

**立法會**  
**Legislative Council**

LC Paper No. CB(1)821/05-06  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/ITB/1

**Panel on Information Technology and Broadcasting**

**Minutes of meeting  
held on Monday, 9 January 2006, at 2:30 pm  
in the Chamber of the Legislative Council Building**

**Members present** : Hon SIN Chung-kai, JP (Chairman)  
Hon Albert Jinghan CHENG (Deputy Chairman)  
Hon Fred LI Wah-ming, JP  
Dr Hon LUI Ming-wah, SBS, JP  
Hon Jasper TSANG Yok-sing, GBS, JP  
Hon Howard YOUNG, SBS, JP  
Hon Emily LAU Wai-hing, JP  
Hon Timothy FOK Tsun-ting, GBS, JP  
Hon Ronny TONG Ka-wah, SC

**Public officers attending** : Agenda Item IV  
  
Mrs Marion LAI, JP  
Deputy Secretary for Commerce, Industry and  
Technology  
(Communications and Technology)  
  
Mr Eddie CHEUNG  
Principal Assistant Secretary for Commerce, Industry  
and Technology  
(Communications and Technology)A

Radio Television Hong Kong

Mr TAI Keen-man  
Assistant Director of Broadcasting (Radio)

Mr Simon HEUNG  
Deputy Production Manager

Mr John YIP  
Senior Telecommunications Engineer

Agenda Item V

Mr Howard C DICKSON  
Government Chief Information Officer

Mrs Betty FUNG, JP  
Deputy Government Chief Information Officer  
(Planning and Strategy)

Ms Subrina CHOW  
Assistant Government Chief Information Officer  
(Special Duties)

Mr PANG Hon-chi  
Chief Systems Manager (Special Duties)

**Attendance by  
invitation**

: Agenda Item IV

World DAB Forum

Mr Jeff ASTLE  
Advisor of Asia-Pacific Affairs

Hong Kong Commercial Broadcasting Company Limited

Miss Clarice CHIU  
Director of External Affairs

Mr Paul LAM  
Engineering Manager

Metro Broadcast Corporation Limited

Miss Carmen NG  
Deputy Director of Development

Mr Tim CHAN  
Engineering Manager

Individual

Mr Albert Siu-chuen YOUNG  
Member  
Central and Western District Council

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

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

Ms Elyssa WONG  
Deputy Head (Research and Library Services Division)

Mr Michael YU  
Research Officer 7

Ms Sharon CHAN  
Legislative Assistant (1)6

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Action

**I. Confirmation of minutes and matters arising**

(LC Paper No. CB(1)598/05-06 -- Minutes of meeting held on  
12 December 2005)

The minutes of the meeting held on 12 December 2005 were confirmed.

**II. Papers issued since last meeting**

(LC Paper No. CB(1)519/05-06 -- A letter (Chinese version only) from  
Anti-Pornographic & Violence  
Media Campaign )

2. Members noted the paper issued since last meeting.

**III. Date and items for discussion for next meeting**

(LC Paper No. CB(1)596/05-06(01) -- List of outstanding items for  
discussion

LC Paper No. CB(1)596/05-06(02) -- List of follow-up actions)

3. Members noted and agreed to discuss the following items proposed by the  
Administration at the next Panel meeting to be held on 13 February 2006:

- (a) 2005 surveys on IT usage and penetration in the household and  
business sector; and
- (b) 2004 Digital 21 Strategy – Progress report for 2005 and targets for  
2006.

4. Ms Emily LAU noted that under item V "New strategy for e-government service delivery", the Administration intended to seek the approval of the Finance Committee (FC) for a funding proposal of \$170.8 million. However, it was not stated in the Administration's paper that any form of public consultation had been conducted. Given the level of resources involved, she suggested that the Panel should invite public views on the subject, such as the quality of e-government services and the proposed new strategy. Referring to his letter tabled at the meeting, which raised a number of questions on the subject, the Chairman suggested that the item could be discussed again at the next Panel meeting so that members could also consider the Administration's written response to his questions. Members did not raise objection to the suggestion of Ms LAU and the Chairman.

#### **IV. Development of digital audio broadcasting in Hong Kong**

##### Meeting with deputations

5. Members noted that submissions had been provided by the following individuals not attending the meeting:

*Mr LEUNG Siu-tong, Member, Island District Council*  
(LC Paper No. CB(1)596/05-06(05) -- Submission)

*Mr LEE Chi-wing, Member, Shatin District Council*  
(LC Paper No. CB(1)596/05-06(06) -- Submission)

6. The Chairman invited representatives from the World DAB Forum and other deputations to give views on issues related to the development of digital audio (DA) broadcasting in Hong Kong.

