

立法會
Legislative Council

LC Paper No. CB(1)1414/01-02
(These minutes have been
seen by the Administration)

Ref : CB1/PL/ITB/1

Legislative Council
Panel on Information Technology and Broadcasting
Minutes of meeting
held on Monday, 11 March 2002, at 2:30 pm
in Conference Room A of the Legislative Council Building

Members present : Hon SIN Chung-kai (Chairman)
Hon Howard YOUNG, JP (Deputy Chairman)
Hon Kenneth TING Woo-shou, JP
Dr Hon David CHU Yu-lin, JP
Hon Eric LI Ka-cheung, JP
Hon CHAN Kwok-keung
Hon Emily LAU Wai-hing, JP
Hon LAW Chi-kwong, JP
Hon MA Fung-kwok

Members absent : Dr Hon Philip WONG Yu-hong
Hon YEUNG Yiu-chung, BBS
Hon Albert CHAN Wai-yip
Hon Timothy FOK Tsun-ting, SBS, JP

Public officers attending : Agenda Items IV, V and VI

Mr Alan SIU
Deputy Secretary for
Information Technology and Broadcasting

Agenda Items IV and V

Miss Adeline WONG
Principal Assistant Secretary for
Information Technology and Broadcasting

Agenda Item IV

Mr Gary K W LAI
Senior Systems Manager of
Information Technology Services Department

Agenda Item V

Mr Joseph LEUNG
Executive Director,
Hong Kong Computer Society

Agenda Item VI

Ms Lydia LAM
Assistant Secretary for
Information Technology and Broadcasting

Clerk in attendance : Miss Polly YEUNG
Chief Assistant Secretary (1)3

Staff in attendance : Ms Debbie YAU
Senior Assistant Secretary (1)1

I Confirmation of minutes and matters arising
(LC Paper No. CB(1)1225/01-02)

The minutes of the Panel meeting held on 8 February 2002 were confirmed.

II Date and items for discussion for next meeting
(LC Paper Nos. CB(1)1224/01-02(01) and (02))

2. Members noted that the next regular meeting of the Panel would be held on 8 April 2002 at 2:30 pm. They agreed that the agenda for the next meeting would be finalized after the meeting in consultation with the Chairman and the Administration.

III Paper issued since last meeting

(LC Paper No. CB(1)1219/01-02)

3. Members noted that a paper on "Assignment of the Unused Spectrum in the 800-900 MHz and 1 700 - 1 900 MHz Bands to the Second Generation Mobile Network" (LC Paper No. CB(1)1219/01-02) had been issued to members for information.

IV Review of the Electronic Transactions Ordinance

(LC Paper Nos. CB(1)1251/01-02(01) and CB(1)1239/01-02)

4. Members noted that an information note on issues related to the review of the Electronic Transactions Ordinance (ETO) had been prepared by the Secretariat for members' reference.

5. With the aid of power-point presentation, the Principal Assistant Secretary for Information Technology and Broadcasting (PAS/ITB) took members through the Administration's paper. She outlined the proposals in the consultation paper on the review of the ETO as follows:

- a) specifying (by way of subsidiary legislation) in the proposed schedule to be added to the ETO legal provisions under which the use of personal identification number (PIN) would be accepted for satisfying the signature requirement, and legal provisions under which the requirement of "delivery by post or in person" would be automatically construed as covering "delivery by electronic means" as well;
- b) removing those provisions which were or would soon become no longer necessary from the exclusion list (e.g. production of documents to the Commissioner of Labour for examination and inspection under the Employment Ordinance (Cap 57) and the Employees' Compensation Ordinance (Cap 282));
- c) splitting the assessment under the voluntary recognition scheme for certification authorities (CAs) into two parts: the first part concerned trustworthiness of the certification service that had to be prepared by a qualified and independent person approved by the Director of Information Technology Services (the Director); and the second part concerned provisions which were not related to trustworthiness of the certification service that could be dealt with through a declaration made by an authorized person of the CA concerned; and
- d) specifying that the Director had the authority to ask the recognized CA to furnish an assessment report to be prepared by a qualified person

approved by the Director when there were or would be major changes which affect a CA's suitability for recognition. The assessment report so required to be furnished should focus only on the concerns raised by the Director.

(Post-meeting note: The presentation notes were tabled at the meeting and issued to members after the meeting vide LC Paper No. CB(1)1287/01-02(01).)

