

立法會
Legislative Council

LC Paper No. CB(1)1600/05-06
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by the Administration)

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Panel on Information Technology and Broadcasting

Minutes of meeting
held on Thursday, 6 April 2006, at 10:45 am
in Conference Room B 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 Emily LAU Wai-hing, JP

Member attending : Hon James TO Kun-sun

Members absent : Hon Jasper TSANG Yok-sing, GBS, JP
Hon Howard YOUNG, SBS, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Ronny TONG Ka-wah, SC

Public officers attending : Agenda Item III

Mr Eddie CHEUNG
Principal Assistant Secretary for Commerce, Industry
and Technology
(Communications and Technology)

Mr PO Pui-leong
Assistant Commissioner for Television and
Entertainment Licensing (Broadcasting)

Miss Lida LAM
Principal Entertainment Standards Control Officer
Television and Entertainment Licensing Authority

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)

Mr Danny LAU
Assistant Director of Telecommunications
(Operations)

Mr MA Po-ho
Chief Telecommunications Engineer
Office of the Telecommunications Authority

Agenda Item V

Mr Stephen MAK, JP
Deputy Government Chief Information Officer
(Operations)

Mr CHEUNG Woon-hang
Chief Systems Manager
(Community and Industry Liaison)
Office of Government Chief Information Officer

Mr LEUNG Kwan-chi, Stephen
Senior Statistician (Sectoral Economic) 4
Census and Statistics Department

Ms SIU Wai-fun, Rebecca
Senior Statistician (Social)
Census and Statistics Department

Agenda Item VI

Mr Stephen MAK, JP
Deputy Government Chief Information Officer
(Operations)

Mr CHEUNG Woon-hang
Chief Systems Manager
(Community and Industry Liaison)
Office of Government Chief Information Officer

Agenda Item VII

Mr Stephen MAK
Deputy Government Chief Information Officer
(Operations)

Mr PANG Chi-tat, Dennis
Assistant Government Chief Information Officer
(Industry Development)

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

Staff in attendance : Ms Sharon CHAN
Legislative Assistant (1)6

I Papers issued since last meeting

Members noted that no papers had been issued since the last meeting.

II Date and items for discussion for next meeting

LC Paper No. CB(1)1191/05-06(01) -- List of outstanding items for discussion

LC Paper No. CB(1)1191/05-06(02) -- List of follow-up actions

2. Members agreed that the Panel would discuss the following items at the next meeting to be held on 8 May 2006 :

- (a) Report on the Cyberport Project; and
- (b) Progress report on promoting the development of the digital entertainment industry in Hong Kong – strategy and measures.

III Revision of broadcasting licence fees

LC Paper No. CB(1)1191/05-06(03) -- Information paper provided by Administration

3. At the invitation of the Chairman, the Principal Assistant Secretary for Commerce, Industry and Technology (Communications and Technology) PASCIT(CT)) briefly introduced the paper on its proposal to revise the licence fees prescribed in the Broadcasting (Licence Fees) Regulation (the Regulation) (Cap. 562A). Under the Regulation, holders of television programme service licences under the Broadcasting Ordinance (Cap. 562) were required to pay an annual licence fee. The existing fees had taken effect since February 2001, reflecting the Television and Entertainment Licensing Authority (TELA)'s administrative costs of assisting the Broadcasting Authority (BA) in regulating the television industry. Based on the principle of cost recovery, which had been an established government policy for years, and a recent costing exercise conducted by TELA at the 2005-06 price level, the Administration proposed to revise the various licence fees. The Administration planned to table the Broadcasting (Licence Fees) (Amendment) Regulation setting out the proposed fees at the Legislative Council meeting on 17 May 2006 for negative vetting, with a view to effecting them on 7 July 2006.

4. Ms Emily LAU said that as fee increases were likely to be unwelcomed, the Administration should conduct adequate consultation on the charging mechanism and the proposed fee revisions. She asked whether any strong objection to the fee revisions had been received. In response, the Assistant Commissioner for Television and Entertainment Licensing (Broadcasting) (ACTEL(B)) advised that the Administration had already conducted a consultation exercise to explain to all existing licensees the reasons for proposing the fee revisions and sought their views on the matter. Feedbacks from the two domestic free television programme service licensees and the three domestic pay television programme service licensees had been received. Their views objecting to the proposed fee increases were set out in paragraph 14 of the Administration's paper.

