

立法會
Legislative Council

LC Paper No. CB(1)2429/01-02
(These minutes have been
seen by the Administration)

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Legislative Council
Panel on Information Technology and Broadcasting

Minutes of meeting
held on Monday, 8 July 2002, at 8:30 am
in the Chamber of the Legislative Council Building

- Members present** : Hon SIN Chung-kai (Chairman)
Hon Howard YOUNG, JP (Deputy Chairman)
Hon Kenneth TING Woo-shou, JP
Hon Eric LI Ka-cheung, JP
Hon CHAN Kwok-keung
Dr Hon Philip WONG Yu-hong
Hon YEUNG Yiu-chung, BBS
Hon Emily LAU Wai-hing, JP
Hon Albert CHAN Wai-yip
- Members absent** : Dr Hon David CHU Yu-lin, JP
Hon Timothy FOK Tsun-ting, SBS, JP
Hon LAW Chi-kwong, JP
Hon MA Fung-kwok, JP
- Public officers attending** : Agenda Items III, IV & V
Mr Francis HO, JP
Permanent Secretary for
Commerce, Industry and Technology
(Information Technology and Broadcasting)

Agenda Item III

Miss Annie TAM, JP
Cyberport Coordinator
Commerce, Industry and Technology Bureau
Mr M T WONG
Chief Engineer (Cyberport)
Commerce, Industry and Technology Bureau

Agenda Item IV

Mr Michael V STONE, JP
E-government Coordinator,
Commerce, Industry and Technology Bureau

Mr Stephen MAK, JP
Deputy Director of
Information Technology Services

Ms Joyce TAM
Principal Assistant Secretary for
Commerce, Industry and Technology
(Information Technology and Broadcasting) (EG Division)

Agenda Item V

Ms Eva CHENG, JP
Deputy Secretary for
Commerce, Industry and Technology
(Information Technology and Broadcasting)

Ms Gracie FOO
Principal Assistant Secretary for
Commerce, Industry and Technology
(Information Technology and Broadcasting) (E Division)

Mr Anthony S K WONG, JP
Director-General of Telecommunications

Mr T F SO
Acting Assistant Director (Support)
Office of the Telecommunications Authority

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

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

I Confirmation of minutes and matters arising
(LC Paper No. CB(1)2182/01-02)

The minutes of the Panel meeting held on 10 June 2002 were confirmed.

2. On behalf of the Panel, the Chairman welcomed the Permanent Secretary for Commerce, Industry and Technology (Information Technology and Broadcasting) (PSCIT) who was attending the Panel's meeting for the first time. The Chairman also recorded a vote of thanks for Mrs Carrie YAU, the former Secretary for Information Technology and Broadcasting (SITB).

3. The Chairman explained that pursuant to the decision of the House Committee meeting on 28 June 2002, individual Panels should invite the Secretaries of Bureau to brief members on their future plans. After preliminary discussion with the Administration to arrange a meeting in the month of July to enable the Secretary for Commerce, Industry and Technology (SCIT) and his colleagues to brief the Panel on IT-related issues, the Administration had proposed to brief the Panel in September instead. In this connection, the Panel agreed that members would be invited to indicate their availability on the following dates for scheduling the special meeting:

- (a) Monday, 16 September 2002, at 10:45 am; or
- (b) Tuesday, 17 September 2002, at 2:30 pm; or
- (c) Wednesday, 18 September 2002, at 10:45 am.

(Post-meeting note: After considering members' availability, the Chairman had decided to schedule the meeting on Tuesday, 17 September 2002, at 2:30 pm. The notice of meeting with agenda was issued to members on 12 July 2002 vide LC Paper No. CB(1)2271/01-02.)

II Papers issued since last meeting

4. Members noted the two submissions on IDD services issued since last meeting.

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III Progress of the Cyberport project
(LC Paper Nos. CB(1)2172/01-02(01) & (02))

5. Members noted the background brief prepared by the Secretariat and the progress report of the Cyberport project prepared by the Administration. At the invitation of the Chairman, the Cyberport Coordinator of the Commerce, Industry and Technology Bureau (CPC/CITB) briefed members on the progress of the Cyberport Project.