##### *World DAB Forum (WDF)*

(LC Paper No. CB(1)604/05-06(01) -- Powerpoint presentation material from  
*(an updated version of the* World DAB Forum  
*powerpoint material was circulated*  
*to members on 24 January 2006*  
*vide LC Paper No. CB(1)773/05-06)*

LC Paper No. CB(1)662/05-06(01) -- The DAB Family – an international digital broadcasting standard

LC Paper No. CB(1)662/05-06(02) -- Factsheet on UK – DAB digital radio sales

LC Paper No. CB(1)662/05-06(03) -- Factsheet on the roll-out of DAB around the world)

7. With the aid of powerpoint presentation, Mr Jeff ASTLE, Advisor of Asia-Pacific Affairs of WDF briefed members on the adoption of DAB (which was based on the Eureka 147 standard) for DA broadcasting around the world, including the United Kingdom (UK), Scandinavia, Central Europe, Southern Europe and Asia. He also gave an account on the conditions for success in launching DA broadcasting services, the rapid development of DAB receivers, the listening patterns of DAB listeners and the recent development of DAB-based Digital Multimedia broadcasting (DMB) services worldwide.

*Hong Kong Commercial Broadcasting Company Limited (CRHK)*

(LC Paper No. CB(1)596/05-06(04) -- Submission

8. At the invitation of the Chairman, Miss Clarice CHIU, Director of External Affairs of CRHK highlighted CRHK's position on DA broadcasting as set out in its submission. In gist, CRHK supported the Government's recommendation stated in the first and second consultation papers on "Digital Terrestrial Broadcasting in Hong Kong" issued in 2000 and 2003 respectively that the implementation of DA broadcasting should be market-led. CRHK considered that the introduction of DA broadcasting would succeed only when the new technology could solve a clear and present problem for consumers in a method which was technologically and financially viable for both consumers and service providers. Nevertheless, CRHK would keep in view changes in the markets in terms of supply and demand for DA broadcasting as well as its latest development overseas.

*Metro Broadcast Corporation Limited (Metro)*

(LC Paper No. CB(1)619/05-06(01) -- Submission  
*(Chinese version tabled at the meeting and subsequently circulated on 10 January 2006 vide LC Paper No. CB(1)671/05-06)*

9. At the invitation of the Chairman, Miss Carmen NG, Deputy Director of Development of Metro outlined the company's views on the development of DA broadcasting in Hong Kong as follows:

- (a) The Government should continue to uphold the principle of "big market, small government" and allow commercial operators to decide whether and when to introduce DA broadcasting.
- (b) Improvement to sound quality could also be achieved by upgrading existing equipment and resolving existing reception problems due to cross border signal interference etc, while widening programme choice and improving quality could be realized through the current analogue sound broadcasting utilizing the AM/FM frequencies.
- (c) The Government should not restrict the choice of technologies when allocating radio spectrum (Band III, L-Band etc) for DA broadcasting

so as to achieve technical compatibility with the Mainland.

- (d) A working group on DA broadcasting with the participation of radio operators should be set up to identify and study the issues involved, and to make recommendations.

*Radio Television Hong Kong (RTHK)*

(LC Paper No. CB(1)653/05-06(01) -- Submission)

10. The Assistant Director of Broadcasting (Radio) (AD of B(R)) outlined the background on RTHK's development of digital sound broadcasting and briefed members on the results of RTHK's testings on DA broadcasting as follows:

- (a) In 1998, RTHK, together with the Information Technology and Broadcasting Bureau, the Office of the Telecommunications Authority, CRHK and Metro, ran tests on digital signals on Eureka 147 (i.e. DAB) L-Band and improvement in sound quality was evident. It was also found that Band III worked better than L-Band for indoor reception.
- (b) In March 2004, RTHK commenced tests on DA broadcasting using the Digital Radio Mondiale (DRM) system which was the technology for using AM frequencies to transmit digital signals. The overall results of the tests were satisfactory. Sound quality had significantly improved when compared to the analogue AM signals. The DRM system proved reliable and there was no reported failure during the test period.
- (c) Since September 2004, RTHK had re-launched the DAB Band III trials. A survey conducted at the public trial points during the trial period from March to May 2005 showed that the average score for DAB reception was 8 (10 being the highest score). The trials demonstrated that sound quality of DAB was superb and its mobile reception was reliable.
- (d) Existing DAB multiplex carried the seven RTHK radio channels in stereo sound quality. It could expand the number of channels available and make more efficient use of the available spectrum for more programme services. During the Sixth Ministerial Conference of the World Trade Organization held between 13 and 18 December 2005, RTHK had offered the seventh channel (i.e. the WTO Channel) to relay all the meetings.

