

**For discussion
on 15 January 2007**

**Legislative Council Panel on
Information Technology and Broadcasting**

**Report on the Progress Made in
Implementation of Previous Digital 21 Strategies**

PURPOSE

This paper reports on the progress made in information and communications technology (ICT) development in Hong Kong through the implementation of the previous Digital 21 Strategies.

BACKGROUND

2. The Digital 21 Strategy is the blueprint for the development of ICT in Hong Kong. The Strategy was first published in 1998 by the Government to set out our vision of developing Hong Kong into a leading digital city in a globally connected world. The aim of the Strategy is to outline how Government, business, industry, academia and the public can work together to achieve this goal. As a living document, the Strategy was updated in 2001 and 2004 to take account of advances in technology and the changing needs of the community. Progress on the implementation of the latest version of the strategy is reported regularly through annual reports submitted to the Information Technology and Broadcasting Panel and the Digital 21 Strategy Advisory Committee. Each updated strategy also includes an overview of the progress made in the implementation of the last strategy.

3. The Office of the Government Chief Information Officer (OGCIO) has embarked on the latest round of review of the Digital 21 Strategy in 2006, and the 2007 Digital 21 Strategy will be announced within the first half of 2007 after considering comments received during the public consultation exercise.

REPORT ON PROGRESS

4. Since its inception in 1998, we have made good progress in implementing the last three Digital 21 Strategies through the concerted efforts of the Government, business, industry, academia and the public. Underpinning the importance attached by the Government to ICT development, a Government Chief Information Officer position was created in 2004 to assist the Secretary for Commerce, Industry and Technology in formulating policies and strategies, and overseeing implementation of programmes and initiatives to drive further development of ICT in Hong Kong. Another major institutional change we are taking to facilitate ICT development in the advent of media convergence is the proposal to establish the Communications Authority as the single regulator for the converging communications sector, by merging the Broadcasting Authority and the Telecommunications Authority. We will introduce a bill into the Legislative Council for the purpose in the 2006/07 legislative year. The Government will continue to play the role as a user, supporter and facilitator of ICT and its applications.

5. The progress that has been made on the ICT front has been reviewed under successive versions of the Digital 21 Strategy as a continuing process and a summary of the progress achieved to date is set out in Annex and grouped under the following areas: (a) building advanced ICT infrastructure; (b) creating an enabling business environment for e-business to flourish; (c) promoting technological development and innovation; (d) deepening the e-government programme; (e) encouraging the development of a vibrant IT industry; and (f) building a digitally inclusive society.

CONCLUSION

6. Our advancement in ICT over the years has enhanced the competitiveness of Hong Kong as a service economy and the quality of living of our citizens. The consultation document on the draft 2007 Digital 21 Strategy, the fourth strategy in the series, was released for public consultation from 18 October to 18 December 2006. The theme underpinning the 2007 Digital 21 Strategy is “continuing to build on our strengths through technology across the community”, with the objective of strengthening Hong Kong’s position as a world digital city. We are studying comments received from the

public, and aim to publish the finalised Strategy within the first half of 2007.

**Office of the Government Chief Information Officer
Commerce, Industry and Technology Bureau
January 2007**

**PROGRESS IN HONG KONG'S ICT DEVELOPMENT
PURSUANT TO THE DIGITAL 21 STRATEGIES**

(A) Key indicators

Indicator	1998	2001	2004	2006
Equipped external telecommunications capacity	<i>Note</i>	234 Gbps	646 Gbps	1,178 Gbps
Mobile phone penetration	34%	78%	106%	131%
Household personal computer penetration	34.5%	60.6%	71.1%	71.7%
Household Internet penetration	11.8%	48.7%	64.9%	67.1%
Personal computer penetration in business	<i>Note</i>	49.7%	58.4%	60.5%
Internet penetration in business	<i>Note</i>	37.2%	50.4%	55.9%
Accessibility of broadband	<i>Note</i>	Broadband can be reached by all commercial buildings and over 95% of households.	Broadband can be reached by all commercial and residential buildings.	Broadband can be reached by all commercial and residential buildings.

Indicator	1998	2001	2004	2006
Government IT spending ¹	\$2.0 billion	\$3.9 billion	\$3.8 billion	\$5.2 billion (estimate)
Ratio of Government IT projects which were outsourced (by value)	41%	83%	95%	95% (estimate)
Percentage of amenable public services that have an electronic option under the e-government strategy	<i>Note</i>	65%	90%	Next wave of e-government development – provision of customer-centric services; some 100 new services to be introduced on GovHK in the coming two years

Note: Figures/information before year 2000 are not available.