Cyberport Institute

6. Ms Emily LAU sought clarification on recent media reports about the possibility of the University of Hong Kong (HKU), in addition of having leased 25 000ft² in Phase CI of the Cyberport for the establishment of Cyberport Institute, to take up further space for running academic programmes in the Cyberport.

7. CPC/CITB recapped that apart from creating a strategic cluster of leading IT companies, the Cyberport would also be a place to nurture IT talents. The Cyberport Institute was set up to meet the latter purpose by offering a range of market-driven IT programmes and internship opportunities in collaboration with the founding industrial partners. In response to the open invitation issued in March 2001 for academic plan proposals for implementation at the Cyberport, the proposal of HKU was judged as the most suitable one by the Committee on Admission of Cyberport Office Tenants (CACOT) which had selected HKU to run the Cyberport Institute. CPC/CITB clarified that according to the media report she had read earlier on, the suggestion of utilizing some office space in the Cyberport for academic use by HKU was made by the Chief Executive Officer of the Hong Kong Science & Technology Parks Corporation in his capacity as an alumnus of HKU on account of the overcrowding situation at the HKU campus. So far, the Administration had not received any proposal from HKU. In response to Ms Emily LAU on the proper application procedures, CPC/CITB confirmed that if any party was interested in taking up space in the Cyberport, it would be required to complete and submit the application form for Cyberport office tenants for CACOT's consideration.

8. Noting that the principal activities of the Cyberport Institute included IT education and training, research and development as well as internship and placement, Mr YEUNG Yiu-chung enquired about the implementation of research and development activities. In response, CPC/CITB advised that the Cyberport Institute would mainly conduct market-related research and development projects, probably in collaboration with the Cyberport companies.

9. Mr Kenneth TING appreciated the idea of establishing the Cyberport Institute to help nurture IT talents. However, he noted that only one of the Cyberport Institute's five founding industrial partners (i.e. Microsoft) had

leased office premises in the Cyberport. He asked if the other partners were interested in leasing space at the Cyberport and how they would provide support to the Institute. He also enquired whether there were similar institutes in overseas “cyberports”.

10. CPC/CITB clarified that HKU had approached these five companies because they had signed the Letters of Intent in becoming tenants of Cyberport. These companies agreed to support the ongoing development and operations of the Cyberport Institute by contributing courseware, software, hardware and placement opportunities. On their tenancy position, she informed members that Cisco System (HK) Limited and Hewlett-Packard Hong Kong Limited were considering tenancy in Phase III of the Cyberport while IBM China/Hong Kong Limited and Oracle Systems Hong Kong Limited had preferred not to disclose information in this respect at the present stage. While it was not sure that the Institute was first of its kind worldwide, CPC/CITB recalled that when the former SITB was on a duty visit to India, she was aware of corporate schools run by individual IT/IS companies such as Microsoft and IBM which were quite similar to the Cyberport Institute. Conceptually, the Cyberport Institute could in some sense be regarded as an integration of the programmes of several corporate schools.

Tenancy position

11. On the number of Phases of the superstructure construction of the Cyberport which appeared to be different from the original plan, CPC/CITB clarified that this was due to subsequent changes made to the original three-phase plan. Phase CIB comprising a visitor center of 340m² and an office space of 1 500 m² for leasing was originally part of Phase CII works scheduled for completion by end 2002. This part of CII works was advanced for a few months so that Cyberport companies could benefit from the earlier availability of the visitor centre. A total of 144 residential flats in the Cyberport Portion were originally planned for phased completion by end 2002 and end 2003. In response to members' earlier request for provision of more office space, this area had been "converted" to provide an additional 15 800m² of office space under Phase CIA for occupation in 2003. Also at members' request, the quality housing originally planned for Phase CII would be "converted" to provide a low-rise office development of 8 100m² some time in 2004 or 2005 in a new Phase CIV.

12. Noting that the total lettable space in all Phases of the Cyberport amounted to over 90 000m² in addition to the Cybercentre, Ms Emily LAU was gravely concerned about the future take-up rate of office space in 2003 and 2004 in view of the current economic conditions. Specifically, she enquired about the tenancy position of Phase CI which provided a total area of 20 000m² and of the Cybercentre of 27 000 m² in Phase CII.

