

立法會
Legislative Council

LC Paper No. CB(1)1534/07-08
(These minutes have been seen
by the Administration)

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Panel on Commerce and Industry

Minutes of meeting
held on Tuesday, 15 April 2008, at 2:30 pm
in Conference Room A of the Legislative Council Building

- Members present** : Hon Vincent FANG Kang, JP (Chairman)
Hon WONG Ting-kwong, BBS (Deputy Chairman)
Dr Hon LUI Ming-wah, SBS, JP
Hon CHAN Kam-lam, SBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Hon SIN Chung-kai, SBS, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
- Member attending** : Hon Mrs Selina CHOW LIANG Shuk-yee, GBS, JP
- Public officers attending** : Agenda Item IV
Mr Frederick MA, JP
Secretary for Commerce and Economic Development

Miss Yvonne CHOI Ying-pik, JP
Permanent Secretary for Commerce and Economic
Development (Commerce, Industry and Tourism)

Mr Christopher K B WONG, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry)

Ms Bonnie YAU
Principal Assistant Secretary for Commerce and
Economic Development (Commerce and Industry)

Intellectual Property Department

Ms Ada LEUNG
Assistant Director of Intellectual Property

Agenda Item V

Innovation and Technology Commission

Mr Eddy CHAN Yuk-tak, JP
Commissioner for Innovation and Technology

Mr Gordon LEUNG Chung-tai, JP
Deputy Commissioner for Innovation and Technology

Agenda Item VI

Constitutional and Mainland Affairs Bureau

Mr Howard CHAN
Deputy Secretary for Constitutional and Mainland
Affairs (2)

Mr Ivan LEE
Principal Assistant Secretary for Constitutional and
Mainland Affairs

Mr Patrick CHAN
Director, Hong Kong Economic and Trade Affairs,
Shanghai

Commerce and Economic Development Bureau

Mr Alan SIU Yu-bun, JP
Deputy Secretary for Commerce and Economic
Development (Communications and Technology)

Ms Annie CHOI Suk-han, JP
Deputy Secretary for Commerce and Economic
Development (Commerce and Industry)³

Information Services Department

Mrs Betty FUNG, JP
Director of Information Services

Leisure and Cultural Services Department

Mr CHUNG Ling-hoi, JP
Deputy Director of Leisure and Cultural Services
(Culture)

Architectural Services Department

Mr Peter YUEN Ka-tat
Project Director 1

Attendance by invitation : Agenda Item V
Hong Kong Design Centre
Mr Allan CHIANG, SBS
Chief Executive Officer

Clerk in attendance : Ms YUE Tin-po
Chief Council Secretary (1)³

Staff in attendance : Ms Guy YIP
Senior Council Secretary (1)⁵
Ms May LEUNG
Legislative Assistant (1)⁶

Action

- I. Confirmation of minutes of meeting**
(LC Paper No. CB(1)1209/07-08 -- Minutes of meeting held on
18 March 2008)

The minutes of the meeting held on 18 March 2008 were confirmed.

II. Information paper issued since last meeting

(LC Paper No. CB(1)1167/07-08(01) -- Information on the financial position of the Applied Research Fund for the period of 1 December 2007 to 29 February 2008)

2. Members noted that the above paper had been issued for the Panel's information.

III. Date of next meeting and items for discussion

(LC Paper No. CB(1)1211/07-08(01) -- List of outstanding items for discussion

LC Paper No. CB(1)1211/07-08(02) -- List of follow-up actions)

3. Members agreed to discuss the item "Furthering of trade relations between the Mainland and Hong Kong" at the next Panel meeting scheduled for 20 May 2008. The Chairman reminded members that at the meeting held on 18 December 2007, members agreed that a public hearing be held at the same meeting to gauge the views of Hong Kong businessmen on the difficulties they encountered in operating in the Mainland. The purpose of the meeting was to discuss the implications of the Mainland's laws and regulations and its policies on Hong Kong businessmen operating in the Mainland, but not to deal with particular cases. He said that a general notice inviting submissions on the subject matter would be posted on the website of the Legislative Council (LegCo). In line with the LegCo's usual practice, the 18 District Councils would be invited to provide submissions and to attend the meeting. Members endorsed the list of organizations provided by the Administration for invitation. Furthermore, they suggested that trade associations/chambers of commerce of the small and medium-sized enterprises (SMEs) and shoe/footwear sectors should also be invited to provide submissions and to attend the meeting.