Certification Authorities (CAs)

6. In relation to the recognition of CAs, Mr MA Fung-kwok enquired about the criteria adopted by the Director in approving a qualified and independent person as assessor for the first part of the report; the authenticity of the declaration made by an authorized person of the CA concerned; and whether the assessment report would be available for public scrutiny.

7. In reply, the Senior Systems Manager of Information Technology Services Department advised that according to the Code of Practice for Recognized Certification Authorities, in order to be considered as being qualified for preparing the assessment report, the person should be independent of the recognized CA under assessment, accredited by a recognized professional organization or association, and proficient in related technologies. The Deputy Secretary for Information Technology and Broadcasting (DS/ITB) confirmed that, as regards the declaration made by the authorized person of the CA, a deterrent was already in place as making false declarations under the ETO was an offence and subject to penalty. The Director might also assess the validity of the declaration with references to any complaints received. Material information in the assessment report would be published for public inspection.

8. On the scope of the matters to be declared, DS/ITB informed members that the declaration mainly dealt with the CA's capability of complying with the provisions that were not related to trustworthiness of the certification service. These provisions would be set out clearly in the ETO and the Code of Practice once the proposed legislative amendments were enacted.

The role of the Hong Kong Post

9. Mr Eric LI recalled that when examining the Electronic Transaction Bill, members had agreed that the Hongkong Post (HKP) be exempted from Part VII of the Bill on "Recognition of Certification Authorities and Certificates by Director" so as to provide an impetus for wider adoption of digital certification within the Government. However, the prevalent practice among Government departments seemed to indicate the adoption of a security level lower than digital certification. The proposed use of PIN in the Inland Revenue

(Amendment) (No. 2) Bill 2001 was a case in point. As such, Mr LI questioned the efficacy of HKP's role as a CA in promoting digital certification and cast doubt on the cost-effectiveness for departments to develop individual security infrastructure instead of using the certification system provided by the HKP.

10. In this regard, DS/ITB confirmed that the HKP provided certification services within the Government as well as to the public. All Government departments currently used digital certificates to ensure trust and security in confidential electronic communications. He further explained that the proposed use of PIN in relation to the Inland Revenue (Amendment) (No. 2) Bill 2001 was to provide a further option to the use of digital certificate or the conventional physical method of filing tax returns. The aforesaid Bill, which aimed at encouraging the public to file tax return via electronic means, was in line with international practice as many other countries also accepted PIN for filing tax return. The suggestion to amend the ETO to provide for the acceptance of PIN for satisfying the signature requirement in law would serve to facilitate the general public.

11. Mr Eric LI pointed out that the voluntary recognition scheme for CAs was to promote the growth of a free and open market for CAs to help facilitate the development of e-business in Hong Kong. However, he noted with disappointment that so far, only one other CA in the market had launched service to compete with the HKP. Mr LI expressed grave concern about the absence of competition in the certification market and enquired whether this was due to cumbersome application procedures for recognition.

12. In this connection, DS/ITB informed members that in addition to the HKP, Digi-sign, a subsidiary of Tradelink, had been given recognition as a CA. Several companies had also applied to the Director for CA recognition. This indicated that the industry considered that there were business opportunities in information security services. Mr Eric LI was pleased to note the progress and urged the Administration to expedite the processing of applications for recognition so that more recognized CAs would launch service to bring about a truly competitive market.

Smart Identity (ID) Card

13. Noting that only the digital certificates issued by HKP would be embedded into the new Smart ID Card, Mr Eric LI considered that the infrastructure should be open to all recognized CAs on an equal footing. In response, DS/ITB advised that in order to increase the take-up rate of digital certificates which would in turn facilitate the development of e-business in Hong Kong, the HKP would offer to provide a digital certificate, to be embedded on the new Smart ID Card, free of charge for one year to each citizen free. While it was technically feasible to allow other recognized CAs

to load the digital certificates issued by them onto the Card, previous public consultation revealed that the public had reservation at this stage about allowing a commercial entity to operate on the Card and put data into the chip. However, in the longer term when the community was more ready, consideration could be given to opening the smart ID Card platform for the digital certificates issued by other recognized CAs.

14. The Chairman noted that the smart ID Card would capture the template of the cardholder's thumbprints and asked if the Administration would consider using them as a form of electronic signatures for identity authentication purpose. In reply, DS/ITB reaffirmed the Administration's view, which was also shared by Members, that it was not appropriate to use thumbprints, which were immigration related data, for non-immigration purposes.

Utilization and security of e-transactions

15. In reply to Mr Howard YOUNG's enquiry, DS/ITB confirmed that the Administration had not come across any disputes or litigation arising from the use of electronic records in transactions since the enactment of ETO. The Administration's major task ahead was to encourage the wider use of electronic transactions.