¹ This is the amount of IT expenditure of the entire Government machinery, including the Housing Authority, Hospital Authority and subvented schools, except the figure for 1998 which only covers the IT expenditure of Government bureaux/departments.

(B) Building advanced ICT infrastructure

- According to a survey conducted by the International Telecommunication Union in 2005, Hong Kong offers the world's most affordable Internet connection and mobile phone services.

<u>Focus Areas</u>	<u>Actions and Outcomes</u>	<u>Relevant Indicators</u>
<p>1. Liberalization of the telecommunications market</p>	<ul style="list-style-type: none"> ● With liberalization of our external telecommunications facilities market with effect from 1 January 2000, all sectors of our telecommunications market, local and external, service-based and facilities-based, are open to competition. ● Our policy to liberalize the telecommunications market reached a new milestone with the full opening up of the fixed telecommunications network services market on 1 January 2003. 	<ul style="list-style-type: none"> ● Mobile phone penetration rate (131%) is amongst the highest in the world. ● 3G services started to roll out in January 2004. ● Broadband can be reached by all commercial and residential buildings in Hong Kong. ● Our broadband household Internet penetration rate is 67% as at August 2006. ● Liberalization of the telecommunications sector has encouraged significant private sector investment. Over the six-year period from 2000 to

<u>Focus Areas</u>	<u>Actions and Outcomes</u>	<u>Relevant Indicators</u>
		2005, total investment in the telecommunications sector amounted to \$49.6 billion.
2. Setting up and maintaining an updated broadcasting regulatory regime	<ul style="list-style-type: none"> ● Enactment of the Broadcasting Ordinance in 2000 to regulate domestic free, domestic pay, non-domestic and other-licensable television services. ● The technology-neutral Broadcasting Ordinance has provided a fair, open and business-friendly regulatory environment that is conducive to investment, technology application and innovation in the television industry. 	
3. Liberalization of the domestic pay television market	<ul style="list-style-type: none"> ● Expansion of the market in terms of the number of licensees as well as the diversity of the technology platforms from which services are launched, including transmission over cable, satellite and fixed network, and broadcast over the Internet. 	<ul style="list-style-type: none"> ● Hong Kong is amongst the first in the world to launch Internet Protocol television service, and its penetration to one-third of our households is also amongst the highest in the world.
4. Digital terrestrial television (DTT)	<ul style="list-style-type: none"> ● The implementation framework for DTT was announced in July 2004. The two domestic free television programme service licensees, the Asia Television Limited (ATV) and Television Broadcasts Limited (TVB) are required to launch DTT services, including high-definition television services 	

<u>Focus Areas</u>	<u>Actions and Outcomes</u>	<u>Relevant Indicators</u>
	by 2007, and achieve 75% digital DTT coverage by 2008. DTT is expected to spur the growth of interactive services such as datacasting (e.g. financial quotes and flight information) and online games.	
5. Type II interconnection arrangement (i.e. the interconnection between two fixed telecommunications networks at customer access network level)	<ul style="list-style-type: none"> ● The review of Type II interconnection arrangement was completed in July 2004. Mandatory Type II interconnection for local fixed-line telecommunications services will be gradually withdrawn to promote investment in high bandwidth customer access networks, thereby enhancing consumer choice in such connections. The withdrawal will be fully implemented across the territory by the end of June 2008. 	<ul style="list-style-type: none"> ● In 2005, the number of households covered by at least two self-built customer access networks increased to 71% of total households in Hong Kong and 43% of all households have a choice of at least three networks. This is a significant increase as compared to 2003 when only about 45% of all households in Hong Kong were covered by at least two self-built customer access networks.
6. Proposed establishment of the Communications	<ul style="list-style-type: none"> ● Public consultation on this proposal was conducted during March-June 2006, and the responses were generally 	

<u>Focus Areas</u>	<u>Actions and Outcomes</u>	<u>Relevant Indicators</u>
<p>Authority by merging the Broadcasting Authority and the Telecommunications Authority</p>	<p>positive. The Commerce, Industry and Technology Bureau (CITB) plans to introduce a bill into the Legislative Council in the 2006/07 legislative year for the establishment of the unified regulator.</p>	

(C) Creating an enabling business environment for e-business to flourish

- Hong Kong ranked tenth in the world and second in the Asia Pacific region in 2006 in terms of e-readiness according to a study published by the Economist Intelligence Unit, which measures the e-business environment of an economy based on a collection of factors that indicate how amenable a market is to Internet-based opportunities.