5. In response to members' queries, ACTEL(B) gave the Administration's response to the views as follows :

- (a) On the licensees' suggestion of withholding the implementation of the proposed fee revisions until a decision on the merger of BA and the Telecommunications Authority was made, the Administration considered that as the proposed merger was still undergoing public consultation and a decision had yet to be made, delaying the fee revisions would render it impossible for the achievement of full cost recovery in a timely manner.
- (b) On the suggestion that the administrative costs relating to investigation into non-compliance with licence conditions should be recovered either from the offenders via fines or forfeitures, or from the complainants who made frivolous and vexatious complaints, it should be noted that under the existing public finance arrangement,

the fines imposed by BA and paid by offenders would go to the General Revenue. They could not be used to offset the costs of providing the services by TELA. Moreover, there were practical difficulties in determining whether a complaint was frivolous or vexatious to justify the imposition of a fine on the complainant. In fact, many complaints, though unsubstantiated, were not frivolous or vexatious.

- (c) On the proposal that the fees for domestic free television programme service licence should be reduced in view of the substantial costs of carrying government programmes and announcements in the public interest (APIs) and contribution to the digitization of terrestrial television by the domestic free television programme service licensees, the Administration noted the licensees' concern, but pointed out that they agreed to the licence conditions when they accepted their licences.
- (d) The proposed fee revisions did not bear any direct relationship with Consumer Price Index movements as the fees were reviewed and determined on the long-established principle of cost recovery for government services.
- (e) It was difficult to ascertain whether increases in TELA's administrative costs could be offset by anticipated growth in future revenue arising from the projected rise in the number of licences and subscribers. As seen in the past few years, the business environment had been characterized by increasing competition, which had in turn created heavier workload for the BA in regulating the market and resulted in higher administrative costs.

6. The Chairman expressed support for the principle of cost recovery for provision of government services. In reply to the Chairman's question, ACTEL(B) said that with the implementation of the proposed fee revisions, full cost recovery could be achieved in respect of administering of the licences. He added that while some licensees had objected to the proposed fee increases, the licensees in general agreed to the principle of cost recovery. The Administration considered that the proposed fee increases were modest and would not become a huge financial burden on the licensees.

7. On behalf of Members of the Democratic Party, the Chairman expressed support for the proposed fee revisions. The Deputy Chairman also stated his support and remarked that the existing fees were too low. He said that it was reasonable for the television programme service licensees to pay higher fees since they were able to operate with good profits. He would like to see more resources being provided to TELA to enhance its capacity to investigate into complaints. Ms Emily LAU said that she would not object to the introduction of the proposed subsidiary legislation and that if necessary, a subcommittee could be formed to further consider the proposal.

8. Summing up, the Chairman said that the Panel had no strong objection to the fee revisions proposed by the Administration.

IV Spectrum allocation for FM broadcasting

LC Paper No. CB(1)1191/05-06(04) -- Information paper provided by Administration

LC Paper No. CB(1)1191/05-06(05) -- Letter dated 20 February 2006 from Hon Albert Jinghan CHENG (Chinese version only)

9. The Chairman drew members' attention to the letter from the Deputy Chairman which suggested re-developing the existing frequency plan in the 87 – 108 MHz Very High Frequency (VHF) band for territory-wide frequency modulated (FM) sound broadcasting services (VHF/FM Plan), and the Administration's paper on the subject.

10. In explaining his proposal, the Deputy Chairman said that the existing VHF/FM Plan had been adopted since the late 1980s and there had been feedback that the spectrum allocation for FM broadcasting under the Plan fell short of optimal utilization. He considered that the spectrum allocation for FM broadcasting within the frequencies in the 87 – 108 MHz band could be more efficiently planned to support additional territory-wide FM broadcasting services.

11. In response, the Assistant Director of Telecommunications (Operations) (ADT(O)) informed members that frequencies in the 87 – 108 MHz band were initially allocated to five FM sound broadcasting services during the 1980s. In the early 1980s, the Government commissioned a consultant to develop a VHF/FM Plan with a view to improving the coverage of the FM services and maximizing the number of such services. The conclusion drawn from the study was that Hong Kong required seven hilltop sites, each of which transmitted sound broadcasting signals at different frequency channels to provide seven territory-wide FM services. The existing VHF/FM Plan was the result of optimal frequency planning to make the most efficient use of the 87 – 108 MHz band to support the maximum number of territory-wide FM services.

12. Given the advancement in technology, the Chairman asked whether there were plans to further review the feasibility of re-developing the existing VHF/FM Plan to provide more FM broadcasting channels. In reply, ADT(O) advised that the existing VHF/FM Plan developed in the 1980s was a long-term plan adopted by the Government. In countries where sharing the use of frequencies in the 87-108 MHz band with neighbouring countries was necessary, once such VHF/FM Plan was developed, it would be used for decades. In developing the Plan, the Government had taken into account the following requirements :

- (a) maximizing the number of territory-wide coverage services;

- (b) sharing the use of the frequencies in the 87 – 108 MHz band with Hong Kong's neighbouring territories, including Guangdong and Macau, based on the principle of equitable use of frequencies; and
- (c) ensuring that the aeronautical services and navigational facilities in Hong Kong and its neighbouring territories would not be interfered.

