

立法會
Legislative Council

LC Paper No. CB(1)1391/02-03
(These minutes have been
seen by the Administration)

Ref : CB1/PL/ITB/1

Panel on Information Technology and Broadcasting

Minutes of meeting
held on Tuesday, 4 March 2003, at 10:45 am
in Conference Room A of the Legislative Council Building

- Members present** : Hon SIN Chung-kai (Chairman)
Hon Howard YOUNG, JP (Deputy Chairman)
Hon CHAN Kwok-keung
Hon YEUNG Yiu-chung, BBS
Dr Hon LAW Chi-kwong, JP
Hon Albert CHAN Wai-yip
- Members absent** : Dr Hon David CHU Yu-lin, JP
Hon Eric LI Ka-cheung, JP
Hon Philip WONG Yu-hong
Hon Emily LAU Wai-hing, JP
Hon Timothy FOK Tsun-ting, SBS, JP
Hon MA Fung-kwok, JP
- Public officers attending** : Agenda Items III, IV and V

Mr Alan SIU
Deputy Secretary for Commerce, Industry and
Technology
(Information Technology and Broadcasting)

Agenda Items IV and V

Miss Helen TANG
Principal Assistant Secretary for Commerce,
Industry and Technology
(Information Technology and Broadcasting) B

Agenda Item III

Miss Adeline WONG
Principal Assistant Secretary for Commerce,
Industry and Technology
(Information Technology and Broadcasting) D

Mr Dennis CT PANG
Assistant Director
(Technology & Sourcing)
Information Technology Services Department

Agenda Item IV

Mr Francis HO, JP
Permanent Secretary for Commerce, Industry and
Technology
(Information Technology and Broadcasting)

Mr Donald CHEN
Principal Assistant Secretary for Commerce,
Industry and Technology
(Commerce and Industry)

Mr PO Pui Leong
Assistant Commissioner for Television and
Entertainment Licensing
(Entertainment)

Mr Alfred FOK
Chief Executive Officer (Film Services)
Television and Entertainment Licensing Authority

Ms Pancy FUNG
Assistant Director for Intellectual Property

Mr Y K TAM
Senior Superintendent, Intellectual Property
Investigation Bureau
Customs and Excise Department

Mr Ngai FONG
Assistant Secretary for Home Affairs

Agenda Item V

Mr Garry SUEN
Industrial Training Officer
Information Technology Training & Development
Centre
Vocational Training Council

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

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

Ms Sharon CHAN
Legislative Assistant 6

Action

I Confirmation of minutes and matters arising

LC Paper No. CB(1)985/02-03 -- Minutes of the Panel meeting on
28 January 2003

LC Paper No. CB(1)1004/02-03 -- Minutes of the Panel meeting
on 10 February 2003

The minutes of the meetings held on 28 January 2003 and 10 February
2003 were confirmed.

II Date and items for discussion for next meeting

LC Paper No. CB(1)986/02-03(01) -- List of outstanding items for discussion

LC Paper No. CB(1)986/02-03(02) -- List of follow-up actions

2. Members agreed to discuss (a) "Coverage of mobile telephone service and television broadcasting service" and (b) "Extension and Expansion of the IT Easy Link Service" at the next Panel meeting to be held on 14 April 2003. On proposed agenda item (a), members also agreed to request the Administration to include the following information in its response:

- (a) information on the number of complaints received by the Administration and the Consumer Council about poor mobile service and TV coverage;
- (b) whether the Hong Kong Cable Television and the Galaxy Satellite Broadcasting Limited had any universal service obligation under their respective licence as some members had pointed out that cable TV service was currently not available in areas like Tai O and Mui Wo; and
- (c) information on how the Administration would deal with cases in which the mobile service operators concerned had breached buildings-related legislation in erecting their mobile service base stations at buildings.