AD of B(R) further remarked that RTHK welcomed the opportunity to take part in the working group on DA broadcasting, if one was to be set up.

*Mr Albert YOUNG Siu-chuen, Member of Central and Western District Council (C&WDC)*

11. Mr Albert YOUNG, member of C&WDC said that the C&WDC did not intend to express any view on the subject.

Preliminary response by the Administration

(LC Paper No. CB(1)596/05-06(03) -- Information paper provided by Administration

LC Paper No. IN06/05-06 -- Information note on digital audio broadcasting prepared by Research and Library Services Division)

12. The Deputy Secretary for Commerce, Industry and Technology (Communications and Technology) (DSCIT(CT)) took note of deputations' view. She said that the Administration held an open attitude to the development of DA broadcasting and would continue to adhere to the evidence-based approach in the formulation of the policy framework for digital terrestrial broadcasting, taking into account technical and market considerations. DSCIT(CT) also highlighted the uncertain prospect of DA broadcasting worldwide and said that unlike digital terrestrial television (DTT) services which would be launched according to a specific timetable with a view to switching off analogue broadcasting in the foreseeable future, governments like Australia and the UK believed that DA broadcasting would at best complement analogue broadcasting but not replace it. Moreover, the emergence of competing wireless technologies delivering audio or multimedia contents had also made the prospect of DA broadcasting uncertain. In addition to terrestrial DA broadcasting services, digital radio was also available via coaxial cable, satellite, the 3G mobile platform, and as online radio via wireless or fixed Internet connection in many countries. As some of these new wireless transmission technologies were capable of carrying multimedia services, operators would invest in infrastructure to provide multimedia services that had bigger market potential instead of in audio digital radio services. In fact, in South Korea, operators had recently launched Eureka 147-based DMB services for reception by hand-held devices such as mobile phones via satellite and terrestrial radiocommunications. DSCIT(CT) stressed that the development of variants of applications having better market appeal, coupled with the fact that the majority of radio listeners were content with FM analogue services, raised further doubts about the prospect of sound-only DA broadcasting services. Considering the challenges facing the development of DA broadcasting worldwide, the Administration had therefore maintained its view that the market-led approach was most suitable for Hong Kong. Meanwhile, the Administration was prepared to receive the community's views on the subject.

Discussion

*Market-led approach*

13. The Chairman sought the Administration's view on what constituted the so-called "market-led approach" for DA broadcasting. He considered that to facilitate the adoption of a market-led approach, the Administration should have pursued the initiative more proactively by extending open invitation to existing licensees for conducting technical trials on DA broadcasting.

14. On technical trials, DSCIT(CT) advised that the Government had reserved frequencies in the L-Band for conducting test transmission of DA broadcasting service in Hong Kong, and would be prepared to consider applications for trials. Although no open invitation as such was extended, it had been stated explicitly in the relevant consultation papers that parties interested in launching DA broadcasting could approach the Telecommunications Authority for making the necessary arrangements to conduct technical trials. DSCIT(CT) remarked that under a market-led approach, the development of DA broadcasting would be contingent upon the supply and demand for the service.

15. Ms Emily LAU thanked the input provided by the depositions, in particular Mr Jeff ASTLE who had made a special trip to Hong Kong to present WDF's views to the Panel. Ms LAU supported the development of DA broadcasting as it helped improve sound quality and enable better utilization of spectrum resulting in more radio programme channels. Regarding measures outlined by WDF such as a more flexible licensing framework, financial support and incentives etc that could be formulated by governments to encourage commercial broadcasters to launch DA broadcasting, Ms LAU sought the views of the two existing commercial broadcasters.

16. In response, Mr Paul LAM, Engineering Manager of CRHK said that CRHK had kept abreast of the international development in DA broadcasting. He informed members that in December 2005, the Swedish government had announced that it would not pursue further development of DA broadcasting nor would it switch off FM transmission as previously scheduled. The Swedish government did not consider it advisable for listeners throughout the country to discard some 25 to 30 million radio sets which could not receive digital broadcast signals. Mr LAM further said that according to the Swedish Minister for Culture, some 320 million Euro had been spent on trials with DAB radio during the past 10 years but during this period, only some 7 000 DAB radio sets had been sold. He also advised that the Finland government had also announced in February 2005 to cease DAB broadcasting and to close down the pilot DAB network by end of 2005. Nevertheless, Mr LAM said that CRHK would continue to monitor global developments and where appropriate, explore the feasibility of launching DA broadcasting in Hong Kong.