(Post-meeting note: A general notice inviting submissions on the subject matter was posted on the LegCo's website on 16 April 2008. Relevant parties had been invited to provide submissions and to attend the Panel meeting to be held on 20 May 2008. Members were informed of the meeting arrangements vide LC Paper No. CB(1)1265/07-08 issued on 30 April 2008.)

IV. Copyright protection in the digital environment

(LC Paper No. CB(1)1211/07-08(03) -- Paper provided by the Administration

LC Paper No. CB(1)1211/07-08(04) -- Background brief prepared by
the Legislative Council
Secretariat)

Briefing by the Administration

4. At the invitation of the Chairman, the Secretary for Commerce and Economic Development (SCED) briefed members on the results of the public consultation exercise conducted from December 2006 to April 2007 on "Copyright Protection in the Digital Environment". Hong Kong was a digital city where people could access and share information freely in a digital environment. In the light of advances in technology and the development of broadband infrastructure, the Administration had been keeping Hong Kong's copyright law under constant review in order to ensure that it remained effective and appropriate in present-day circumstances as well as helped provide an environment conducive to the sustainable development of the creative industries. Through the public consultation exercise, the Administration received over 600 submissions. In general, copyright owners urged the Administration to cast a wider criminal net and bring in relevant measures to facilitate their pursuit of civil actions. However, the users, most trade associations as well as some professional groups, were concerned about criminalizing unauthorized downloading activities and the possible adverse impact that such measures might have on the free flow of information on the Internet, personal data privacy, and the development of Hong Kong as an Internet service hub.

5. The Deputy Secretary for Commerce and Economic Development (Commerce and Industry) (DSCED(CI)) then took members through the Administration's preliminary proposals which would form the basis of its next round of engagement with stakeholders and the public. The public views received and latest developments in different jurisdictions overseas had been taken into account when formulating the proposals. These were summarized below:

- (a) to introduce a right of communication covering all modes of electronic transmission for copyright works, with related criminal sanctions against the breach of this right in specific circumstances;
- (b) to introduce copyright exemption for temporary reproduction of copyright works by online service providers ("OSPs"), which was technically required for (or enabled) the transmission process to function efficiently;
- (c) to facilitate the drawing up of a voluntary code of practice (CoP) for OSPs in combating Internet infringements, the compliance with which or otherwise would be prescribed in law as a factor that the court should take into account when determining whether an OSP had authorized infringing activities committed on its service platform;

- (d) to continue to rely on the "Norwich Pharmacal" principles, as opposed to introducing an alternative infringer identity disclosure mechanism that was not subject to scrutiny by the court;
- (e) to prescribe in law additional factors to assist the court in considering the award of additional damages, in lieu of introducing statutory damages for copyright infringement actions; and
- (f) to refrain from introducing new criminal liability pertaining to unauthorized downloading and peer-to-peer (P2P) file-sharing activities.

In addition to the above preliminary proposals, the Government intended to take the opportunity to consult the public on the possible introduction of a media shifting exception, a subject not covered in the consultation document. The move came about as a result of some important developments in other jurisdictions since December 2006.

6. In concluding the briefing, SCED stressed that copyright protection was a highly controversial subject which called for a careful balance of the interests of copyright owners and users. Although some copyright owners were disappointed that the Government had not introduced a new form of liability on OSPs and statutory damages for copyright infringement, the majority of stakeholders welcomed the Administration's preliminary proposals. He said that in the next round of consultation, the Administration would endeavour to engage all relevant parties with a view to reaching an early consensus on the subject matter. The Administration would also take the lead in establishing a tripartite forum comprising representatives from OSPs, copyright owners and users (tripartite forum) to strengthen copyright protection in the Internet environment. He informed members that the Administration planned to firm up the relevant legislative proposals in late 2008 or early 2009. Progress made in this regard would be reported to the Panel in a timely manner.