16. In this connection, Miss Emily LAU further enquired on the current utilization rate of electronic transactions as compared to the originally projected rate. In reply, DS/ITB recapped the figures reported at the January Panel meeting that according to an international survey, 31% of the population in Hong Kong had used online government services, of which the majority was for information browsing and only a small percentage was for electronic transactions. However, the use of electronic transactions in the commercial and business sectors was encouraging. For example, 100% of the returns from banks and financial institutions to the Hong Kong Monetary Authority under the Banking Ordinance were submitted via electronic means while the majority of returns/reports submitted from relevant organizations to the Mandatory Provident Fund Schemes Authority under law were also in digital form. Organizations required to submit regular reports to various authorities would find the electronic means a very convenient tool. Notwithstanding, the Administration would continue its work in promoting the use of electronic transactions in the community at large, particularly at the level of individual users.

17. Miss Emily LAU was concerned about the existing legal requirement of "delivery by post or in person" and asked if such legal requirement had become obsolete and impeded the development of electronic transactions. In response, DS/ITB pointed out that some departments such as the Rating and Valuation Department could not accept electronic submissions because the relevant legislation (namely, the Rating Ordinance, the Government Rent

(Assessment and Collection) Ordinance as well as the Landlord and Tenant (Consolidation) Ordinance) required the relevant documents to be delivered either by post or in person. These legal provisions were drafted and enacted at the time when electronic transactions were not prevalent. To resolve this problem, the Information Technology and Broadcasting Bureau had therefore suggested in the consultation paper that the ETO should be amended to the effect that the Secretary for Information Technology and Broadcasting might, by subsidiary legislation, specify that the legal provisions relating to "delivery by post or in person" be automatically construed as covering "delivery by electronic means" as well.

18. Mr Howard YOUNG noted that certain electronic transactions such as payment for City-line could be executed by inputting the visa credit card numbers without any authentication. He cautioned that a third party might effect electronic payment simply by inputting the payer's credit card number without the consent or even the knowledge of the payer. He therefore urged the Government to consider providing users with a further option of making payment only after authentication.

19. In this regard, DS/ITB pointed out that pursuant to the Personal Data (Privacy) Ordinance, the payees were obliged to keep the payers' information including their credit card numbers in strict confidence. In certain electronic transactions involving credit card payments such as the Electronic Services Delivery Scheme, the Government received payment confirmation directly from the related banks without obtaining the detailed information of the credit cards concerned. As the ETO was not targeted at electronic payment, the Chairman suggested and DS/ITB agreed that members' concern about the security of effecting e-payments should be referred to the Hong Kong Monetary Association and the Financial Services Bureau for further consideration.

Admin

E-terminology

20. The Chairman observed that wordings such as 'online' or 'Internet' were increasingly used in different ordinances and called for greater consistency in the use and interpretation of these terms in drafting legislative provisions. He referred to, as an example, the recent proposal of the Security Bureau to substitute "computer" with "information system" in related legislative provisions and adopt the definition of "information system" in the ETO for the sake of consistency. DS/ITB noted his concern and agreed to look into the matter in conjunction with the Law Draftsman.

Admin

V Community IT user support services
(LC Paper No. CB(1)1224/01-02(03))

21. The Principal Assistant Secretary for Information Technology and Broadcasting (PAS/ITB) briefed members on the Administration's paper. In gist, the Administration had partnered with the Hong Kong Computer Society (HKCS) to provide Community IT User Support Service in the form of a help desk service. Members of the community could obtain information and advice on questions or general problems in relation to file management, word processing, spreadsheets, presentation as well as general Internet and e-mail operation through phone, fax or e-mail. The support service would be vendor/product neutral. A sum of about \$2.5 million within the allocation of the Information Technology and Broadcasting Bureau would be provided to HKCS to operate the service initially for one year.

22. Miss Emily LAU enquired on the criteria in selecting HKCS as the service provider and the resources required on the part of HKCS to implement the project. In reply, DS/ITB confirmed that the mode of collaboration with HKCS to provide the service in question was in line with existing practices for similar partnership programmes with industry bodies in community service activities. The Administration had been partnering with various industry associations such as the Hong Kong Information Technology Federation and the Internet Professionals Association, etc. in promoting the wider use of IT in the community. The idea of providing further support in the form of help desk was formulated in the light of practical problems encountered by the average users in using IT. After preliminary exchanges of views, HKCS had expressed interest in providing the service. The Society would manage and supervise the help desk service centre on a voluntary basis. The \$2.5 million operating budget would mainly cover office rental, acquiring equipment and recruiting staff and would be paid on an accountable basis. As this was a partnership programme from which HKCS would not derive any profit or charge any administrative fees, invitation for tender and selection procedures did not apply.