17. On the reasons for the Swedish and Finnish governments to defer the further roll-out of their DAB services, Mr Jeff ASTLE of WDF explained that similar to



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Hong Kong, DAB services in these two places were mainly driven by the public broadcasters. Until recently when the commercial broadcasters were ready to launch the services, the public broadcasters decided that they should roll out digital television broadcasting first before implementing DA broadcasting. As such, DAB had not been fully launched in these two markets. Mr ASTLE further said that apart from market factors, it was also necessary to consider the benefits of DA broadcasting to the listening public when deciding whether or not the service should be implemented. In this connection, Ms Emily LAU requested the Research and Library Services Division of the Secretariat to provide some supplementary information on the development of DA broadcasting in Sweden and Finland as the two countries had not been included in the scope of research study.

18. Miss Carmen NG of Metro shared similar views as CRHK in launching DA broadcasting service. She said that while Metro had reservation in deploying DAB for DA broadcasting at this stage, it was prepared to launch new services as technology advanced. She recapped Metro's earlier suggestion and urged the Administration to set up a working group on DA broadcasting with representatives from radio broadcasters.

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19. In response, DSCIT(CT) highlighted that DA broadcasting service was a very important subject and the formulation of a policy and regulatory framework for it was a complex exercise. It involved an assessment of the benefits which the technology would bring to the public, the need to strike a balance of various considerations affecting different stakeholders, and sufficient understanding of an economy's competitive edge in innovation against application. Nevertheless, she assured members that the Administration would maintain communication with commercial broadcasters on the development of DA broadcasting. DSCIT(CT) said that there were a number of possible ways to explore the merits of DA broadcasting. The Administration would be prepared to consider the establishment of a working group if this was found to be the most effective forum.

20. Ms Emily LAU noticed from CRHK's submission that the broadcaster was concerned that in the current media and technology environment, the adoption of a brand new technology to launch DA broadcasting would not be commercially viable due to fierce competition for advertising revenue. The Administration was also of the view that in a multi-channel environment such as that under DA broadcasting, different channels appealed to different audience fragments; and that for free-to-air terrestrial radio broadcasters relying on advertising as their major source of revenues, audience fragmentation was a significant operating concern. Ms LAU did not agree that the implementation of DA broadcasting would necessarily reduce commercial radio broadcasters' revenue on advertising. She referred to WDF's presentation that subsequent to the introduction of DA broadcasting in the UK, there was a 50% increase in the number of listeners. She believed that if the programmes produced by commercial broadcasters were of high quality, they could attract revenue from advertisers.

21. On commercial radio broadcasters' concern about competition for advertising revenue after the introduction of DA broadcasting, Mr Howard YOUNG

considered that the outcome might be more promising. He referred to the experience of the UK that after the implementation of DAB service, existing commercial broadcasters were able to offer more programmes and DAB listeners in general had listened to radio for five more hours each week. Higher listenership would certainly help the broadcasters concerned to secure more advertising businesses. To address the problem of audience fragmentation on advertising, Mr YOUNG suggested that the broadcasters might choose to air the same advertisement in different programme channels at the same time in order to reach the same level of audience mix.

22. Ms Emily LAU did not agree that under DA broadcasting, only the existing commercial broadcasters should be allocated more channels. Instead, the sound broadcasting market should be open to all interested operators when more frequency spectrum became available under DA broadcasting. Ms LAU urged the Administration to set up the working group as suggested by Metro in order that the initiative could be taken forward in a more systematic and expeditious manner.

23. The Deputy Chairman questioned the position of the two commercial broadcasters on DA broadcasting and was concerned that they had supported the Government's market-led approach in introducing DA broadcasting out of their own interest to guard against new competition.

24. Miss Carmen NG of Metro stated that given the impact of DA broadcasting on the public, it was reasonable for the Government to consider the commercial viability of operators before proceeding with any licensing proposal. Miss Clarice CHIU of CRHK also remarked that the level of investment in DA broadcasting and advertising revenue were important considerations for broadcasters operating as commercial entities. She therefore agreed that the Government should exercise prudence in considering the policy in DA broadcasting, having regard to its commercial viability for both existing and future operators, maturity of the technology and the benefits to the public. Miss CHIU also stated that CRHK was not against DA broadcasting *per se* and was prepared to work closely with the Government on its future development.

25. In this connection, the Deputy Chairman expressed his query that Metro might have worried about competition from new entrants if the sound broadcasting market was opened up after digitization, thereby affecting its commercial viability. He recalled certain comments made by Metro's former Managing Director, Mr KAM Kwok-leung, that Metro had positioned itself as a radio station specializing in financial, not political programmes. This had facilitated its cooperation with the Mainland in the joint broadcast of certain programmes. The Deputy Chairman remarked that new operators, if any, under DA broadcasting would very likely focus on the political and social development of Hong Kong. As such, he did not consider that Metro's interest would be jeopardized as a result. He urged Metro to be more open towards the implementation of DA broadcasting service in Hong Kong.