<u>Focus Areas</u>	<u>Actions and Outcomes</u>	<u>Relevant Indicators</u>
1. Establishment of a clear legislative framework and a public key infrastructure for the conduct of secure electronic transactions	<ul style="list-style-type: none"> ● The Electronic Transactions Ordinance (ETO) was enacted in January 2000. ● Under the ETO, digital signatures and electronic records are accorded the same status as their paper-based counterparts. The Ordinance also provides for a Certification Authority Recognition Scheme to spearhead the development of public key infrastructure in Hong Kong. 	<ul style="list-style-type: none"> ● There are currently three recognized certification authorities including the Hongkong Post Certification Authority (HKPCA) which can issue recognized digital certificates in Hong Kong.
2. Enhancing information security	<ul style="list-style-type: none"> ● An information security management and incidents response framework has been established within the Government to advise on relevant policy, oversee the implementation of protection measures, promulgate guidelines and coordinate the handling of information security incidents. Relevant guidelines on information security are disseminated for the public's consumption through the INFOSEC website at http://www.infosec.gov.hk. 	

<u>Focus Areas</u>	<u>Actions and Outcomes</u>	<u>Relevant Indicators</u>
	<ul style="list-style-type: none"> ● The Hong Kong Computer Emergency Response Team Coordination Centre (HKCERT/CC) was established in February 2001 to enhance the ability of the industry and community to tackle information security and respond to computer security incidents. ● On community support and education, the Government organized publicity and public education programmes, in the form of television and radio programmes, and posters and information leaflets, to enhance public awareness of information security. The Government also maintains close liaison and collaboration with various external bodies in organizing activities such as exhibitions, seminars and conferences to promote awareness and address issues of information security for different sectors. 	<ul style="list-style-type: none"> ● Over the past year, the HKCERT/CC has issued 160 IT security/virus alerts and received around 1,600 incident reports from the public.
3. Tackling spam	<ul style="list-style-type: none"> ● The Unsolicited Electronic Messages Bill was introduced into the Legislative Council in July 2006. ● The CITB also implemented various non-legislative anti-spam measures in 2005, including the launch of an anti-spam website, revision of the industry code of practice on junk fax, issuance of information leaflets, preparation of teaching materials for primary and secondary school students, 	

<u>Focus Areas</u>	<u>Actions and Outcomes</u>	<u>Relevant Indicators</u>
	organization of roving exhibitions and broadcasting of a series of educational radio programmes.	
4. Protection of intellectual property rights	<ul style="list-style-type: none"> ● A Digital Rights Management (DRM) infrastructure was set up at Cyberport in November 2005 through the support of the Innovation and Technology Fund to provide a channel for digital content creators to distribute their products to consumers efficiently at a very low cost. ● With funding support from the Government, the Hong Kong Cyberport Management Company is implementing a two-year programme starting from June 2006 to promote the use of DRM among ICT system developers, digital content developers and consumers, particularly young people, so as to cultivate a legal software download culture in the community. ● In 2006, the Government implemented a three-year pilot scheme to open up intellectual property (IP) ownership in Government IT systems for commercial exploitation by vesting the IP ownership of new Government IT systems in the contractor. ● In December 2006, the Government launched a public consultation exercise on the review of copyright protection in the digital environment. 	

(D) Promoting technological development and innovation

<u>Focus Areas</u>	<u>Actions and Outcomes</u>	<u>Relevant Indicators</u>
<p>1. Strengthening Hong Kong's technological infrastructure</p>	<ul style="list-style-type: none"> ● The Cyberport was completed in June 2004. ● Phase One of Science Park was opened in June 2002 and fully completed in October 2004. Phase Two of Science Park will be completed in stages from 2007 to 2008. ● Cyberport and Science Park are Hong Kong's technology flagships to provide the infrastructure for the development of applied research, technological innovation and technology-related applications and businesses. They serve as hubs bringing together strategic clusters of high-tech companies and professional talent from all over the world, thereby facilitating synergy and partnership among different segments of the ICT industry as well as research personnel in local universities. 	
<p>2. Facilitating the development of wireless technology</p>	<ul style="list-style-type: none"> ● The Hong Kong Wireless Development Centre (HKWDC) was set up at the Cyberport in 2003 with support from the Innovation and Technology Fund. ● The HKWDC has brought wireless solutions developers together with mobile operators and equipment vendors and provided a neutral and central platform for the development, 	