Discussion

Criminal sanctions relating to unauthorized communication of copyright works by "streaming"

7. Noting the Administration's proposal to bring in criminal sanction relating to unauthorized communication of copyright works by "streaming" (a technology for transferring data such that the data could be processed as a steady and continuous stream), Mr Jeffrey LAM questioned how "copyright infringement causing undue prejudice to owners" could be determined. He pointed out that while it was common features that uploading, downloading and sharing of video clips were offered by video sharing websites, such as "YouTube", many users of these websites might be caught unaware if criminal liability would be extended to cover "streaming".

8. In reply, the Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (PSCIT) explained that it would be for the court to decide whether an act of copyright infringement had caused undue prejudice to owners and if yes, whether such act should attract a criminal sanction. She said that the Administration now proposed to introduce criminal sanctions against acts of making/initiating unauthorized communication to the public, i.e. the source of copyright infringement. In other words, infringing acts by means of downloading would continue to attract civil as opposed to criminal liability. She pointed out that "streaming" was at present one of the most common forms of copyright infringement. To guard against massive piracy on the Internet, the Administration proposed to bring in criminal sanctions, in the non-business context, against unauthorized communication of copyright works utilizing "streaming" which was made to such an extent as to affect prejudicially the interests of copyright owner.

9. DSCED(CI) supplemented that in reaching its current preliminary proposals, the Administration was mindful of the need to avoid casting the criminal net too wide. Whilst the proposal to criminalize unauthorized communication in the "business context" mirrored existing provisions against distribution of infringing copies for profit, it might not be appropriate for the Administration to adopt a similar technology-neutral approach in introducing criminal sanction for the "non-business context". On balance, the Administration proposed for the time being to criminalize infringing acts using the "streaming" technology. He said that the Administration would keep in view the advent of new technology and consider whether the criminal net in the "non-business context" should be further extended in the interest of ensuring that Hong Kong's copyright protection regime remained effective and appropriate.

10. Mr Jeffrey LAM doubted whether and how the criminalization of "streaming" could be enforced. Mr WONG Ting-kwong expressed similar concern. While he supported strengthening copyright protection in the digital environment, he noted a media report which cited a local academia's opinion that it would not be feasible to trace the source of online infringement because a new technology was being developed based on the peer-to-peer (P2P) technology (a technology whereby all the participating P2P users were contributing their computing power and available bandwidth to facilitate file sharing and distribution) to achieve "streaming".

11. In reply, PSCIT and DSCED(CI) advised that the Customs and Excise Department (C&ED), the enforcement agent, had deployed professional staff from its Anti-Internet Piracy Teams, Computer Analysis and Response Team and Computer Forensic Laboratory to enforce the Copyright Ordinance (Cap. 528) (CO). In addition to keeping up with the knowledge of new technologies, C&ED staff would leverage on the expertise of local universities in the development of counter technologies to combat copyright infringement and join hands with overseas enforcement agencies to tackle cross-border infringing acts. It was the

Government's policy to ensure enforceability of any provision before its enactment. To this end, C&ED would deploy its professional resources and collaborate with relevant experts with a view to ensuring the enforceability of the future legislative proposal.

Administrative measures to forestall copyright infringement

12. Notwithstanding his support for enforcing the protection of intellectual property rights, Mr Jeffrey LAM was keen to ensure that, in addition to enforcement, the Administration would devise measures to forestall infringing acts. As criminal sanction would bring far-reaching effect on one's life, the Administration should also be mindful of such a concern and to consult the public extensively before formulating any new legislative framework to combat Internet infringement. Wide publicity should be conducted after passage of the legislative proposals to prevent the public from being caught unaware.

13. In reply, PSCIT advised that the Administration would conduct extensive publicity to raise public awareness of the proposed legislative framework on strengthening copyright protection in the digital environment. Furthermore, after the drawing up of a voluntary CoP by the tripartite forum, OSPs would contribute towards the fight against Internet piracy by minimizing the use of their platforms for massive infringements.