26. In this regard, Miss Carmen NG of Metro reiterated Metro's position that as a commercial broadcaster, Metro had to exercise prudence and consider all relevant factors in deciding whether and how to take forward new broadcasting technology such as DA broadcasting. Nevertheless, Metro would respect the decision of the Government to introduce DA broadcasting if it was beneficial to the overall development of the broadcasting industry.

*Technical standard for DA broadcasting*

27. Ms Emily LAU noted from paragraph 16 of the Administration's paper (CB(1)596/ 05-06(03)) that as a pre-requisite for introducing digital broadcasting services into Hong Kong, it would need to finalize the Band III frequency plan with the Mainland authorities and clear the frequency plan concerned for DA broadcasting service. Ms LAU requested the Administration to clarify whether this meant that the launch of DA broadcasting in Hong Kong required the agreement of the Mainland authorities.

28. In response, DSCIT(CT) explained that the Administration had reserved frequency channels in the L-band and identified frequency channels in the Band III for Eureka 147-based DAB services for co-ordination with the Mainland authorities. As most overseas broadcasters which had adopted Eureka 147 for trial or commercial DAB services transmitted their signals in Band III, the majority of DAB receivers currently available in the market operated in Band III. DSCIT(CT) further said that should Hong Kong decide to introduce DA broadcasting service, it was unlikely that the small market size of Hong Kong alone would induce manufacturers to produce affordable receivers for L-band. If Hong Kong could finalize the Band III frequency plan with the Mainland authorities so that digital signals of radio broadcasters could be received by listeners on both sides of the border, a larger market would provide economies of scale to manufacturers and enable local consumers to obtain digital receivers at more competitive prices.

29. Noting that DVB-T was the technical standard commonly adopted by many jurisdictions for DTT services, the Chairman enquired about the mainstream standard, if any, for DA broadcasting.

30. In response, Mr Jeff ASTLE of WDF remarked that in addition to DAB, other systems had been used in different parts of the world. The United States (US) and Japan had developed their homegrown technologies for DA broadcasting. US had recently approved "High Definition (HD) Radio" (which was the brand name of the US's In-Band On-Channel system) as the national standard for DA broadcasting. The HD Radio system allowed existing analogue broadcasters to add digital broadcasts to their existing transmission in the existing spectrum assigned to them for analogue broadcasting. Like other DA broadcasting service implemented worldwide, consumer take-up of HD radio in the US was market-driven rather than led by the industry. As far as he understood, the number of HD Radio receivers which had so far been acquired was in the region of thousands only. Mr ASTLE further said that the Terrestrial Integrated Services Digital Broadcasting (ISDB-T) system adopted by Japan could be applied to both

television and radio services. ISDB-T had so far only been adopted by Japan.

31. On the technical standard for DA broadcasting for Hong Kong, Mr Jeff ASTLE remarked that DAB was the right choice. He highlighted that DAB used multiplexing techniques which was now a mature technology being deployed in many places around the world. The system could be used to transmit pictures, texts and other types of data. Mr ASTLE added that millions of DAB digital receivers had been acquired by listeners in places where this technical standard was adopted.

32. In reply to Dr LUI Ming-wah, Mr Jeff ASTLE advised that DAB was a standard initially developed by European countries but they did not have a proprietary right over the standard. Unlike the use of the US standard which involved royalty payments, DAB was an open standard for free adoption. Mr ASTLE further advised that the component cost of a DAB receiver was about US\$20 per set while its market price was about HK\$400 to HK\$500 (FOB price was under HK\$250). On Dr LUI Ming-wah's concern that the price of a DAB receiver was still much higher than that of a FM radio, Mr ASTLE compared the mass production of 500 million FM radios vis-à-vis 5 million DAB receivers and attributed the price difference of the two to the difference in the economies of scale. He added that the more complicated technology involved in producing a DAB receiver also accounted for its relatively higher price.

33. Mr Howard YOUNG recalled that when the Panel discussed the development of DTT, the incumbent domestic free television programme service licensees had expressed concerns that the Administration should await the Mainland's decision on the technical standard to be adopted for DTT service before finalizing the technical standard for Hong Kong. He asked whether the launching of DA broadcasting service in Hong Kong would involve the same consideration over the choice of technical standard.

34. In response, DSCIT(CT) explained that a technical standard for DA broadcasting might only be used in a specific frequency band in which compatible receivers would operate. If in the end, broadcasters chose to use a DA broadcasting standard which was different from the one adopted by the Mainland, it might lead to a waste of resources as consumers might need to purchase different receivers in order to receive signals from different broadcasters in the South China region.