<u>Focus Areas</u>	<u>Actions and Outcomes</u>	<u>Relevant Indicators</u>
	<p>testing and marketing of innovative applications and services. The HKWDC has also helped to identify anchor projects for the industry and assisted in marketing outside Hong Kong, including the Mainland.</p> <ul style="list-style-type: none"> ● To better coordinate the efforts of different stakeholders, a Task Force on Facilitating the Adoption of Wireless and Mobile Services and Technology, which comprises representatives from the Government, industry and academia was set up in March 2005 to promote the adoption of wireless and mobile services and technologies and to address issues of common concern. 	
3. Promoting development of digital entertainment	<ul style="list-style-type: none"> ● The Digital Media Centre set up in March 2004 to provide high-end post-production facilities and technical services for the industry at affordable costs. ● The iResource Centre was set up in March 2004 to provide a wide range of multimedia resources and digital contents for use by the industry. ● The Digital Entertainment Industry Support Centre was set up in May 2005 to provide one-stop support services to local digital entertainment companies. ● The Digital Entertainment Incubation-cum-Training Centre 	<ul style="list-style-type: none"> ● A total of 30 incubatees have

<u>Focus Areas</u>	<u>Actions and Outcomes</u>	<u>Relevant Indicators</u>
	<p>was set up in September 2005 to support digital entertainment start-ups and provide training opportunities for local talent.</p> <ul style="list-style-type: none"> ● The Digital Rights Management (DRM) infrastructure was launched in November 2005 to enhance the protection of the intellectual property rights of digital content. 	<p>been admitted to the Digital Entertainment Incubation-cum-Training Centre.</p> <ul style="list-style-type: none"> ● The DRM system currently holds over 9,800 digital content items.
4. Supporting Research and Development (R&D)	<ul style="list-style-type: none"> ● A \$5 billion Innovation and Technology Fund was established in 1999 to support projects that contribute to innovation and technology upgrading of the local industry. ● Five R&D Centres² were set up in April 2006 to support applied R&D so as to promote technology upgrading in different industries. ● The Centres serve as dynamic hubs to forge partnerships among multiple players including the ICT industry, different industrial sectors, academia and overseas/Mainland enterprises in the development, application and commercialization of new technology. 	<ul style="list-style-type: none"> ● A total of \$2.67 billion has been provided to support 890 projects under the Innovation and Technology Fund.

² They are R&D Centre for Logistics and Supply Chain Management Enabling Technologies, R&D Centre for Information and Communications Technologies, R&D Centre for Automotive Parts and Accessory Systems, R&D Centre for Textile and Clothing, and R&D Centre for Nanotechnology and Advanced Materials. Over \$2 billion has been earmarked under the Innovation and Technology Fund to set up these centres.

(E) Deepening the e-government programme

<u>Focus Areas</u>	<u>Actions and Outcomes</u>	<u>Relevant Indicators</u>
1. Putting Government information and services online	<ul style="list-style-type: none"> ● The Electronic Service Delivery (ESD) portal was set up in January 2001 under public-private partnership. ● The initial focus of the e-Government programme was to put Government information and services online. 	<ul style="list-style-type: none"> ● By the end of 2003, we achieved the target of providing an e-option for 90% of our public services that were amenable to the electronic mode of delivery, covering over 1,200 public services. ● Some 200 departmental/thematic websites have been set up. ● Over 13.8 million e-government transactions have been conducted through the ESD portal since its launch.
2. Provision of customer-centric e-Government services	<ul style="list-style-type: none"> ● Having progressed from the initial stage of the e-government programme when information and services were progressively put online, we reviewed the e-government programme and promulgated the vision of the next wave of e-government development in January 2005. The focus of 	

