, the Commission would like to invite your views and comments on :

- (a) the mode and modality of the various schemes embodied in the Initiative, including the Design Support Programme and the development of an “Innovation and Design Centre” as a one-stop shop for design and related activities;
- (b) any additional ways through which the objective of promoting the integration of design into mainstream business and industrial process may be better achieved;
- (c) any other forms of promotion of design-business collaborations which will encourage wider and greater use of design by businesses; and
- (d) other possible channels through which design professional continuing education may be promoted under the Initiative on top and above what is being provided for under other existing funding schemes.

18. Please kindly let the Commission have your views and comments in writing by fax, email or mail **on or before 30 April 2004** through :

DesignSmart Secretariat  
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20<sup>th</sup> Floor, Wu Chung House  
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