13. In response, CPC/CITB advised that the total area of 20 000m² in Phase CI comprised 18 000m² office space and 2 000m² service annex. 80% of the office space, i.e. 14 000m², had been taken up by seven companies of different sizes and at different stages of development. Apart from the six companies named in the Administration's paper, the remaining tenant company in Phase CI was a local company which had requested not to be named at this stage as it would announce its Cyberport tenancy at a later stage. The service annex was for the provision of retail services including a supermarket, restaurants, ATM service and postal service (as shown in Annex D of the Administration's paper) in the Cyberport. All space in the service annex had been leased and fitting out was underway. Similarly, the Cybercentre was a specially designed complex to provide technology-themed educational, entertainment and retail services, and the related space would be let in due course. Currently, the Administration was focusing on tenancy negotiation for Phase CI, to be followed by Phases CII and CIII which were scheduled for occupation in 2003 and 2004 respectively.

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14. Noting that Park'n Shop had been selected to operate a supermarket in the Cyberport, Ms Emily LAU queried whether the contract had been awarded to Park'n Shop through a competitive bidding process. In response, CPC/CITB advised that the Administration had commissioned Jones Lang LaSalle Limited Hong Kong (JLL) to co-ordinate the lease arrangements for retail services in the service annex. JLL, having ascertained the need for a supermarket in the Cyberport, had entered into discussion with interested parties for the operation of a supermarket. Park'n Shop had been selected on account of its innovative concept and attractive rental. At members' request, the Administration agreed to provide further information in relation to the selection arrangements for the supermarket.

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15. Referring to Annex A of the Administration's paper, Ms Emily LAU enquired about the current progress in the consideration of applications for and occupation of Phases CIA, CII and CIII (items 27 & 28) which should have commenced in the second quarter of 2001. In reply, CPC/CITB said that CACOT was set up in March 2001 to advise on matters relating to the selection and admission of office tenants. Since then, CACOT had been vetting tenancy applications for all phases including CIA, CIB, CII and CIII and negotiation with some of the applicants on leasing office space in these Phases had already commenced. The Administration undertook to provide in its next progress report the number of tenancy applications for each of Phases CIA, CIB, CII and CIII for members' reference.

16. Ms Emily LAU reiterated some members' concern about whether the Cyberport was serving its intended objective instead of competing with other developers in offering quality office premises. As such, she was particularly concerned about whether the Cyberport tenants were setting up new business/offices in Hong Kong by becoming Cyberport tenants, or simply

relocating their offices from other parts of the territory. If companies were taking the latter option, Ms LAU considered that the current use of the Cyberport had fallen short of the policy objective.

17. In response, CPC/CITB advised that the seven companies (namely, General Electric Information Services, Microsoft Hong Kong Limited (Microsoft), Finnish-based Sonera, US-based Environmental Systems Research Institute (ESRI), Pacific Century CyberWorks, DBTRONIX and one other local company) taking up office premises in Phase CI were attracted to the Cyberport because of its state-of-art infrastructure and campus like environment that would be conducive to creativity and innovation. They represented a good mix of different types of IT/IS companies. She nevertheless stressed that the Cyberport was not meant to cater for overseas companies only. Local companies were also welcomed to advance their business activities by becoming Cyberport tenants. Referring to the case of individual companies, CPC/CITB informed members that Microsoft publicly said that they had examined other options before making a decision to become a Cyberport tenant and that Cyberport met their business needs. The Finnish-based Sonera had planned to set up a new office in Hong Kong in 2000 by becoming a Cyberport tenant. However, as Phase CI was not completed at that time, it had therefore leased offices in other areas of Hong Kong before moving into the Cyberport. Some other companies new to Hong Kong had also set up sales and marketing or representative offices in other areas of Hong Kong first with a view to moving their IT-related business to the Cyberport at a later stage. In this connection, CPC/CITB pointed out that as some tenants and applicant companies had preferred not to disclose their corporate information provided on the application form for Cyberport office tenancy, the Administration might not be in a position to provide all the information requested by Panel members relating to the tenant profiles.