#### *Development of DA broadcasting in the Mainland and Hong Kong*

35. Given that there were only two commercial broadcasters in the local market, Mr Ronny TONG asked whether the Administration considered that there was adequate competition and consumer choice in Hong Kong's sound broadcasting industry. As the implementation of DA broadcasting could enhance competition by making more efficient use of radio spectrum resulting in more radio programme channels, Mr TONG was concerned that the Administration should take a more proactive role in taking forward the initiative, rather than adopting the present

market-led approach. He said that if the commercial broadcasters remained unenthusiastic about pursuing the technology while RTHK was the only broadcaster to implement DA broadcasting service in Hong Kong, it could not be expected that digital receivers would be available at a price affordable to general consumers. This would in turn deter commercial broadcasters from developing DA broadcasting services.

36. In response, DSCIT(CT) remarked that in the view of the Administration, there was competition within the sound broadcasting market in Hong Kong. However, it was difficult to advise whether there was adequate competition or not as the question would require further detailed study. She nevertheless stressed that under the existing regulatory regime, there was no upper limit on the number of sound broadcasting licences that could be issued by the Government. Applications for licences would be assessed on their respective merits and with regard to the availability of frequency spectrum.

37. Mr Ronny TONG did not subscribe to the Administration's view. He recapped his concern that there was inadequate competition in Hong Kong's sound broadcasting services which offered very limited choice to listeners. He pointed out that the Citizens' Radio had applied for a sound broadcasting licence many months ago but so far, no progress had been made. If additional licences could not be granted due to insufficient frequency spectrum, Mr TONG urged the Administration to take forward DA broadcasting more expeditiously in order that more radio programme channels could be set up, thereby promoting competition in the sound broadcasting industry. Noting concerns that the development of DA broadcasting service in the Mainland might have a bearing on the development of the service in Hong Kong, Mr TONG sought information about its progress in the Mainland.

38. In response, DSCIT(CT) advised that the Mainland had focused on DMB in the development of DA broadcasting. She said that as she understood, a South Korean manufacturer had indicated that it would export in tens of thousands DMB reception devices to the Mainland in view of its market potential. She assured members that while taking stock of international and Mainland development, the Administration was mindful that Hong Kong's competitive edge laid in adopting at the right time the best available proven technology, both in terms of technicality and market acceptability.

39. On the development of DA broadcasting in the Mainland, AD of B(R) supplemented that the Mainland had been using Eureka 147-based DMB system to conduct technical trials on DA broadcasting. RTHK had made reference to the experience of Radio Foshan (佛山電台) in developing DA broadcasting. Being a pioneer in conducting testing on DAB and having obtained satisfactory results, Radio Foshan had now proceeded to develop DMB. AD of B(R) further advised that due to the proliferation of different technologies in the consumer market, many new devices produced nowadays could receive DAB, FM, AM and even DRM signals. For example, some mobile phones produced in South Korea could be upgraded to receive DAB/DMB signals at an additional cost of about HK\$1,000.

40. Noting the recent development of DA broadcasting in Guangdong province, Mr Howard YOUNG supported the development of DA broadcasting in Hong Kong and at a quicker pace as this would have the benefit of enabling inbound tourists from Guangdong province to continue to receive digital broadcast signals in Hong Kong through compatible reception devices, if the same technical standard was being adopted by both Hong Kong and the Mainland.

*Summing up*

Admin

41. Summing up, the Chairman said that if necessary, the Panel would re-visit the subject again in future. He also requested the Administration to consider members' concerns expressed at the meeting and adopt a more proactive approach in the introduction of DA broadcasting in Hong Kong, in particular the suggestion of setting up a working group to study the issues involved.

## V. New strategy for e-government services delivery

(LC Paper No. CB(1)596/05-06(07) -- Information paper provided by Administration

LC Paper No. CB(1)671/05-06(01) -- Powerpoint presentation material  
(*tabled and subsequently issued on 10 January 2006*) provided by Administration

LC Paper No. CB(1)597/05-06 -- Background brief on E-government Programme

LC Paper No. CB(1)597/05-06 -- Letter dated 9 January 2006 from  
(*tabled and subsequently issued on 10 January 2006*) Hon SIN Chung-kai)

### Introduction by the Administration

42. At the invitation of the Chairman, the Government Chief Information Officer (GCIO) updated members on the progress made in implementing the strategy for e-government service delivery. He recapped that when briefing the Panel on the Next Wave of E-government Programme on 14 March 2005, the Government had proposed to launch a One-Stop Access Portal (OSP) in 2007 and adopt a service clustering approach by grouping related e-government service clusters to meet the needs and expectations of citizens by segments. The Administration had also advised at the meeting that an Expression of Interest (EOI) exercise would be conducted in the latter half of 2005 to invite private sector participation in developing and operating the OSP and/or service clusters. However, the implementation plan of the new strategy had been revised based on the recommendations and findings of a consultancy study commissioned in June 2005. GCIO outlined the latest developments below:

