

## **Chapter VI : Information Technology and Broadcasting**

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6.1 At the invitation of the Chairman, the Secretary for Information Technology and Broadcasting (SITB), Mrs Carrie YAU, briefed members on the priority tasks of the Information Technology and Broadcasting Bureau in the coming year (Appendix V-5).

### **Broadcasting**

#### **Digital Broadcasting**

6.2 Mr Howard YOUNG enquired whether the Administration would finalize the policy framework for digital broadcasting services in Hong Kong after the Mainland had formulated its policy in this area in order that the future system would be compatible with that of the Mainland and Hong Kong would be able to benefit from the business opportunities so arising. In reply, SITB advised that public consultation on the subject had just ended and the Panel would be briefed on the outcome of the consultation exercise. The Administration's plan was to introduce digital broadcasting in 2002 the earliest. Meanwhile, the Administration would closely liaise with the Mainland authorities to keep track of their development. She pointed out that for Hong Kong to maintain its position as a regional broadcasting hub, it should not lag behind in the development of digital broadcasting. As such, deferring the introduction of digital broadcasting in Hong Kong to tie in with the Mainland system would need to be critically considered, in particular since the timetable and future arrangements for digital broadcasting in the Mainland were yet to be fixed.

6.3 As to the availability of manpower resources for implementing the policy on digital broadcasting, the Deputy Secretary for Information Technology and Broadcasting (1) (DS(ITB)1) advised that the necessary manpower resources would be provided by redeployment of existing resources.

#### **Radio Television Hong Kong (RTHK)**

6.4 Miss Emily LAU referred to the recent incident of trespassing upon RTHK's premises, and enquired whether a review of the security of RTHK had been conducted to ensure that provisions or measures in this regard were adequate. In reply, the Director of Broadcasting (D of Broadcasting) advised that while RTHK would maintain its positive image of openness, it would not overlook the importance of security. He reported that when the incident occurred, all studios were in fact locked at the time when the trespasser broke into the premises. The

## **Chapter VI : Information Technology and Broadcasting**

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duty guard concerned, who was the only guard on duty, was temporarily away from the security control post when the incident took place. However, the circumstances surrounding the breaking in by the trespasser were still being investigated. D of Broadcasting advised members that as an immediate follow-up measure, security in the vicinity of the studios had already been stepped up by engaging the service of two additional security guards on night shift. An overall review of the security measures at RTHK would be conducted to examine whether further improvements could be introduced. In this regard, Miss LAU expressed support for the allocation of more resources to RTHK to improve its security.

6.5 Mr SIN Chung-kai sought details of the \$8.03 million (representing an increase of 11% over 2000-01) being allocated to RTHK in 2001-02 for further development and improvement of new media activities. D of Broadcasting reported that the development of the "RTHK on Internet" service had all along been achieved through internal re-deployment of existing resources and the \$8 million would target at the development of new media activities. In fact, with the procurement of new equipment, RTHK's multi-media programmes could be viewed through 'Media Player' apart from 'Real Player' on Windows since February 2001. The simplified character version of RTHK's home page had also been launched on 1 February 2001. D of Broadcasting added that over 60% of the visitors to RTHK's web site were from overseas.

6.6 Mr SIN Chung-kai enquired about plans, if any, to charge fees for RTHK's new media activities to better finance their development, or to set up an independent body operating on the basis of a self-financing trading fund. In reply, D of Broadcasting said that RTHK's New Media Unit was already exploring the feasibility of partnership with outside parties to develop RTHK's programme archives, which included 40 000 hours of radio programmes and over 9 000 hours of TV programmes to be digitized for broadcast on the Internet. He informed members that RTHK would hope to announce within two to three months the result of such efforts.

6.7 Referring to the large expenditures incurred under the Technical Services Agreement (TSA) with PCCW-HKT International Limited (formerly Cable and Wireless HKT International Limited) on the provision of telecommunications and electronic services to RTHK, Mr SIN Chung-kai queried whether this arrangement was good value for money given that RTHK could procure such service at much lower charges following liberalization of the market in 1998.

## **Chapter VI : Information Technology and Broadcasting**

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6.8 In reply, D of Broadcasting pointed out that the TSA actually applied to a number of government departments. After review, the Government had already decided not to renew the Agreement upon its expiry in September 2006. As far as RTHK was concerned, efforts had been made to strengthen its internal expertise and to trim down gradually the number of PCCW-HKT technical staff manning RTHK's production studios by contracting out services or assigning the tasks to RTHK staff.

6.9 In this connection, Mr SIN Chung-kai commented that in paying Cable and Wireless \$6.7 billion in 1998 in return for liberalizing external telecommunications service, the Government should also seek to terminate the TSA as part of the package so as to ensure the best use of public money. In response, the Deputy Secretary for the Treasury (DS(Tsy)) confirmed that at present, the TSA was applicable to eight departments. However, as recommended by the Public Accounts Committee (PAC), the Finance Bureau was examining in conjunction with these departments the most effective means to phase out the current arrangement. As the Finance Bureau would provide half-yearly reports on the progress of follow-up action taken on PAC's recommendations, DS(Tsy) undertook to provide further information in this regard after the meeting.

### **Information technology (IT)**

#### Electronic commerce

6.10 Mr Kenneth TING asked whether it was the Administration's target that all small and medium-sized enterprises (SMEs) should engage in electronic commerce. In response, SITB confirmed that it was the Administration's policy objective to promote the wide adoption of electronic commerce by the business community, especially SMEs. However, it would be the commercial decision of individual companies to adopt electronic commerce. SITB believed that as the benefits of electronic commerce grew, more SMEs would be prepared to conduct their business electronically.