18. Mr Albert CHAN recapped the controversy of the Cyberport project upon its inception. He was gravely concerned that the 80% take-up rate for Phase CI office space was merely a relocation of companies on account of the Cyberport's attractive leasing conditions. He expressed his view that the Cyberport project was a failure as there was little evidence that it could achieve its original objective. He maintained that if the tenancy position was unsatisfactory, any losses should be borne by the developer. Public funds should not be used to remedy the situation and any change in land use should also not be permitted for such purposes. To enable members to better assess the success or otherwise of the project, both Mr CHAN and Ms Emily LAU considered that the Administration should provide further information such as the number of companies relocating offices from within the territory, the office space formerly occupied by the companies in other office premises and the size of their offices in the Cyberport, as well as the number and nature of the new jobs created.

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19. In response, CPC/CITB recapped that with its state-of-the-art IT/IS telecommunication infrastructure, the Cyberport project aimed to attract local, multinational and overseas IT/IS companies to develop business in Hong Kong. As ESRI had quoted in its press release, Cyberport's campus-like atmosphere, comprehensive facilities and extensive landscaping helped nurture innovation and creativity, and boost up the business operation of the company. She believed that the world class infrastructure of the Cyberport would enable its companies to try new solutions and applications and produce new products/services. Regarding changes in the use of land, CPC/CITB confirmed that any contemplated change in land use would require approval of the Town Planning Board. The last change in land use was made in response to members' earlier suggestion of "converting" the originally planned Phase CII residential housing in the Cyberport Portion into office use.

20. Mr YEUNG Yiu-chung enquired about the number of job openings brought about by the Cyberport. In reply, CPC/CITB advised that the overall job openings offered by the tenants in Phase CI were around 1 000 to 2 000 while a few hundred job opportunities would arise in retail services to be provided at Cyberport. It was anticipated that more job opportunities would arise in the years to come upon completion of further Phases. She highlighted that the availability of job opportunities was one of the major considerations of CACOT when considering applications for office tenancy at the Cyberport.

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21. In conclusion, the Chairman appreciated members' concerns and the confidentiality of certain information relating to individual tenant companies. He therefore requested the Administration to inform members of the existing/past office space occupied by the tenant companies vis-a-vis the office space taken up by them in the Cyberport on an aggregate basis. Similar comparative information on the aggregate number of employees employed by the companies should also be provided. Members noted that the next progress report would be provided to the Panel in December 2002/January 2003.

IV Progress of the E-government programme

(LC Paper Nos. CB(1)2172/01-02(03) & CB(1)2192/01-01(01))

22. At the invitation of the Chairman, the E-government Coordinator, Commerce, Industry and Technology Bureau (EGC/CITB) took members through the Administration's paper.

Productivity gains

23. Noting that IT projects in various stages of funding in 2001-02 were estimated to bring realizable savings of some \$600 million and notional savings of some \$1,400 million a year as an indicative reference, Ms Emily

LAU was gravely concerned about any possible deletion of posts or redundancy as a result. Whilst appreciating that computerization could reduce costs in the long run and improve efficiency, she stressed the need for the Administration to strike a reasonable balance between implementing e-government initiatives and the implications on staffing, particularly in view of the current high unemployment.

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24. In response, PSCIT agreed that it was crucial to strike a balance between efficiency and the well-being of staff. The Administration would consider re-deploying those staff whose duties were now largely computerized to take up more productive work in a similar area. EGC/CITB supplemented that the figures on savings referred to projects covering several years and ranging from the finished ones to those being just started. Hence, related staff redundancies in a large scale would unlikely happen. At members' request, the Administration agreed to provide further information on the savings to be achieved and details on the staff re-deployment in the next progress report.

Utilization of e-options and development of e-projects

25. As regards Ms Emily LAU's concern on the low utilization rate of bookings of public sports and leisure facilities made through the Electronic Services Delivery (ESD) Scheme, EGC/CITB assured members that the present level of utilization at 11% was encouraging given that the service was only rolled out in late March 2002. This e-option, being very user-friendly, had replaced a large number of telephone bookings. In fact, its level of utilization depended on how users preferred to make bookings. Many of the users tended to make reservation for the next session at the venue before or after they had played. For instance, coaches tended to make reservation on the spot at the venues where they usually had appointments in the early mornings. The public would still have the option to queue for booking of venues at the counter if they so wished. Nevertheless, the Administration would continue to explore ways to boost utilization of the e-option.