13. ADT(O) further advised that since Hong Kong was in close proximity to Guangdong and Macau, high power FM broadcasting signals originated from Hong Kong spilled over into the neighbouring territories and vice versa. In order to avoid mutual interference, high power FM broadcasting required adequate frequency separation among different frequency channels, and/or adequate distance separation among different transmission stations using the same or adjacent frequency channels. Due to the small size of Hong Kong, distance separation was not possible. Frequency separation by leaving some frequency channels unused was therefore the only technical solution. In some "island" countries where they needed not share the use of frequencies with neighbouring countries, it was feasible to accommodate as many as 30 to 40 services in the 87-108 MHz band. By contrast, Hong Kong was a small place with hilly terrain. Some of the frequency channels in the 87 – 108 MHz band could not in practice be used because such use would cause interference to the aeronautical services and navigational facilities in Hong Kong and the neighbouring areas. He added that FM broadcasting was not a field where rapid technological changes had taken place. Technically speaking, it was not feasible to change the existing frequency assignments in the 87 – 108 MHz band to provide for more territory-wide FM services.

14. The Deputy Secretary for Commerce, Industry and Technology (Communications and Technology) (DSCIT(CT)) supplemented that the existing VHF/FM Plan was adopted on the basis of mutual agreement to share the frequencies with Guangdong and Macau. Once Hong Kong had implemented the Plan, it could not introduce any significant change to the Plan unilaterally without the agreement of its neighbouring territories to make corresponding changes to their own VHF/FM Plans. She remarked that the room for review of the existing Plan was extremely limited.

15. The Deputy Chairman commented that the existing spectrum allocation for FM broadcasting was unfair and inefficient. In his view, the present arrangement was undesirable in a civic society which valued freedom of expression. Referring to the Annex to the Administration's paper which set out the frequency gaps between the existing seven territory-wide radio channels, the Deputy Chairman pointed out that experience had shown that some community organizations could do on-line broadcasting making use of the frequency gaps within the 87 – 108 MHz band. As such, he considered that there was room for re-allocation and more optimal use of the frequencies in the existing frequency band to allow one or two additional territory-wide FM broadcasting channels to be established.

(Post-meeting note: OFTA advises there are mistakes in some frequency figures in the Administration paper and its Annex where the frequency table is shown. In the frequency table at the Annex, the frequencies used to carry

the Metro Showbiz Channel should be 99.7-102.1 MHz and those used to carry the Metro Finance Channel should be 102.4-106.3 MHz. As a result, the frequency gap between these two radio programme channels is only 0.3 MHz, instead of 2.2 MHz. Accordingly, in paragraph 6 of the Administration's paper, "0.4-2.2 MHz" should be corrected as "0.3-0.8 MHz". The paper with the figures corrected in revision mode has been issued vide LC Paper No. CB(1)1411/05-06 on 3 May 2006).

16. ADT(O) explained that while it was technically feasible to fill some of the existing vacant frequency gaps with sound broadcasting using low frequency transmission, the coverage would be very restrictive and hence could not serve the purpose of territory-wide broadcasting. He further pointed out that in examining the possibility of providing more broadcasting services, digitized broadcasting in other frequency bands was a viable option worth exploring.

17. Ms Emily LAU said that there was community support for opening up territory-wide broadcasting services and to provide community or public access channels to facilitate freedom of expression. She commented that while Radio-Television Hong Kong (RTHK) was currently operating seven radio channels, the broadcasting services of certain channels were merged broadcasting during night-time. This demonstrated that RTHK had not optimized its channel capacity in providing sufficient, diversified programmes to satisfy public demand. On digital audio broadcasting, Ms LAU recalled that certain incumbent operators invited to give views on the subject had appeared to be rather unenthusiastic. In her view, the development of digital audio broadcasting would only progress at a slow pace under the existing market-led approach.

18. In this connection, DSCIT(CT) highlighted that there were ongoing reviews by RTHK to improve its broadcasting services. The Director of Broadcasting had also stated that RTHK would continue to produce diversified programmes using the existing resources. On some members' concern about the need to set up community radio channels, DSCIT(CT) reiterated that apart from territory-wide FM sound broadcasting, other transmission platforms such as on-line broadcasting on the Internet could also cater for the community's needs for more channels to express views.