- (a) The launch of the OSP would be advanced to mid-2006 to tie in with the roll-out of the new e-services of the Immigration Department. This would be instrumental in driving traffic to and marketing of the new portal.
- (b) The electronic government information currently provided by the Government Information Centre (GIC) would be incorporated into the OSP which would be positioned as the one-stop gateway to all online government information and services.
- (c) The EOI exercise would be deferred to the second half of 2006 when the OSP and the service cluster framework would be in place so that the private sector could better assess the service requirements, possible scope/models of public-private sector partnership (PPP), and the associated financial implications or risks.
- (d) While the existing central e-government infrastructure (EGIS) would be used to develop the OSP and/or service clusters, its capacity and capability would be enhanced with new common and supporting services. This would enable the Government to have control over the planning and execution of the whole project prior to the completion of the Electronic Service Delivery (ESD) services migration before the expiry of the latter's contract in January 2008.

43. With the aid of power-point presentation, the Assistant Government Chief Information Officer (Special Duties) (AGCIO(SD)) informed members that the Government had extended the contract with the ESD Services Ltd (ESDSL) on the same terms and conditions for two years until January 2008. During this period, the Administration aimed at completing the development of OSP and migration of the ESD service to the new service portal. On funding arrangements, AGCIO(SD) advised that:

- (a) The Office of Government Chief Information Officer (OGCIO) would seek FC's approval for \$170.8 million in 2006-07 and 2007-08 for hardware, software, implementation and contract staff services, publicity and promotion.
- (b) Individual bureaux/departments (B/Ds) would seek funding under the block allocation under CWRP Head 710 Subhead A007GX (computerization) for development of individual applications and enhancement of their backend systems not exceeding \$10 million each.
- (c) OGCIO had set up a Special Duties Division to oversee the implementation of the programme and it would absorb the non-recurrent staff costs of \$33.6 million in 2006-07 and 2007-08 through internal deployment.

- (d) From 2008-09 onward, OGCIIO would absorb around \$45 million of recurrent expenditure required for the operation of the OSP/service clusters (e.g. systems maintenance) and around \$15 million recurrent staff cost required to support the operation of the OSP and/or service clusters.

Members noted that the Administration intended to submit the funding proposal under (a) for FC's consideration and approval on 17 February 2006.

Discussion

*Consultancy study previously conducted and overseas experience*

44. Ms Emily LAU noted from paragraph 13 of the background brief prepared by the Secretariat that "with a view to better assessing the benefits of individual e-government initiatives, the Administration intended to commission a study within 2005 to review the e-government programme funding mechanism and recommended methodologies and tools to identify, quantify and measure the benefits attributable to e-government initiatives. This would enable B/Ds to focus their investments and resources on the high impact areas that could benefit both the community and the Government." Ms LAU requested the Administration to provide more information on these aspects as it might shed light on whether ESDSL had provided e-government services in a satisfactory manner. She also enquired whether the aforesaid study and the roadmap study conducted in June 2005 as mentioned in paragraph 4 of the Administration's paper (CB(1)596/05-06(07)) referred to the same study. She also considered that the Administration should provide the information it had obtained on overseas experience in delivering citizen-centric e-government services to which the study had made reference. Ms LAU said that in the absence of the requested information, she was reluctant to support the submission of the funding proposal to FC.

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45. In response, GCIIO said that he was pleased to share the report of the roadmap study on the delivery of e-government services conducted in June 2005 and where practicable, provide other information requested by members. He said that the study supported the service clustering approach proposed by the Government in delivering e-government services. However, as shown by overseas experience, there were risks in tasking the private sector to develop and operate the service clusters upfront. Therefore, the study recommended that a PPP model should be deferred until such time the Government was clear about the business and service clustering strategy for the OSP. GCIIO added that the study referred to in paragraph 13 of the background brief on measuring the benefits of Government's IT investment was a separate study and would be commissioned shortly. He would report findings to the Panel in due course.



*Mode of delivering e-government services*

46. Ms Emily LAU noted from the Administration's paper that after full migration of ESD services to the OSP, there would be a cost avoidance of \$72 million in respect of the subscription and transaction fees payable to ESDSL as fee payment would not be required thereafter. She was concerned that the migration of e-government services from the ESD services to OSP as currently proposed would amount to a reduction in business opportunities for the private sector.

47. Mr Jasper TSANG referred to the discussion at the last Panel meeting in which the Administration had cited the benefits of inviting the private sector to run the e-Cert services currently administered by the Hongkong Post Certification Authority. Under the currently proposed model for implementing the new strategy, however, the Government would take part in the operation and management of e-government services which were now outsourced to a private sector operator. He questioned whether the Government had in fact adopted a self-contradictory policy.