3. Members also noted that the item "Reorganization of the Commerce, Industry and Technology Bureau (CITB)" in the "List of outstanding items for discussion" was a staffing proposal which the Administration planned to submit to the Establishment Subcommittee and the Finance Committee in May and June 2003 respectively. As the re-organization proposal would be of concern to this Panel, as well as to the Panel on Commerce and Industry, members agreed that the two Panels should hold a "joint meeting" to consider the proposal. The Chairman suggested and members agreed that the joint Panel meeting be scheduled on 14 April 2003 from about 4:00 pm to 4.30 pm, to be followed by the regular meeting of the Panel on Commerce and Industry to be held at 4:30 pm on the same day.

4. Mr Albert CHAN said that as he was aware, the sale of residential units at the Cyberport had aroused serious concern from property developers. He suggested that the Panel should review the situation at a future meeting. In this regard, the Chairman recalled that pursuant to the project agreement, the

sale of units in the Residential Portion would generate revenue to drive the project. Nevertheless, he reminded members that the Panel would receive the next progress report of the Cyberport in July 2003.

III Encouraging software development in Hong Kong

LC Paper No. CB(1)986/02-03(03) -- Information paper provided by the Administration

LC Paper No. CB(1)986/02-03(04) -- Extract of Minutes of Meeting between Legislative Council Members and Yau Tsim Mong District Council Members on 24 May 2001

LC Paper No. CB(1)986/02-03(05) -- Hon CHAN Kwok-keung's LegCo question on Government's purchase of software raised at the Council meeting on 27 February 2002 and the Administration's reply thereto

5. The Chairman recapped that this item had been referred to the Panel by LegCo Members who attended a meeting with Yau Tsim Mong District Council in May 2001. At the invitation of the Chairman, the Principal Assistant Secretary for Commerce, Industry and Technology (Information Technology and Broadcasting) D (PASCIT(ITB)D) took members through the Administration's paper.

Open Source Software

6. Mr CHAN Kwok-keung opined that the extensive use of open source software (OSS) products might help lower the price of the proprietary software products which were predominately in use in the market, and might eventually encourage major software suppliers to open the source codes of their software. Noting that the Microsoft Corporation (Microsoft) had signed agreements with some governments to open some of the source codes of its software products to those governments he enquired whether the Administration had also negotiated with Microsoft for similar arrangements.

7. Mr Howard YOUNG supported measures taken by the Government to encourage software development in Hong Kong through promotion of OSS products. However, he considered that the Hong Kong market might be too small to attract the major software suppliers to open the source codes of their

software products. As such, he suggested that the Administration should consider joining efforts with the Mainland to encourage the major software suppliers to open the source codes of their software products to the entire market of China, which included the Hong Kong Special Administrative Region.

8. In reply, the Deputy Secretary for Commerce, Industry and Technology (Information Technology and Broadcasting) DSCIT(ITB) said that the Administration was aware that Microsoft had signed agreements with some governments in opening their source codes to enhance computer security. As the use of OSS products had become more common internationally, the Administration would make reference to overseas experience and come up with measures that met the needs of Hong Kong. He confirmed that the Administration was in the course of discussion with Microsoft (Hong Kong) on this subject. The Assistant Director (Technology & Sourcing) of the Information Technology Services Department added that it was a Microsoft global initiatives called Government Security Programme (GSP) to provide national governments with controlled access to Microsoft Windows source code and other technical information they needed in ensuring the security of the Windows platform. Until now, four national governments, including the North Atlantic Treaty Organization, had signed the agreements; and Microsoft was in discussion with more than 20 countries about the GSP. The Information Technology Services Department was seeking additional information on GSP from Microsoft (Hong Kong) for further consideration. At the Chairman's request, DSCIT(ITB) undertook to advise the Panel of further progress on this matter.

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9. Noting that the Mainland and Taiwan had set aside \$8 billion and \$33.8 million respectively for the development of OSS products, Mr CHAN Kwok-keung sought information on the resources which the Government was prepared to put into the development of OSS products in Hong Kong. He also enquired about the software products developed on the basis of OSS by the contractors of the Government and whether the Government had plans to share them with the public.