14. Mr WONG Ting-kwong enquired about the operation details of the tripartite forum. He also asked if there would be any fall-back measures in the event that the parties concerned failed to draw up a mutually accepted CoP.

15. PSCIT replied that the tripartite forum, comprising representatives of OSPs, copyright owners and users, would be tasked to explore the merits of different systems to forge copyright protection in the digital era, and also to draw up details and plans for implementing the agreed systems in a CoP. The Government would facilitate the process by acting as the convener and providing the necessary background materials, including experience in overseas jurisdictions. Initially, the OSPs concerned had responded favourably to such a proposed course of action. The Administration would closely monitor the progress made in this regard and the effectiveness of the proposed CoP in combating Internet piracy. If necessary, the Administration would consider bringing in an appropriate legislative framework in support of or in lieu of the CoP.

"Norwich Pharmacal" principles

16. Noting that the "Norwich Pharmacal" discovery procedure (a procedure to obtain a court order demanding disclosure of the identity of the online infringer from the relevant OSP when it was the only practicable source of information) had all along been pursued in civil cases only, Mr Ronny TONG questioned if the Administration had any plan to apply the discovery procedure in criminal cases.

17. The Assistant Director of Intellectual Property replied that in view of copyright owners' claim that the "Norwich Pharmacal" proceedings were slow and costly, the public were previously consulted on whether an alternative infringer identity disclosure mechanism should be introduced. Based on feedback in this regard, the Administration's preliminary proposal was to continue to rely on the "Norwich Pharmacal" principles in civil cases. She pointed out that as stipulated in sections 122 and 123 of the CO, a C&ED officer was authorized, or where appropriate he could obtain a warrant from the court, to search, seize, remove or detain any article which appeared to him to be an infringing copy of a copyright work. As such, the Administration had no plan to rely on the "Norwich Pharmacal" principles to pursue criminal cases.

18. Mr Ronny TONG opined that while the "Norwich Pharmacal" principles would be useful in facilitating the collection of information in order to pursue a suspected infringement case, public resources should not be used to assist copyright owners to claim remedies. He sought clarification from the Administration on whether legislative proposal would be introduced to address copyright owners' pledge for a simpler and more expedient mechanism for cases of tort.

19. In reply, DSCED(CI) advised that at present, the Administration had no intention to lift the existing mechanism for civil torts. Under the current mechanism, OSPs might hire lawyers to pursue the relevant proceedings at the expense of the copyright owners upon their request for disclosure of information. The public had been consulted on whether an alternative infringer identity disclosure mechanism, such as the US subpoena system as proposed by copyright owners, should be introduced. Under the said system, a copyright owner might request the clerk of any US District Court to issue a subpoena to an OSP for the identification of an alleged infringer by furnishing certain prescribed documentation, without scrutiny by the court. In its preliminary proposal, the Administration held the view that there was insufficient justification to support that the difficulties experienced by copyright owners were such as to warrant putting in place an alternative infringer identity disclosure mechanism that bypassed judicial scrutiny. Nevertheless, noting copyright owners' concern, the Administration had proposed to explore other ways to expedite relevant civil proceedings and reduce costs, for example, by devising a mutually agreeable mechanism covering such matters as authentication of the notices, indemnity and cost implications, etc. through the tripartite forum.

Way forward

20. SCED stressed that the Administration stood ready to discuss with the public and Members on the way forward to enhance copyright protection in the digital environment. He also advised that the next round of public consultation would be conducted in the second and third quarters of 2008.

21. In summing up the discussion, the Chairman considered that it was incumbent upon the Administration to ensure that the copyright protection regime

Action

Clerk

would facilitate the free flow of information in the digital environment while not compromising the protection of personal data privacy. He suggested that copyright owners and users should be invited to express their views on the subject matter to the Panel during the next round of the Administration's public consultation. Members agreed.