48. In response, GCIO remarked that when he first joined the Government about a year ago, a number of initiatives had been carried out in enabling the general public to use e-government services. In mapping out the way forward, it was necessary for the Administration to first work on the branding and positioning of the OSP and formulate a service clustering strategy in early 2006 before inviting the participation of the private sector. The Administration planned to conduct the EOI exercise in the second half of 2006. Depending on the outcome of the EOI exercise, the Administration would, where appropriate, introduce private sector content/services into the OSP and/or service clusters by phases starting from 2007. As regards concerns about the Government's outsourcing policy for IT projects, GCIO pointed out that there was no invariable practice and the Administration would decide the approach to be taken on the merits of individual cases.

*Next course of action*

49. Ms Emily LAU was concerned that the proposed new strategy for e-government services involved complex issues but the Administration did not seem to have consulted the public. She recapped her earlier suggestion that the Panel should invite public views on the subject and meet with deputations, if any, before FC considered the funding proposal.

50. The Chairman agreed that it was necessary for the Administration to brief the Panel on the item again at the next Panel meeting. He suggested that if members had any questions on the item, they should forward them to the Secretariat for onward transmission to the Administration for reply.

*(Post-meeting note: A general notice inviting submissions on the subject and attendance to the next Panel meeting on 13 February 2006 has been posted on the Council's website. The 18 District Councils have also been invited to provide views on the subject. Members have been duly notified about*

the arrangement on 11 January 2006 vide LC Paper No. CB(1)685/05-06.)

51. The Deputy Chief Government Information Officer (Planning & Strategy) was concerned that due to the lead time required for submission of papers for the FC meeting on 17 February 2006, the funding proposal would have to be deferred and could only be considered by FC in April 2006 even if the Panel gave its support at the next meeting on 13 February 2006, as there was no FC meeting during the intervening period. In this connection, Ms Emily LAU, who was the Chairperson of FC, said that if necessary and subject to Members' support, she was prepared to consider holding an additional FC meeting on dates like 24 February or 3 March 2006 to consider the funding proposal.

## **VI. Any other business**

- Proposed overseas duty visit

52. The Chariman referred to the letter dated 6 January 2006 from the Deputy Chairman (vide LC Paper No. CB(1)670/05-06) proposing an overseas duty visit to study the development of DA broadcasting and digital entertainment. On the timing for the visit, the Deputy Chairman asked whether the visit could take place during the Easter break. Members present at the meeting had not indicated support for undertaking the visit during the Easter break. The Chairman considered that September 2006 would be a more suitable timing to conduct the duty visit as the Council would still be in recess. Mr Howard YOUNG shared the Chairman's view.

53. Ms Emily LAU remarked that in servicing the overseas duty visit, the Secretariat would need to enlist the assistance of various parties in drawing up the programme for the visit and the provision of various logistical support.

54. On the programme arrangement, the Deputy Chairman said that WDF based in UK might help line up government authorities and industry bodies in Europe to meet with the delegation. He also suggested that the Panel should pay visits to EA Electronic, which was the world's largest animation production company in Vancouver, and the Vancouver Film School. After some discussion, members present at the meeting did not object in principle to the proposal for the Panel to undertake an overseas duty visit in September 2006. However, they considered that the scope of the visit should be more clearly delineated. The Chairman undertook to consider the matter further. He would work out with the Secretariat to provide further information on the visit for members' consideration, hopefully at the next Panel meeting. Members noted that the Panel had conducted an overseas duty visit to South Korea in 2002.

55. Dr LUI Ming-wah considered it useful for members to also acquire relevant information on the situation in Hong Kong. In this connection, the Chairman said that information on the digital entertainment industry in Hong Kong could be available from the Hong Kong Productivity Council and/or the Cyberport. He

requested the Clerk to approach the two organizations for the relevant information for members' perusal.

*(Post-meeting note: A booklet on "Study on Hong Kong Digital Entertainment Industry 2004" has been circulated for members' reference on 17 January 2006 vide LC Paper No. CB(1)728/05-06).*

R&LD 56. The Chairman summed up that the Panel could follow up the matter after R&LD had compiled further information for members' reference.

57. There being no other business, the meeting ended at 4:30 pm.

*(Post-meeting note: Having considered the matter further after the meeting, the Chairman and Deputy Chairman have come to the view that the overseas duty visit should focus on digital entertainment. They have proposed that the Panel should visit Hollywood and Vancouver to acquire first-hand information on the development of digital entertainment in these two places. The Chairman instructed that the Secretariat should prepare the necessary background information accordingly for the Panel's reference.)*