10. In response, DSCIT(ITB) highlighted that the Government had put abundant resources into information technology (IT). Apart from promulgating the availability of OSS products in the market to Government bureaux and departments, it was also the Government's long established procurement policy to select products and services on the basis of value for money. When deciding which software product to use, fitness for purpose, functionality, compatibility, support service and the total cost of ownership were the primary considerations. As bureaux and departments could purchase their own software products, including OSS product through bulk purchase contracts, it was difficult to single out the total expenditure on the procurement of OSS products. On details of the software purchased by government

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departments, DSCIT(ITB) undertook to provide updated information on packaged computer operating system software and application software with reference to the information requested by Mr CHAN Kwok-keung in his question on Government's purchase of software raised at the Council meeting on 27 February 2002.

Measures to promote open source software amongst SMEs

11. Dr LAW Chi-kwong considered that the Administration should support the development of OSS products through encouraging and assisting businesses, in particular small and medium enterprises (SMEs), to use OSS products, as this would create business opportunities for OSS developers instead of through setting up a resource centre with public funds or organizing seminars to promote OSS products.

12. On the establishment of the Linux Resources Centre (LRC), DSCIT(ITB) clarified that the centre was funded by the SME Development Fund and operated by an industry group. LRC comprised a virtual resources center on the Internet and a physical one. The virtual centre would provide information on Linux operating systems, solutions and applications etc., while the physical centre would be equipped with computers installed with Linux operating system and other selected applications for live demonstration to visiting SMEs. The aim was to encourage and assist SMEs in the adoption of OSS. PASCIT(ITB)D supplemented that the computers at the centre providing IT Easy Link service were also installed with OSS such that the support officers of the service could conduct simulation using the OSS when assisting OSS users in solving the problems encountered. The Administration would brief the Panel on the extension and expansion of the IT Easy Link service at the next meeting in April 2003.

13. Mr Albert CHAN enquired about the problems faced by SMEs in using OSS products, the adequacy of the measures taken by the Administration and the industry to address the problems, and additional measures required to tackle the remaining problems faced by SMEs since the implementation of the measures.

14. DSCIT(ITB) pointed out that the advent of open source technology had contributed to the development of software market. He said that in general, software developers did not encounter major problems in applying the open source technology to develop new software. On the other hand, the open source technology had provided a wider choice of software products, such as those provided by Linux, and the competition arising from product diversification had enabled SMEs to obtain better value-for-money and gain access to products and services of better quality. This would help boost their adoption of IT. However, quite a number of SMEs were not aware of such latest development and remained reluctant to adopt IT due to high capital cost.

The Administration would step up publicity and promote the use of OSS products amongst SMEs. Besides, the Administration had taken steps to encourage the use of OSS products in government systems so as to take full advantage of the economic benefits, higher quality and better service which product competition brought. The Government had also provided, through its funding schemes, financial support to projects that encouraged the development of OSS products and their adoption in the private sector.

15. Mr Albert CHAN however believed that most SMEs were not highly IT-proficient and might not be able to benefit from the advantage of using OSS products. It would therefore be more cost-effective if the Administration could provide substantive and product neutral advice to individual SMEs in their adoption of IT rather than providing generic information on the Internet for SMEs to browse on their own.

16. Dr LAW Chi-kwong pointed out that the lack of technical knowledge or expertise was one of the core problems faced by SMEs in applying OSS technology. He considered that OSS products in general were less user-friendly than the software products predominantly in use, and urged the Administration to try its best to provide SMEs the necessary technical support required in using OSS products.

17. Noting Dr LAW's view, DSCIT(ITB) responded that one of the objectives of the expansion and extension of IT Easy Link service was to provide support services to SMEs in the adoption of IT, including using OSS products. He confirmed that in addition to generic information available in the Internet, the Administration would also provide telephone and email enquiry services. He said that the Administration was mindful of the need to stay clear from competing for business opportunities with the private sector. In fact, the Administration would only seek to fill the gap by providing SMEs with services which were not available or difficult to obtain in the market, such as services to facilitate those SMEs which had just started to adopt IT to convert some of their manual operation to the electronic mode. SMEs which had been up and running in adopting IT might obtain their required services from private suppliers in the market.