V. Progress report on Hong Kong Design Centre

(LC Paper No. CB(1)1211/07-08(05) -- Paper provided by the Administration

LC Paper No. CB(1)1284/07-08(03) -- Administration's paper on the
(*tabled at the meeting and subsequently issued via email on 17 April 2008*) Hong Kong Design Centre - Creative Value Through Design (power-point presentation materials))

Briefing by the Administration

22. At the invitation of the Chairman and with the aid of power-point presentations, the Chief Executive Officer, Hong Kong Design Centre (CEO, HKDC) briefed members on the work and activities conducted by HKDC from July 2007 to March 2008.

Discussion

Grooming of design talents

23. Dr LUI Ming-wah appreciated the accomplishments made by HKDC during the report period. Noting HKDC's remark that Hong Kong designers fared no worse than their international counterparts, he enquired if there was any objective criterion, such as results of overseas competition, to benchmark the talents of Hong Kong designers.

24. In reply, CEO, HKDC advised that many locally groomed designers were internationally renowned practitioners and had won many prizes in their sector's competitions held both locally and overseas. For instance, Ms Vivienne TAM was a world-leading fashion designer; Mr Raman HUI a distinguished animator; and Mr KAN Tai-keung a well-known designer in brand/graphic design. At Dr LUI's request, he undertook to provide written information on prizes won by local designers in world-class competitions.

(*Post-meeting note: The information paper provided by the Administration has been circulated to members vide LC Paper No. CB(1)1513/07-08(01) on 13 May 2008.*)

25. Mr Jeffrey LAM said that he took part in the Business of Design Week and appreciated HKDC's efforts in inviting famous local and non-local designers to join the event. He said that there had always been keen interests from event participants on booths occupied by local designers in the mega trade shows such as the Hong Kong Houseware Fair and Hong Kong Gifts & Premium Fair. The phenomenon showed that there was a dire need of talented designers worldwide. In view of the development of domestic market in the Mainland in recent years, he opined that efforts should be stepped up in nurturing design talents to meet with market demand so that Hong Kong would maintain its competitive edge in the long run.

26. The Chairman echoed Mr LAM's view. Citing the fashion industry as an example, he elaborated that the industry had developed from Original Equipment Manufacture (OEM) in the 1950's/1960's to Original Brand Manufacture (OBM) lately. While appreciating HKDC's efforts in bringing in world-class expertise, such as the Domus Academy, to nurture local designers, he considered that the Administration should strive to obtain international recognition of the local design qualification with a view to encouraging more inspired talents to join the design industry thereby raising the quality of the local design industry.

27. In reply, the Commissioner for Innovation and Technology (CIT) advised that professional design courses were currently being offered by local universities and tertiary institutions with formal qualifications offered. In addition, the Vocational Training Council had embarked on a project to develop an Institute of Design in Tseung Kwan O which would be completed in the near future. The Education Bureau would also be consulted, from a macro perspective, on how design education could be enhanced.

Promoting the wider use of design and branding

28. Mr WONG Ting-kwong said that with the additional financial commitment approved by the Finance Committee (FC) on 25 May 2007, HKDC should, inter alia, strive to bring about economic results to Hong Kong through the promotion of design and branding. Noting from the Administration's paper that many business and industry players were not yet convinced or conversant with design and branding, he asked if the Administration would take appropriate measures to assist the trades and industries to make fuller use of design and innovation to build their brand names.

29. CEO, HKDC replied that HKDC spared no efforts in promoting the private sector to move from OEM to OBM by various promotional activities including conferences, workshops, discussion fora, experience sharing sessions, etc. He added that not only the private sector, but also the public sector was keen to enhance their services by bringing into play design and innovation. In this connection, he cited a recent public services forum which was attended by about 600 high and middle rank civil servants and covered design and innovation as one-third of the forum's content.

30. CIT added that in addition to the efforts made by HKDC, the Innovation and Technology Commission operated a DesignSmart Initiative which aimed to promote the interest and investment of Hong Kong entrepreneurs, especially the SMEs, in relation to utilizing design and transforming design activity into tradable deliverables. Under the DesignSmart Initiative, applicants would be local design companies or academic institutions, with local SMEs as collaborating parties. While the applicant design company or the academic institution concerned and the collaborating SMEs were expected to contribute in aggregate at least 50% of the approved project cost, the Government's maximum funding support for each approved project would be \$100,000.