26. In reply to Ms Emily LAU's enquiry, the Deputy Director of Information Technology Services (DD/ITSD) confirmed that the online Government Telephone Directory listing individual officers' contact details such as address, telephone number, email address etc. had already been launched in March 2002.

27. While appreciating the Administration's effort in developing a "common look and feel" for all Government web sites, Mr Howard YOUNG advised that switching between the English and Chinese versions for each web page should be provided for in all Government web sites. He noticed that some Government departments would update their web site content regularly while some remained unchanged for quite some time. He suggested that the

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web pages should be updated and modified regularly. Besides, Mr YOUNG was also concerned about the variation in the download speed accessed through broadband or modem as the former could better support web pages containing rich animation and graphics.

28. In response, DD/ITSD advised that the Director of Administration had published a set of comprehensive guidelines on the contents and languages to be adopted for all Government web sites several years ago. It was the Government's policy that all web sites should be bilingual in both Chinese and English. He confirmed that users could switch between the two languages on the web anytime. On updating of information, he pointed out that the aforesaid guidelines required the web content to be kept up-to-date. He believed that individual department would adopt a timeframe in updating according to their nature of businesses. DD/ITSD pointed out that the Administration was aware of the differences in the downloading speed for data transmitted through broadband and narrow band. To facilitate access, Government web sites provided full versions and text only versions to cater for the different needs of users.

29. On Mr Albert CHAN's observation that some of the Government web sites had not been updated upon implementation of the accountability system for principal officials on 1 July 2002, DD/ITSD said these were isolated cases and the responsibility for updated rested with individual bureaux and departments. The Information Technology Services Department would remind various bureaux and departments to update their web pages in a timely manner, in particular when there were major changes.

30. Referring to some commonly used Government forms such as those of the Official Receiver's Office, Small Claims Tribunal and Lands Tribunal, Mr Albert CHAN urged the Administration to make them available online to facilitate the public. In response, EGC/CITB and DD/ITSD said that nearly all Government forms were available online. Apart from providing the option of downloading the forms and submitting the hard copy of the forms, the Government had launched the e-Form project to facilitate electronic submissions of the forms. The public had the option to download, complete and submit more than 200 e-forms electronically.

(Post-meeting note: Subsequent to the meeting, the Administration confirmed that the forms of the Official Receiver's Office, Small Claims Tribunal and Lands Tribunal were available for downloading. The Administration's reply was issued to members vide LC Paper No. CB(1)2319/01-02)

31. Noting that the ESD system would be enhanced to enable taxpayers to retrieve information provided on their previous tax return when they filled in their new tax return form, Mr Howard YOUNG enquired whether users could

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save a partially filled tax return form and retrieve it for completion later. In reply, DD/ITSD informed members that such request would be catered for in the detailed system design to be carried out by the Inland Revenue Department.

32. Mr CHAN Kwok-keung asked whether taxpayers could use their personal identification number as an alternative to digital certificates for authentication and signing for the purpose of filing tax returns through the ESD system. In this regard, the Chairman pointed out that this was the subject of the Inland Revenue (Amendment) (No. 2) Bill 2001 to be scrutinized by a Bills Committee.

Benchmarking

33. On the ESD Scheme which won the Stockholm Challenge Award in the category of public services and democracy last year, EGC/CITB explained that one of the reasons for the ESD Scheme to be awarded in the said category was because it had enabled the public to gain much easier access to government information and services.

34. Mr YEUNG Yiu-chung appreciated the Government's effort in taking forward various E-government initiatives which had enabled Hong Kong to move up from tenth in 2000 to the eighth position in 2001 as a "visionary challenger" in the Accenture's annual international survey on E-government leadership. He sought information on the extent of the Government's achievement and room for further improvement in this aspect as compared to other advanced economies.