18. The Chairman highlighted that opening the source codes of software for free download could provide SMEs an alternative choice of value-for-money software products to expensive patented software. That was why 50 000 sets of OSS products, which were compatible to Microsoft but were only sold at one-fifth of the price of Microsoft products, had been sold in only about a year after their first launch in the market in April 2001. He supported Dr LAW's view that resources for promoting the use of OSS products should be placed on the demand side so as to give impetus to the development of user-oriented software products. He also urged government departments to consider procuring those OSS products that met their requirements instead of placing

orders for patented software products as a matter of course.

19. Referring to the paper title, "Encouraging software development in Hong Kong", Mr Albert CHAN questioned why the Administration's paper had mainly focused on the promotion of OSS products, instead of the wider issue of encouraging software development through various measures, including those undertaken by universities and related organizations in Hong Kong. In this connection, members noted that the item was referred to the Panel by the LegCo Members attending a meeting with Yau Tsim Mong District Council Members. The Panel was invited to discuss the use of locally designed or non-patented software in order that in due course, the market monopoly currently enjoyed by patented software for personal computer platform could be broken. Although the Administration had delineated the scope of its paper in the introductory paragraph, the Chairman advised that it would be desirable to supplement the agenda item to reflect more appropriately the scope of information provided by the Administration.

(Post-meeting note: The agenda item was revised to read as "Encouraging software development in Hong Kong (with information provided focusing on measures to promote open source software)". Members were duly notified on 5 March 2003 vide LC Paper No. CB(1)1075/02-03)

IV The Administration's response on issues of concern to the development of film industry

LC Paper No. CB(1)986/02-03(06) -- Information paper provided by the Administration

LC Paper No. CB(1)775/02-03 -- Minutes of the Panel's special meeting on 3 December 2002

LC Paper No. CB(1)827/02-03 -- Guide to Filming in Hong Kong 2003

20. At the invitation of the Chairman, the Permanent Secretary for Commerce, Industry and Technology (Information Technology and Broadcasting) highlighted that in view of the difficulties faced by the film industry, the Government had in the past few years formulated policies conducive to the long-term development of the film industry. In response to the "Revitalizing Hong Kong Film Industry Report" which collated the information gathered from the industry's "Revitalizing Hong Kong Film Industry Forum" held in September 2002, the Administration would like to brief members on the Government's response to the proposals in the said report. With the aid of the power-point presentation, the Principal Assistant Secretary

for Commerce, Industry and Technology (Information Technology and Broadcasting) B (PASCIT(ITB)B) briefed members on salient issues contained in the Government's response. The Chairman then opened the floor for discussion.

Location shooting

21. As the attraction of Hong Kong would be showcased to the world when films shot in Hong Kong were released worldwide, Mr Howard YOUNG considered it beneficial to Hong Kong if more filming of overseas productions could take place in Hong Kong. As such, he suggested that copies of the recently released "Guide to Filming 2003" (the Guide) could be made available to overseas production companies. Moreover, the Guide should convey the message that the Government was ready to render assistance to facilitate location shooting.

22. DSCIT(ITB) said that in addition to posting the Guide on the Internet, hard copies of the Guide were sent to overseas film production companies to promote Hong Kong as an ideal filming location. Accompanying the Guide was a letter highlighting the helpful role of the Government in facilitating location shooting, and a video-compact disc showing the popular locations for filming and sharing the satisfactorily experience of overseas producers who had previously carried out location shooting satisfactorily in Hong Kong. To attract more overseas productions to come to Hong Kong for location shooting, the Administration would continue to participate in the annual Locations Expo held in the United States (US). In fact, about 30% of the location filming of "Tomb Raider 2" took place in Hong Kong in February 2003. DSCIT(ITB) also confirmed that a data base on the places in Hong Kong that had been filmed and shown in overseas and local productions were available for reference.