23. At the Chairman's invitation, Mr Joseph LEUNG, Executive Director of HKCS supplemented that HKCS was a non-profit making body founded in 1970 and its members comprised IT practitioners from different organizations. As stated in its proposal, a total of 11 staff operating on two shifts, would be recruited. HKCS members with the necessary expertise would serve on the Steering Committee to monitor and review the operation and effectiveness of the support service.

24. Regarding the location of the service centre, PAS/ITB informed members that, in order to keep cost low and launch the service as soon as possible, the existing premises of the service provider of HKCS at Shun Tak Centre, as well as their computer and office equipment, would be used. She

also provided a breakdown of the use of funding as follows:

<u>Use</u>	<u>Estimated amount</u>
Rent of office space, computers, etc.	\$400,000
Salary for 11 staff	about \$1,800,000
- Centre Manager	- \$20,000 per month
- Senior Support Officer	- \$13,000 per month
- IT Support Officer	- \$10,000 per month

Prior to launching the service, training would be provided to the responsible staff by the HKCS. The staff manning the support service would refer enquiries which they were unable to handle to members of HKCS for specialist advice.

25. To avoid staff redundancy in case demand for help desk service turned out to be lower than anticipated, Mr CHAN Kwok-keung suggested that a smaller number of staff should be recruited in the initial stage as a pilot scheme to test the market demand. In this regard, DS/ITB advised that should the demand for service remained low, the surplus manpower would be re-deployed to other areas of work. For example, the staff could assist in the IT Awareness Programmes offered by District Offices. The effectiveness of the help desk service would be reviewed after one year with a view to deciding whether it should be continued.

Admin

26. On the Chairman's suggestion of handling in-person enquiries with prior appointments at the centre, DS/ITB agreed to consider the suggestion taking into account resources consideration. In this regard, he informed members that the IT clinic giving free advice on e-business to small and medium enterprises (SMEs) at the Hong Kong Information Infrastructure Expo and Conference 2002 received enthusiastic responses.

27. Mr LAW Chi-kwong expressed support for the scheme. However, as similar help desk services were also provided by software or hardware vendors as a form of after-sales service, Mr LAW Chi-kwong was deeply concerned that the scheme in question might be competing with the private sector for business opportunities and enquired about measures to address his concern.

28. In response, DS/ITB pointed out that the proposed service would not take over the role of hardware/software suppliers as it would be vendor/product neutral and would not deal with product specific questions. The scheme would fill the gap of providing real time advice and assistance to users which was not available from most suppliers. DS/ITB anticipated that more business opportunities would arise for the industry when the general public's IT literacy was raised.

29. In this connection, the Chairman said that he was a member of HKCS. He remarked that paid services provided by suppliers were targeted at workplace clients, whereas the proposed service would assist the average IT/Personal Computer (PC) users at home. Stating his support for the scheme, the Chairman asked the Administration to step up publicity such as by distributing hotline cards at community cyber points and voluntary agencies. Mr LAW Chi-kwong suggested that consideration could also be given to publishing the IT user support service on the advertisement banners of relevant websites. The Administration took note of the suggestions.

Admin

30. Miss Emily LAU asked the Administration to provide a comparative analysis between Hong Kong and its major competitors in community IT usage. In reply, DS/ITB referred to the findings of the 2001 Survey on IT Usage and Penetration in Households. According to the Survey, the percentage of households with PC at home and the percentage of households with PC at home connected to Internet among all households in Hong Kong were 60% and 50% respectively. The figures compared favourably with those of Hong Kong's major trading partners. As requested by members at the January meeting, a paper on the comparative analysis with Hong Kong's major trading partners and analysis on IT usage by various parameters etc. had just been sent to the Secretariat for onward transmission to members. In this regard, Miss Emily LAU said that she would appreciate it if as a general practice, the Administration would also include where appropriate, relevant figures on overseas comparison in its paper for members' easy reference.

(Post-meeting note: The aforesaid information was circulated to members vide LC paper No. CB(1)1288/01-02(02).)