<u>Focus Areas</u>	<u>Actions and Outcomes</u>	<u>Relevant Indicators</u>
	<p>the next wave of e-government services is on the citizen-centric mode of public service delivery with strong emphasis on customer engagement and information management.</p> <ul style="list-style-type: none"> ● The new Government one-stop access portal, GovHK, was introduced in September 2006. ● The introduction of GovHK is a key element in the next wave of the e-Government programme. To enable easy access by users, content of the GovHK is organized based on user groups (e.g. residents, non-residents and business & trade) and subject areas (e.g. immigration services, employment, the environment). We will continue to develop and enrich GovHK in the light of users' comments. ● An Expression of Interest exercise is being conducted to explore the possibility of providing appropriate private sector value-added content and services on GovHK starting from 2007/08. 	
3. Electronic procurement (e-procurement)	<ul style="list-style-type: none"> ● The Government set a target in 2001 to carry out 80% of Government procurement tenders through electronic means. ● Subject to funding approval by the Finance Committee, we would implement pilot e-procurement programme to deal 	<ul style="list-style-type: none"> ● By the end of 2003, we achieved the target of carrying out 80% of Government procurement tenders through

<u>Focus Areas</u>	<u>Actions and Outcomes</u>	<u>Relevant Indicators</u>
	<p>with high volume, low value purchases handled at the bureau/ departmental level.</p> <ul style="list-style-type: none"> ● Our intention is to implement pilot e-procurement projects in a number of departments to take forward several initiatives including: (a) setting up a procurement information portal; (b) automating internal procurement workflow; (c) establishing an e-catalogue; and (d) implementing e-sourcing. Once the pilot programme has been completed, a review will be conducted to consider the way forward for extension to all bureaux and departments. Adoption of e-procurement in the Government will not only bring about benefits to the Government but also help drive IT and e-commerce adoption in the supplier community. 	<p>electronic means.</p>
<p>4. Introduction of the Smart Hong Kong Identity (ID) Cards and related applications</p>	<ul style="list-style-type: none"> ● The smart ID card replacement programme was launched in 2003 and expected to be completed by March 2007. ● As a multi-application smart card with capacity to support different types of applications, the smart ID card serves as a platform to provide more efficient, better quality and value-added services to the community and thus facilitates the adoption of e-business. ● The smart ID card can be used for booking sports and 	<ul style="list-style-type: none"> ● As at the end of November 2006, about 6.4 million smart ID cards have been issued, of which about 1.2 million and 390,000 ID cards are embedded with the e-Cert and enabled to carry out library card functions respectively.

<u>Focus Areas</u>	<u>Actions and Outcomes</u>	<u>Relevant Indicators</u>
	leisure facilities and checking driving licence data by mid 2007 and late 2008 respectively.	

(F) Encouraging the development of a vibrant IT industry

<u>Focus Areas</u>	<u>Actions and Outcomes</u>	<u>Relevant Indicators</u>
<p>1. Outsourcing of Government IT projects to facilitate development of the ICT industry</p>	<ul style="list-style-type: none"> ● The Government set a target in 1998 to outsource two-thirds of its new IT projects. ● In addition, the hosting services for departmental information systems of the Central Computer Centre were outsourced in 2006 to generate more business opportunities for the private sector. 	<ul style="list-style-type: none"> ● Outsourcing of Government IT projects has now become a norm and about 93% in value of our new IT projects were outsourced in 2005/06.
<p>2. Strengthening technological cooperation between Hong Kong and the Mainland</p>	<ul style="list-style-type: none"> ● CEPA II provides that Hong Kong service suppliers can apply for Computer Information System Integration Qualification Certification (SI Qualification Certification) in accordance with the provisions of the relevant laws, regulations and rules promulgated by the Mainland. The special arrangements agreed between the Hong Kong Special Administrative Region and the Mainland Governments were effective from 1 January 2005. ● Under CEPA II, agreement has also been reached to allow Hong Kong residents to sit for examination in Hong Kong to obtain Mainland professional qualifications in computing technology and software. 	<ul style="list-style-type: none"> ● As at the end of December 2006, six Hong Kong IT companies have attained the SI Qualification Certification and the application of one other company is being assessed. In addition, ten project managers have attained the SI Project Manager Qualification. ● As at the end of December 2006, a total of 19 participants have passed the examination and obtained professional