The Mainland market

23. In view of the huge Mainland market with about 1.3 billion potential viewers of Hong Kong films, Mr YEUNG Yiu-chung considered that the Government should assist the industry on film distribution to the Mainland market. He sought information on the progress of negotiation with the Mainland so far on film distribution and the problems encountered by the Administration.

24. On the opening up of the Mainland market, PSCIT(ITB) said that CITB and the Television Entertainment Licensing Authority had already conveyed the views of the local industry to the Film Administrative Bureau of the State Administration of Radio, Film and Television (SARFT) regarding the regulatory regime of co-productions and joint ventures. Besides, a delegation of the industry had reflected their needs to the Mainland authorities when the

delegation visited Beijing in October 2002. The Administration was now discussing with the Mainland authorities on the establishment of the Mainland/Hong Kong Closer Economic Partnership Arrangement (CEPA), the scope of which covered market entry of trade in goods and trade in services. Under CEPA, both sides were actively exploring various options, including the implementation of some liberalizing measures in certain geographical areas. PSCIT(ITB) believed that it would take some time before major decisions in respect of the film industry could be mutually agreed on.

25. Regarding the problems encountered by the industry, DSCIT(ITB) referred to the restrictions imposed on co-productions on a capital-sharing basis. For example, the story of the film had to take place in the Mainland and the production company concerned had to engage a specified proportion of Hong Kong and Mainland cast and crew for each Hong Kong film co-produced in the Mainland. The Mainland authorities had acknowledged the concerns of the industry and would review the various requirements on co-productions, such as the proportion of Mainland and Hong Kong cast and crew, the eligibility of the Mainland co-producer and its proportion of investment, and the requirement that the story had to take place in the Mainland etc. Further details of new measures would be announced by the Mainland authorities in due course. In addition, PSCIT(ITB) further pointed out that following its accession to the World Trade Organization, the Mainland would increase the import of foreign films per year on a revenue-sharing basis from 10 to 20 films. The Administration would make the best efforts to facilitate the industry to compete for the import quota. PSCIT(ITB) nevertheless noted that for co-productions, Hong Kong film makers might exercise greater vigilance over the choice of themes or scripts.

Government's support

26. Mr Albert CHAN attributed the decline of the local film industry to a number of factors. These included the decline in the quality of films due to outdated filming techniques and the lack of good scripts. He cautioned that if the local film industry was unable to catch up in the near future, Hong Kong's position as a major film production hub in the region would be overtaken by other nearby cities. Citing the example of Vancouver where professional support services to film making were offered at a relatively lower cost than that provided in the US, Mr CHAN said that Vancouver had emerged to become another Hollywood. Mr CHAN considered that the Administration could assist the industry in enhancing the professionalism of the workforce. He also opined that the Administration should keep abreast of the latest trends and development of the film industry of other places so as to provide the most appropriate assistance to the local film industry.

27. In this regard, PSCIT(ITB) pointed out that the Government was ready and forthcoming in providing necessary support for film making in Hong Kong,

as evidenced by the appreciation letters received from the local agent, director and producer of "Tomb Raider 2" after they had completed shooting in Hong Kong. On enhancing the technological capabilities of the industry's workforce, he advised that the Film Development Fund could provide financial support for worthwhile training programmes.

28. On the trends and development of film industry of other places, PSCIT(ITB) took note of the competitive edge enjoyed by other cities. He nevertheless opined that what Hong Kong lacked was the required critical mass for the film industry to thrive and develop its overall competitiveness. He considered it equally important to strengthen the demand for Hong Kong films by overseas and neighbouring markets such as Southeast Asia and the Mainland.

29. Mr Albert CHAN was of the view that most viewers would prefer seeing films in theatres with big screens. He remarked that the phasing out of theatres by mini cinemas might be a reason for the dwindling film industry. To sustain the demand for theatrical release of films, he urged the Administration to consider encouraging the construction of theatres through special conditions in the sale of land. In response, PSCIT(ITB) highlighted that the Government would play a supporting role in fostering the development of the film industry instead of by way of direct intervention through policy measures. Accordingly, the Government had made available in 1998 and 2000 two sites in Tseung Kwan O for the construction of a film studio to accommodate a post-production centre for the use of the industry. It would also set up a Digital Media Centre at the Cyberport to provide hardware, software and technological support to the industry to facilitate digital productions. He said that whether or not theatres should be provided should be determined by the market.