35. In reply, EGC/CITB pointed out that absolute benchmarking was not possible because some countries were ahead in some areas while some e-services available in Hong Kong might not be found in other advanced economies. Regarding room for improvement, EGC/CITB said that more customer relation management systems could be implemented to enable members of the public to be posted of the progress of the various applications they filed with the Government. He pointed out that unlike other countries with a vast area where e-services served useful purposes, Hong Kong's small geographic area had made it easy for the public to avail themselves of government services through the conventional means. While the Government would spare no effort in taking forward various e-government initiatives, it was also necessary to ensure that those who did not use computers for various reasons could still have access to the full range of government services.

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36. Summing up, the Chairman requested the Administration to provide information on the services which made up the gap between the current percentage (78%) and the overall target to provide an e-option for 90% of the public services amenable to the electronic mode of delivery by end 2003 at its next six-monthly report.

V Consultation paper on “Special Number Arrangements” relating to allocation and assignment of telecommunications numbers and codes and related issues

(LC Paper No. CB (1)2172/01-02(04))

37. With the aid of power-point presentation, the Director-General of Telecommunications (DG/Tel) briefed members on the Consultation Paper on Special Number Arrangements (SNA) issued on 14 June 2002 relating to allocation and assignment of telecommunications numbers and codes and related issues. Members noted that the consultation period would end on 26 July 2002.

(Post-meeting note: The power-point presentation material was issued to members vide LC Paper No. CB(1)2233/01-02)

Use of sale proceeds

38. Members noted that the Telecommunications Authority (TA) proposed to use the sale proceeds raised in leasing or selling the right to use special numbers for sponsoring local universities in carrying out research and development (R&D) and educational activities in connection with telecommunications. In view of the Government's deficits, Mr Howard YOUNG suggested that the Administration should consider returning the sale proceeds to the Government's General Revenue. Mr Albert CHAN, on the other hand, supported using the sale proceeds to fund R&D activities for which financial support could not often be secured during economic downturn.

39. In response, the Deputy Secretary for Commerce, Industry and Technology (Information Technology and Broadcasting) (DS/CITB) pointed out that the usage of proceeds was already set out in section 32F of the Telecommunication (Amendment) Ordinance enacted by the LegCo in 2000. Pursuant to the said section, the Secretary for Commerce, Industry and Technology might require any sale proceeds raised less administrative costs to be paid to a charitable organization or an institution carrying out education or R&D activities concerned with telecommunications; or be applied towards promoting education, or R&D activities connected with telecommunications. The TA would now like to consult the industry and the public on the key arrangements before implementation.

Private transactions of special numbers

40. Members noted that there were divided views as to whether private transactions of special numbers should be allowed. Mr Albert CHAN considered that private transactions of special numbers by payment of a fee should be permitted as this could boost the value of special numbers and hence

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result in larger contributions. He suggested that the Government should consider imposing an administrative fee or commission at a rate equivalent to say, one-fourth or one-fifth of the successful bidding prices on private transactions of special numbers. Apart from Category 1, 3 and a subset of Category 4 special numbers which would be allocated and assigned by auction, Mr CHAN proposed that Category 2 special numbers could be further subdivided into 2A, 2B and so on whereby those numbers which were more attractive could also be allocated and assigned by auction, and allowed for private transactions. He was of the view that private transactions of special numbers should be extended to cover the 9-digit numbering plan which might be implemented by 2015.

41. The Chairman shared Mr Albert CHAN's views and agreed that as long as the over-riding principle that any users would be assigned an ordinary telephone number free of charge could be met, private transactions of special numbers at a charge should be allowed in order to maximize revenues.

42. While noting that imposing an administrative fee could help curb speculative activities, DS/CITB said that the Administration was prepared to consider the comments of the public and the industry received during consultation before making a final decision.

43. In this connection, DG/Tel confirmed that those special numbers which had already been assigned and allocated to the customers and operators before the proposed SNA came into operation would not be affected by the new arrangements. However, it was expected that the current numbering plan should have a lifetime up to 2015 before it might be necessary to implement a 9-digit numbering plan. DG/Tel pointed out that although the customers/operators still had the right of use of the special numbers already assigned and allocated to them, the ownership of the special numbers still remained with TA. He took note of members' views and concerns, including the categorization of special numbers, the method for allocation in realizing maximum returns and whether private transactions of special numbers should be allowed.

VI Any other business

44. There being no other business, the meeting ended at 10:30 am.