<u>Focus Areas</u>	<u>Actions and Outcomes</u>	<u>Relevant Indicators</u>
	<ul style="list-style-type: none"> <li data-bbox="616 347 1520 1107">● The Government has established channels for cooperation with the relevant Mainland authorities and Guangdong Province in areas such as innovation, technological development and informatisation. These established channels include the Expert Group on Cooperation in Informatisation formed in May 2006 to enhance ICT cooperation between Hong Kong and Guangdong. We have also pursued collaboration initiatives with other Mainland provinces, such as those in the Pan-Pearl River Delta Region (PPRD). As part of the PPRD cooperative initiatives, various forums and trade fairs have been organized. Setting a public and official agenda for collaboration enhances private sector confidence and interest in ICT investment. The ICT industry, professional bodies and academia from both sides are engaged in the joint initiatives. <li data-bbox="616 1123 1520 1297">● The Guangdong/Hong Kong Technology Cooperation Funding Scheme was established in 2004 to provide financial support for R&Ds projects in technology areas of common interest, with a view to facilitating industry 	<p data-bbox="1597 304 1794 336">qualifications.</p> <ul style="list-style-type: none"> <li data-bbox="1538 1123 2042 1297">● A total of \$660 million has been provided to support 193 projects under the Guangdong/Hong Kong

<u>Focus Areas</u>	<u>Actions and Outcomes</u>	<u>Relevant Indicators</u>
	upgrading and economic development in the Greater Pearl River Delta Region.	Technology Cooperation Funding Scheme.
3. Quality assurance and capacity building of the ICT industry	<ul style="list-style-type: none"> ● To encourage our IT industry to improve the quality of its services and enhance its competitiveness, a \$5 million grant was provided under the Innovation and Technology Fund to assist local software companies to obtain certification under the Capability Maturity Model (CMM)³. ● The Education and Manpower Bureau set up an Industry Training Advisory Committee (ITAC) in July 2005 for the development of a Qualifications Framework for the ICT industry to facilitate the mapping out of the competency standards at various levels and a progression pathway for continuous upgrading of the workforce to meet the demands of the industry. The ITAC is currently developing the Specification of Competency Standards for various sectors of the ICT industry under the Qualifications Framework. 	<ul style="list-style-type: none"> ● All the 14 participating companies have obtained CMM level 2 or level 3 certification in 2005 and 2006.
4. Promoting excellence	<ul style="list-style-type: none"> ● The Government provided funding to the Hong Kong Computer Society to organize the first IT Excellence Awards in 1999. ● To consolidate all the local ICT awards into a mega event, 	<ul style="list-style-type: none"> ● Over the years, ICT projects of the local industry and the Government have won numerous regional and

³ CMM is a methodology used to develop and refine an organization's software development process for the purpose of quality assurance and continuous improvement.

<u>Focus Areas</u>	<u>Actions and Outcomes</u>	<u>Relevant Indicators</u>
	the Government collaborated with the relevant industry bodies to introduce the Hong Kong ICT Awards. The first awards were presented in November 2006.	international ICT awards, including the most prestigious Stockholm Challenge Award for three homegrown projects. ⁴

⁴ They include the e-library of the Open University of Hong Kong under Education Category in 2000, the Electronic Service Delivery Scheme under Public Services and Democracy Category in 2001 and Policing Disease project under Health Category in 2004

(G) Building a digitally inclusive society

- Hong Kong ranked fifth in world in digital inclusiveness, according to the Digital Opportunity Index 2005 developed by the International Telecommunication Union, which measures opportunity, maturity of infrastructure and ICT utilization amongst businesses and the general public.

<u>Focus Areas</u>	<u>Actions and Outcomes</u>	<u>Relevant Indicators</u>
1. Bridging the digital divide	<ul style="list-style-type: none"> ● To enable the entire community to benefit from ICT development in enhancing the quality of life, the Government has, in collaboration with the industry and non-government organizations, introduced a wide range of measures to bridge the digital divide in the community. ● The “IT Hong Kong” campaign was launched in September 2000 to raise IT awareness and promote the wider adoption of IT in the community. Initiatives implemented under the “IT Hong Kong” campaign included: <ul style="list-style-type: none"> ■ an “IT Hong Kong” website to serve as a forum for disseminating information to the public on IT and related activities; ■ provision of basic IT training to different sectors of the community such as the elderly, students from low-income families, new arrivals, and disabled people; 	<ul style="list-style-type: none"> ● The PC penetration rate among households in Hong Kong has increased from 49.7% in 2000 to 71.7% in 2006, and the Internet penetration rate among households has increased from 36.4% to 67.1% during the same period.