19. Notwithstanding the Administration's explanation, Ms Emily LAU considered that broadcasting on the Internet could not substitute radio services because Internet services were less readily accessible to members of the public. The Deputy Chairman remarked that survey findings had shown that listeners to on-line radio broadcasting was only in the region of 1 600.

20. Ms Emily LAU and the Deputy Chairman maintained the view that the Administration should further consider the merits and feasibility of re-developing the existing VHF/FM Plan. The Deputy Chairman considered that where necessary, specialists' advice on the subject might be sought. The Chairman concluded that if necessary, the Panel could re-visit the issue in due course.

V 2005 surveys on IT usage and penetration in the household and business sector

LC Paper No. CB(1)1191/05-06(06) -- Information paper provided by Administration

LC Paper No. CB(1)1216/05-06(01) -- Extract of minutes of meeting of the Panel on Information Technology and Broadcasting held on 4 February 2005

21. The Chief Systems Manager (Community and Industry Liaison) of the Office of Government Chief Information Officer highlighted the major findings of the two 2005 surveys (the Household Survey and the Establishment Survey) conducted by the Census and Statistics Department (C&SD) on the usage and penetration of IT in the community and business sectors.

IT usage and penetration in Hong Kong

22. Referring to Annex D to the Administration's paper which indicated that Hong Kong ranked fourth in household IT penetration and seventh in business IT penetration in comparison with other advanced economies, Ms Emily LAU enquired the reasons for the difference in the two rankings.

23. In response, the Deputy Government Chief Information Officer (Operation) (DGCIO(O)) advised that a major factor accounting for the relatively lower rate of business IT penetration and usage in Hong Kong was that most of the business establishments in Hong Kong were small and medium enterprises (SMEs), many of which were not yet ready to adopt IT due to reasons like technical resources and manpower constraints. In this connection, the Administration would continue to help the industry, especially SMEs, to exploit the full potential and benefits of IT in advancing their business interests. The Administration was maintaining close collaboration with different business sectors in achieving the objective. With regard to household usage of IT, he advised that as revealed in the survey, Hong Kong was now one of the cities with the highest personal computer (PC) and broadband penetration in the world. The usage of PC and Internet services was particularly prevalent among young people, the better-educated and students.

24. Mr Fred LI said that the relative rankings shown at Annex D of the paper might not be directly comparable, as the surveys in Hong Kong and other economies were carried out at different times. DGCIO(O) explained that it was not always possible to obtain the most up-to-date information from the other economies to enable a direct comparison. As such, the Administration could only provide the latest available statistics.

25. Ms Emily LAU enquired about how Hong Kong compared with other Asian countries other than Singapore and Japan in relation to the adoption of IT. The Senior Statistician (Sectoral Economic) 4 advised that the surveys were focused on comparison of Hong Kong with other advanced economies. In conducting the

surveys, the C&SD had encountered difficulties in getting up-to-date information from some Asian economies such as South Korea and Taiwan. Notwithstanding, the statistics obtained from different sources generally showed that Hong Kong compared favourably in the household IT penetration and usage with other advanced economies. This might also be attributable to the fact that Hong Kong was a small place but with a good network of IT infrastructures such as broadband connections.

26. Mr Fred LI noted that only 15% of the business establishments in Hong Kong had their own web pages or websites and asked how the Administration would assist businesses lacking the necessary resources to set up their own web pages/websites. DGCIO(O) advised that in its effort to promote the wider adoption of IT and e-commerce, the Administration would introduce to the business and industry sectors the use of web pages/websites as an efficient means for disseminating information about the establishments and their products and services. The Administration had also launched the sector-specific promotional programmes and provided updated market information on IT applications to suit the needs of different business sectors, particularly the SMEs, with a view to assisting them to derive greater benefits through wider adoption of IT.

Information security

27. Ms Emily LAU pointed out that the recent leakage on the Internet of the personal data of people who had filed complaints with the Independent Police Complaints Council had aroused considerable public concern. She expressed the view that the Administration should strengthen proactive action to promote the awareness of information security in private organizations, which were also vulnerable to the risk of leakage of privacy information. She suggested that the Administration should consider undertaking surveys on measures taken by private-sector organizations to protect information security.

28. DGCIO(O) noted Ms Emily LAU's views. He said that the Administration would continue to conduct surveys on awareness of information security in both the public and private sectors. He further informed members that a recent survey had been conducted in March 2006, which showed that 90% of all government departments had completed a review of their information security systems. The remaining departments would undertake the review within 2006/07.

Summing up

29. The Chairman remarked that the Panel supported the conduct of the surveys on IT usage and penetration and requested that the findings should continue to be reported to the Panel.