Copyright issues

30. The Chairman was gravely concerned about rampant piracy in the Mainland and enquired about the enforcement measures taken by the Administration to tackle the problem. In reply, the Principal Assistant Secretary for Commerce, Industry and Technology (Commerce and Industry) advised that if the industry provided specific information about the piracy problem they encountered in other areas, including the Mainland, the Administration would be happy to follow up with concerned governments. As he understood, the local film industry was going to provide information on specific cases of piracy to the Administration soon.

31. Summing up, the Chairman requested the Administration to continue its effort to negotiate with the Mainland authorities on increasing the import quota for Hong Kong films and on measures to combat piracy. He invited the Administration to brief the Panel on issues relating to the development of the

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film industry in about a year's time. In reply to Mr Albert CHAN, the Chairman said that the Secretariat had already written to the deputations which had attended the special Panel meeting on 3 December 2002 to inform them about this meeting and to advise them to browse the Administration's response which had been posted on the LegCo Website. He also understood that the Administration would brief the industry on the Government's response to the Report. Members agreed that the confirmed minutes of this meeting would be sent to the deputations for information. Their further comments, if any, would also be welcomed.

V IT Manpower

LC Paper No. CB(1)986/02-03(07) -- Information paper provided by the Administration

32. With the aid of power-point presentation, PASCIT(ITB)B briefed members on the progress of implementation of the initiatives recommended by the Task Force on IT Manpower.

33. Mr YEUNG Yiu-chung enquired whether the Administration would adjust its planning on IT manpower such as reducing the number of associate degree programmes in IT following the burst of the IT boom. In reply, DSCIT(ITB) advised that university education required long-term planning and it was necessary for university students to possess basic IT skills irrespective of the market demand for IT professionals. Hence, it might not be desirable for the universities to follow the market trend and adjust abruptly the student intake quota. On the other hand, other education institutions could adjust their intake quota for individual curricula proactively according to the market demand. Nevertheless, fine-tuning on areas of focus for IT courses had been made. For example, the emphasis on e-commerce which was a very popular area of IT in the past two years had recently been shifted to e-logistics.

34. Noting from the Manpower Survey Report 2002 in respect of the IT sector published by the Vocational Training Council (VTC) that the projected IT manpower requirement up to 2006 would increase by about 11% (a low-end projection) or 19% (a high-end projection) as compared with situation in 2003, the Chairman highlighted that the demand for IT manpower still existed despite the burst of the IT boom. Therefore, he would not support measures to drastically reduce the supply of IT manpower. Given that many organizations, including the Employees Retraining Board and VTC, had been offering various types of IT courses/programmes for some time, he considered it timely to introduce accreditation for IT training below the degree level. Apart from the Hong Kong IT Skills Assessment Centre of the VTC and the International Computer Driving Licence (ICDL) Programme administered by the Hong Kong Computer Society (HKCS), the Chairman urged the Administration to

introduce and promote internationally recognized benchmark assessment or professional examination to ensure the competency and quality of the IT workforce. The Chairman also expressed regret that the Continuing Education Fund (CEF) did not cover IT courses. He requested the Administration to consider including IT courses under CEF so as to widen applicants' choice of subjects.

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35. In response, DSCIT(ITB) pointed out that HKCS would promote the ICDL Programme among those education institutions offering IT courses/programmes. Localization of the ICDL examination was now in progress such that more people could take the examination. DSCIT(ITB) undertook to further discuss with VTC and the industry regarding accreditation of IT training below degree level. He also agreed to relay the Chairman's concern about the scope of CEF to the Education and Manpower Bureau.

VI Any other business

36. There being no other business, the meeting ended at 12:35 pm.

Council Business Division 1
Legislative Council Secretariat
8 April 2003