

**Opening Remarks by
Secretary for Commerce, Industry and Technology
at the Special Meeting of the Finance Committee
on 11 April 2005**

Chairman,

I would like to brief Members on the key areas of work of the Communications and Technology Branch of the Commerce, Industry and Technology Bureau for the new financial year.

Information Technology (IT)

2. Since the promulgation of the updated Digital 21 Strategy in March 2004, the Government has made good progress in the eight main action areas of the Strategy. We have reviewed in late 2004 the progress made in the various programmes and proposed specific targets and plans for 2005 and after.

Digital Entertainment

3. In the coming year, the Government will continue to further the development of the local digital entertainment industry, and the Cyberport will play an important role in this respect. In addition to the Digital Media Centre, iResource Centre, and Xbox Games Incubation Centre established last year, the Government plans to establish in the Cyberport a “one-stop support center” and “an incubation-cum-training center” for the digital entertainment industry. We expect that the support centre will commence operation at the end of April. Subject to the support of the Steering Committee on Innovation and Technology and the Finance Committee of the Legislative Council, it is also envisaged that the “incubation-cum-training centre” will be established within 2005.

E-government

4. The next wave of e-government will focus more sharply on service quality and effectiveness, and seek to bring better value to customers as well as to the Government. The E-government Steering Committee, chaired by the Financial Secretary, was established in September last year. The Committee has endorsed a number of key priorities, which included implementing a new strategy for e-government service delivery based on a client-centric approach; promoting the wider adoption of customer relationship management and channel management across the Government; formulating a strategy to take forward e-procurement for the Government; and introducing an enhanced mechanism to identify and measure benefits of e-government initiatives.

Broadcasting

5. We propose to merge the Broadcasting Authority and the Telecommunications Authority into a unified regulator. We will consult the LegCo Panel and the public on the details of the proposal, including the organizational structure of the unified regulator, in the coming few months.

6. On the implementation of digital terrestrial television (DTT), Asia Television Limited (ATV) and Television Broadcasts Limited (TVB) are executing their plans of constructing the broadcasting networks with a view to starting digital broadcasting by 2007.

Film

7. We will continue to promote the development of the film industry. The Film Guarantee Fund will continue to facilitate film production companies' access to loans for filmmaking from the participating lending institutions. This will help develop film financing infrastructure in Hong Kong. We will re-launch the Film Development Fund in April, which will finance projects conducive to the development of the film industry.

Telecommunications

8. On the telecommunications side, we will continue to plan and promote the ITU TELECOM WORLD 2006 .

9. We have started reviewing the radio frequency spectrum policy with a view to formulating a responsive, transparent and market-led policy as technology advances and the business environment changes.

10. We will also facilitate telecommunications carriers to introduce Broadband Wireless Access technologies to expand the coverage of their customer access networks.

11. Besides, we have launched a package of measures under the STEPS campaign, including introduction of legislation, to contain the problem of unsolicited electronic messages.

Innovation and Technology

12. For innovation and technology, we launched a new strategic framework last year and identified nine technology areas where Hong Kong has

competitive edge for focus development. We plan to set up R&D centres in the second half of 2005 to drive applied R&D efforts in the focus areas. In line with the market-driven, demand-led approach of the new strategy, the R&D centres will closely cooperate with the industry so as to improve the relevance of their R&D deliverables to the needs of the industry.

13. Another key element of the new strategy is to enhance science and technology cooperation with the Mainland. Last year, we set up the Mainland and Hong Kong Science and Technology Co-operation Committee which agreed to enhance cooperation in four technology areas, namely automotive parts and accessory systems, radio frequency identification technologies, integrated circuit design, and Chinese medicine. We will implement the action plan jointly with the Ministry of Science and Technology this year. Moreover, we will continue to support R&D projects under the “Guangdong and Hong Kong Technology Cooperation Funding Scheme”. Guangdong and Hong Kong are discussing the work plan for the Scheme this year, including the technology areas to be supported and the implementation timetable.

14. In June 2004, we obtained the approval of LegCo FC for a funding of \$250 million to launch the DesignSmart Initiative. Through the Initiative, funding support was provided to the Hong Kong Science and Technology Parks Corporation and Hong Kong Design Centre to establish a one-stop centre, which aims at creating a cluster of high value-added design activities among design professionals, design companies and industry players where creative ideas will be stimulated, commercialised and branded. The Centre is expected to start operation within this year.

15. Chairman, this concludes my opening remarks. If Members have any questions, my colleagues and I will be pleased to answer them.