<u>Focus Areas</u>	<u>Actions and Outcomes</u>	<u>Relevant Indicators</u>
	<ul style="list-style-type: none"> ■ provision of around 5,300 public computers with Internet access at convenient locations; ■ computer recycling for the needy; financial assistance to people with disabilities for purchase of computer facilities for home working; and ■ equipping supporting devices in some of the public computers for access by the visually impaired. ● Having regard to international standards, the Government has developed in collaboration with the industry and disabled groups a set of accessibility guidelines on best practices in web development and electronic transactions since 2000. All Government websites are now in compliance with these accessibility standards such that the visually impaired can access our websites without barriers. Seminars and workshops have been conducted regularly for the private sector to encourage compliance with such guidelines. ● The Government assisted the Hong Kong Council of Social Services to set up the Digital Solidarity Fund in December 2004 by contributing \$1 million to the Fund and soliciting donations from the private sector. In 2006, we contributed 	<ul style="list-style-type: none"> ● As at the end of November 2006, 13 digital inclusion projects have been approved under the Digital Solidarity

<u>Focus Areas</u>	<u>Actions and Outcomes</u>	<u>Relevant Indicators</u>
	<p>another \$1 million to the Fund.</p> <ul style="list-style-type: none"> ● To further our efforts in bridging the digital divide and to cater for the specific needs of different special groups (e.g., the elderly, new arrivals, homemakers, single parents, children of low-income families, disabled people, etc.), we propose to set up a task force in 2007 comprising representatives from relevant government departments as well as industry and community stakeholders to formulate a strategy and initiatives for digital inclusion. 	Fund.
2. Promoting the adoption of e-business among small and medium-sized enterprises (SMEs)	<ul style="list-style-type: none"> ● We have created an environment conducive to e-business development as detailed in Part (C) above. However, there is still considerable divide in the level of ICT adoption between large companies and small and medium-sized enterprises (SMEs)⁵. 	<ul style="list-style-type: none"> ● The overall Internet penetration rate among business establishments has increased from 37.3% in 2000 to 55.9% in 2006. The Internet penetration rate for small businesses has increased from 33.8% to 51.7% over the same period.

⁵ According to the 2006 Survey on IT Usage and Penetration in the Business Sector conducted by the Census and Statistics Department, only 51.7% of small establishments and 80.7% of medium establishments have Internet connection, compared with 94.7% for large establishments.

<u>Focus Areas</u>	<u>Actions and Outcomes</u>	<u>Relevant Indicators</u>
	<ul style="list-style-type: none"> ● To encourage SMEs to adopt e-business, the Government started to roll out sector-specific programmes (SSPs) in 2004 to promote the adoption of e-business and IT by SMEs. The SSPs have been conducted in collaboration with ICT organizations to enhance awareness and ICT capabilities of SMEs by disseminating best practices, rendering technical support and assisting in the development of industry portals for knowledge-sharing and collaboration. 	<ul style="list-style-type: none"> ● As at the end of 2006, six sectors have benefited from the SSPs, including the travel industry, private medical practitioners, drugstores, the logistics industry, accountants and the beauty industry. More SSP projects will be rolled out in 2007.
3. IT in education	<ul style="list-style-type: none"> ● Under the five-year “Information Technology for Learning in New Era” strategy promulgated in 1998, all schools were provided with the required infrastructure and connected to the Internet, and all teachers were trained on the use of IT in education. ● The Education and Manpower Bureau published in July 2004 a policy document entitled “Empowering Learning and Teaching with Information Technology”, which forms its second IT in education strategy for the next three years. ● Pursuant to the second IT in education strategy, funds were distributed to schools to assist them to: (a) acquire IT 	<ul style="list-style-type: none"> ● All primary and secondary schools have broadband connection to the Internet. As at the 2005/06 school year, the student-computer ratios were 6:1 and 4:1 in primary and secondary schools respectively. ● In 2005, 93% of primary school students have computers at home, among

<u>Focus Areas</u>	<u>Actions and Outcomes</u>	<u>Relevant Indicators</u>
	<p>resources for learning and teaching; (b) set up their own e-learning platforms; (c) replace and upgrade the schools' IT infrastructure; and (d) help parents to guide students in understanding the ethical, legal and health issues involved in using IT. Other initiatives under the strategy included the e-leadership training programme for all school principals and a large-scale "Computer Recycling Scheme" providing refurbished computers to underprivileged students as well as maintenance services, broadband Internet connectivity services and basic IT training to their parents.</p> <ul style="list-style-type: none"> ● The Education and Manpower Bureau is working on the third IT in education strategy for announcement in 2007. 	<p>them 94% have connection to the Internet; whereas 96% of secondary school students have computers at home, among them 98% have connection to the Internet.</p>