6.11 On the target set to measure the effectiveness of programmes to encourage the private sector to engage in electronic commerce, Mr Howard YOUNG considered that the IT usage and penetration rates in the community might not be useful indicators as they mainly reflected the number of households using IT. In response, SITB advised that according to a research done by

## **Chapter VI : Information Technology and Broadcasting**

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Forrester, Hong Kong's electronic transactions amounted to US \$2 billion in 2000 and would reach US \$70 billion in 2004. On whether there was a breakdown of such figures into business to consumer (B to C) and business to business (B to B) transactions, SITB said that such breakdown was not available and pointed out that even in advanced countries like the United States, the percentage of B to C transactions was low amounting to just 20% or below. She pointed out that the corresponding figures in Hong Kong might likely be similar since the potential of electronic commerce mainly lay in B to B transactions.

### **Security of computer systems**

6.12 In reply to Mr Henry WU's enquiries about resources devoted to the prevention of attacks by hackers, the Director of Information Technology Services (DITS) confirmed that provisions for such purpose had been earmarked under the programme area of "IT infrastructure and standards" of the Information Technology Services Department (ITSD). The department would assist in enhancing the information security infrastructure and helping bureaux and departments in implementing security policies and guidelines. Completed tasks included the establishment of Government's Central Internet Gateway System in 2000-01 as a secure and centrally managed gateway for bureaux and departments to access the Internet with security features such as firewall and various detection systems for viruses and intrusion attacks. In addition, regular preventive security assessments were conducted internally and by contractors to ensure that the Government's security measures were up-to-date. On the community front, the Hong Kong Productivity Council (HKPC) had recently established a Computer Emergency Response Centre (CERC) in Hong Kong which, through liaison with similar overseas organizations, could disseminate information on the latest developments in Internet security. ITSD would work closely with the HKPC in this regard and was represented on the Steering Committee of the CERC.

### **IT manpower supply**

6.13 Miss Emily LAU noted that the Task Force on IT Manpower set up to examine initiatives to increase IT manpower supply was yet to submit its recommendations. She therefore questioned the Financial Secretary's announcement of the scheme to admit Mainland IT professionals to Hong Kong before the Task Force had completed its work.

6.14 In reply, SITB explained that the shortage of IT manpower was already a major concern of the IT industry and certain multi-national corporations

## **Chapter VI : Information Technology and Broadcasting**

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had indicated that they would set up their regional headquarters elsewhere since Hong Kong did not have the IT professionals they required. According to the consultancy study commissioned by the Education and Manpower Bureau on the manpower and training needs of the IT sector in February 2000, the shortfall in IT professionals would increase from a few thousand as at present to 14 000 in 2005. As such, the scheme to admit Mainland IT professionals would serve as a short-term measure to ease the manpower problem. The Task Force, on the other hand, would be tasked to explore medium- and long-term measures to ensure the adequate supply of trained manpower, such as by strengthening training in collaboration with the industry, universities and training institutions.

6.15 Highlighting the global demand for IT personnel, Miss Emily LAU enquired about measures to attract IT professionals to Hong Kong. In reply, SITB said that the Task Force had made reference to successful experience overseas and was examining possible measures with the industry and relevant organizations. At present, the Administration was liaising with some renowned overseas IT training institutions with a view to inviting them to run training programmes in Hong Kong. Meanwhile, the local IT industry would also be encouraged to participate in the provision of IT training. She undertook to brief the ITB Panel on more substantive proposals in due course.

### **Third generation (3G) mobile communication services**

6.16 On the licensing framework for 3G mobile communication services, Miss Emily LAU referred to the recent report by the European Union (EU) suggesting that 3G licensees be allowed to jointly build the 3G network as this might save costs up to 30% to 40%. As a consultancy study had been commissioned by the Administration, she sought the Administration's view on this option which had not been included as one of its earlier recommendations.

6.17 In response, SITB pointed out that the business environment in Hong Kong was very different from that in Europe and the Administration had to study the EU report in greater detail before formulating its views. Nevertheless, she stressed that the Administration was prepared to consider all possible options.

6.18 DS(ITB)1 supplemented that under the existing regulatory framework, sharing of facilities on a shared cost basis was allowed where there was space constraint but such sharing must not affect fair competition. As to the joint construction of network, DS(ITB)1 said that in principle, the Administration

## **Chapter VI : Information Technology and Broadcasting**

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would consider such request with regard to safeguarding competition and ensuring satisfactory network roll-out commitments.

6.19 In response to some members' concerns about the timely construction of 3G network and the quality of service, DS(ITB)1 advised that the pre-qualification process, which was a pre-requisite for spectrum auctioning, would evaluate the financial capability and network roll-out investment and commitment of potential licence bidders. She did not consider that the licensing of 3G service would necessarily be delayed if the Administration was to study the joined network option suggested in the EU report.

6.20 As to whether the Administration would defer the licensing of 3G service in consideration of market uncertainties, SITB advised that it was the Administration's target to enact the Telecommunications (Amendment) Bill 2001 and the necessary subsidiary legislation as soon as practicable to enable the auctioning rules to be issued in time for inviting licence applications. The Administration maintained its plan to issue the 3G licences in mid 2001 in spite of the tight schedule. DS(ITB)1 added that in consideration of the market conditions and with a view to promoting entry, the auctioning method, which was based on bids for the royalty percentage, had been designed in such a way as to minimize the upfront financial burden on prospective bidders and to provide for a fair degree of certainty in the licensee's funding commitment.