VI Progress report on transformation of the IT Easy Link services

LC Paper No. CB(1)1191/05-06(07) -- Information paper provided by Administration

LC Paper No. CB(1)1217/05-06 -- Background brief on IT Easy Link Services prepared by the Secretariat

30. DGCIO(O) introduced the Administration's paper on the progress of the transformation of the IT Easy Link Services (the Services), which was initially launched by the Government in collaboration with the Hong Kong Computer Society in June 2002 as a pilot project to promote the wider adoption of IT in the community, and subsequently expanded and extended to cover assistance to SMEs as a result of a review conducted in 2003. Beginning 1 April 2006, after a 9-month transitional period from July 2005 to March 2006 had expired, the Services would be transformed into a self-supporting and self-financing mode with a new multi-purpose portal and a new subscription scheme. Members noted the updated developments and raised no query.

VII Progress report on the implementation of Computer Information System Integration Qualification Certification under CEPA II

LC Paper No. CB(1)1191/05-06(08) -- Information paper provided by Administration

31. DGCIO(O) informed members of the progress made in implementing the Computer Information System Integration (SI) Qualification Certification under CEPA II, which facilitated Hong Kong enterprises to apply for SI Qualification Certification in accordance with the relevant regulations and rules promulgated by the Mainland. In brief, under the agreed arrangements, a transitional period of one year starting 1 January 2005 was instituted during which certain aspects of the application procedures and assessment criteria of the SI Qualification Certification were specially arranged for Hong Kong service providers. As at end March 2006, three service suppliers had obtained SI Qualification Certification (including one Level 2 and two Level 4 Certification respectively). Furthermore, four service suppliers (including one for Level 3 and three for Level 4 Certification) had submitted formal applications for SI Qualification Certification. The Hong Kong Assessment Centre was assessing the applications. In view that local service suppliers needed more time to familiarize themselves with the SI Qualification Certification scheme and the details of the special arrangements, the Office of the Government Chief Information Officer (OGCIO) had requested and the Ministry of Information Industry of the Central People's Government had agreed to extend the transitional period for an additional year till 31 December 2006.

32. Members noted the progress in implementation of the SI Qualification Certification scheme. The Chairman expressed support for the extension of the transitional period to 31 December 2006.

VIII Any other business

33. On the issue of information security, Ms Emily LAU and the Chairman sought further information on the monitoring work undertaken by OGCIO over the compliance of information security rules and guidelines, as well as security audits and risk assessments carried out by government bureaux/departments (B/Ds), statutory organizations and other publicly-funded bodies. The Chairman was also concerned about the monitoring role of regulators such as the Telecommunications Authority, Hong Kong Monetary Authority and the Commissioner of Insurance over the respective sector within their regulatory scope.

34. In response, DGCIO(O) confirmed that there was ongoing effort to ensure and promote information security in B/Ds. Security audits were conducted at least once every two years. Risk assessment was also performed for major IT projects. Where necessary, B/Ds could also apply for funding under the block allocation under Capital Works Reserve Fund Head 710. Moreover, the Information Technology Management Unit in each department also worked with the relevant Head of Department to keep a close watch on information security of the B/D concerned.

35. On whether OGCIO could conduct security checks on publicly-funded bodies, DGCIO(O) advised that OGCIO did not have jurisdiction over those publicly-funded bodies which were outside the policy purview of the Commerce, Industry and Technology Bureau, citing the example of the Hospital Authority and the Housing Authority. Nevertheless, these public bodies would not be excluded from publicity activities and other initiatives launched by OGCIO aiming at enhancing information security. DGCIO(O) also referred members to the Special Task Force on Information Security set up by the Digital 21 Strategy Advisory Committee which was tasked to address information security issues and identify measures to raise the general awareness of information security in Hong Kong. Members noted that the Task Force comprised Government representatives, as well as relevant industry bodies and IT security experts.

36. Summing up members' concerns, the Chairman requested the Administration to provide a comprehensive report in about November 2006 on the current state of information security in B/Ds; as well as how various regulators exercised their monitoring role to ensure that information security was being observed and complied with by the relevant sectors under their purviews. To provide the Panel with a more complete perspective, the Chairman also requested the Administration to collect information from publicly-funded bodies as far as practicable on the measures taken by them to maintain and enhance information security. Ms Emily LAU remarked that where individual publicly-funded body refused to provide information to OGCIO for onward reporting to the Panel, this should be stated in OGCIO's report to the Panel.

Action

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37. There being no other business, the meeting ended at 12:10 pm.

Council Business Division 1
Legislative Council Secretariat
5 June 2006