VI Development of Digital Entertainment in Hong Kong (LC Paper No. CB(1)1224/01-02(04))

31. At the invitation of the Chairman, DS/ITB gave a power-point and audio-visual presentation on the subject. In gist, he outlined the scope of digital entertainment, the international trends and Hong Kong's potential in the development of digital entertainment; as well as measures to support the digital entertainment industry including infrastructure, human resources development, research and development, intellectual property right protection and market promotion. A Working Group on Digital Entertainment (WGDE), chaired by Mr SIN Chung-kai, had been set up under the Information Infrastructure Advisory Committee and its deliberation would be reported to the Panel in due course.

(Post-meeting note: The power-point presentation material was circulated to members after the meeting vide LC Paper No. CB(1)1287/01-02(02).)

Overall support to the digital entertainment industry

32. Mr MA Fung-kwok opined that the Administration had done very little to enhance the development of digital entertainment in Hong Kong. He noted that apart from the local tertiary institutions which had been active in running programmes related to digital entertainment to provide the trained personnel, there had been very little progress in other activities. For example, the Film Development Fund had so far sponsored only some ten students to undertake short-term studies in the United States; the progress of the development of film production facilities in Tseung Kwan O lagged far behind the original schedule set at the time of the land grant; the level of financial assistance available for SMEs could hardly meet the exorbitant price of the necessary equipment; the allocation from the Innovative and Technology Fund (ITF) for digital entertainment was minimal. He further pointed out that products utilizing digital technologies such as the film "StormRiders" produced some five years ago were the fruit of the industry's effort in the absence of any remarkable support from the Government.

33. Mr MA also referred to measures adopted by overseas governments, notably Taiwan and South Korea, to promote the development of digital entertainment. He said that the South Korean government had provided impetus to the industry by providing grants and loans, sites and even partial investment in the development of digital entertainment. These support measures had enabled the digital entertainment industry in South Korea to develop rapidly and successfully. Mr MA added that nowadays, many of the best talents in digital technologies producing the most advanced software were in South Korea. He urged the WGDE to carefully assess Hong Kong's potentials and enhance the level of government support expeditiously in order that Hong Kong could catch up with its competitors in the development of digital entertainment.

34. In response, DS/ITB advised that WGDE had been set up in the light of Hong Kong's development potential in digital entertainment. The WGDE would identify the industry's development needs and study whether measures undertaken in other places could be adopted for use in Hong Kong. Its objective was to enhance Hong Kong's international standing in the field. Regarding the provision of direct assistance as in the case of the South Korean government, DS/ITB cautioned that this approach might have the consequence of taking away business opportunities from the private sector. Hence, careful consideration was required. Nevertheless, he agreed that the current measures could be reviewed and improved and informed members that the ITF was prepared to solicit funding applications on the theme of digital entertainment. Miss Emily LAU agreed that the Administration should create a business environment conducive to the healthy development of digital entertainment such as the provision of infrastructure and human resources instead of providing direct investment or assistance to the industry.

Human resources development

35. Members noted the intake figures of programmes offered by local institutions as set out in Annex I and II of the Administration's paper. Miss Emily LAU was concerned whether the current programmes could supply the trained personnel required by the industry, but without producing surplus personnel in excess of the need of the industry.

36. In this connection, DS/ITB said that the Administration had exercised great caution in planning for training places in the local institutions, having due regard to manpower needs and employment opportunities. In this connection, he referred to the training courses in computer animation and digital effects run by the Hong Kong Productivity Centre which included placement opportunities in leading local production houses. As reflected by the industry, the supply of manpower was adequate in general but more professional training in specialized skills was required.

37. Mr MA Fung-kwok stressed that apart from enhancing training opportunities and providing different support measures, it was necessary to explore ways and means to help nurture creativity which was the key to the success of digital products. Miss Emily LAU supported his view and supplemented that closed door brainstorming could not guarantee success. A reaching-out approach to tap market needs was more important.

38. In this connection, DS/ITB advised that there were overseas attachments or training programmes to enable students to acquire knowledge in state-of-the-art digital technology and to enhance their international exposure. Upon their return, they could share and exchange their experience with their peers and this would have a multiplier effect to help nurture young people's creativity in digital technologies and broaden their horizons.

39. Regarding the figures provided by the Administration (paragraph 4 of the paper) on the import and export of electronic and video games, Mr MA Fung-kwok and Miss Emily LAU opined that they might not be directly related to the development of digital entertainment. In this regard, DS/ITB said that the figures were quoted to give an indication of Hong Kong's potential in this field.

40. Summing up, the Chairman said the WGDE would take note of members' views and suggestions for consideration.

VII Any Other Business

41. There being no other business, the meeting ended at 4:10 pm.

Legislative Council Secretariat
4 April 2002