31. In summing up the discussion, the Chairman said that members were appreciative of HKDC's achievements. They called on the Administration to step up efforts in the training of more designers so as to give impetus to sustain a healthy development of the local trades and industries.

VI. Hong Kong Special Administrative Region's participation in the World Exposition 2010 Shanghai China

(LC Paper No. CB(1)1211/07-08(06) -- Paper provided by the Administration

LC Paper No. CB(1)1211/07-08(07) -- Extract of minutes of meeting held on 18 December 2007

LC Paper No. CB(1)1284/07-08(01) -- Administration's paper on the *(tabled at the meeting and subsequently issued via email on 17 April 2008)* Hong Kong Pavilion (power-point presentation materials)

LC Paper No. CB(1)1284/07-08(02) -- Administration's paper on the *(tabled at the meeting and subsequently issued via email on 17 April 2008)* Urban Best Practices Area Exhibition (power-point presentation materials))

Briefing by the Administration

32. At the invitation of the Chairman, the Deputy Secretary for Constitutional and Mainland Affairs (DSCMA) briefed members on the latest progress regarding Hong Kong Special Administrative Region (HKSAR) Government's preparations for participating in the World Exposition 2010 Shanghai China ("Shanghai Expo") and the Administration's intention to seek FC's acceptance in principle of the estimated financial implications to support the initiative. He said that at the Panel meeting on 18 December 2007, the Administration had reported to members the intention of the HKSAR Government to make full use of the opportunity provided by the Shanghai Expo by constructing a stand-alone Hong Kong Pavilion ("HK

Pavilion"), submitting an application for participating in the Urban Best Practices Area Exhibition ("UBPA Exhibition"), and organizing a series of related activities. On 2 January 2008, the Administration submitted to the organizer of the Shanghai Expo ("the Organizer") a theme statement of the HK Pavilion entitled "Hong Kong — A City With Unlimited Potential" featuring Hong Kong's connectivity and various strengths and attractions. A Concept Design Competition for the HK Pavilion was launched in February 2008 and the winning entries were announced on 14 April 2008. On UBPA Exhibition, he said that the Organizer had announced on 2 April 2008 that Hong Kong's application had been selected. The preliminary estimated cost for HKSAR's participation in the Shanghai Expo, covering the expenditure relating to the HK Pavilion, UBPA Exhibition and related activities, would be HK\$380 million. He emphasized that more than 200 countries/international organizations would participate in the event, which was expected to attract more than 70 million visitors. Hence, the Shanghai Expo would provide an excellent opportunity for Hong Kong to promote Hong Kong's brand and publicize Hong Kong as a city of quality living and creativity. Through HKSAR's participation in the Shanghai Expo, the local creative talents, particularly those in the fields of design, architecture, software and performing arts, would have a good opportunity to showcase their talent and creativity to the Mainland and international audiences. The Administration would also step up efforts in tourism branding in Shanghai and fostering multi-destination visits from target source markets. He invited Members' support for the project and the funding application.

33. With the aid of power-point presentations, the Project Director 1 of the Architectural Services Department (PD, ASD) and the Deputy Secretary for Commerce and Economic Development (Communications and Technology) (DSCED(CT)) briefed members on the theme and winning concept of the Concept Design Competition for the HK Pavilion, and the concept design of Hong Kong's participation in the UBPA Exhibition respectively.

Discussion

HK Pavilion

34. Dr LUI Ming-wah noted that the winning concept of the Concept Design Competition for the HK Pavilion was entitled "Pavilion of Infinity", a 3-layered structure with an open and visually infinite space on the second layer. As the structural construction would have great implication on the project cost, he questioned if an "open" or "closed" design would be adopted for the second layer.

35. PD, ASD replied that the winning concept would be developed by a design and build contractor for design and construction. The Administration would examine the feasibility of adopting an "open" or "closed" design for the second layer of the HK Pavilion taking into consideration the hot weather of Shanghai during the summer. He remarked that in any case, air-conditioning would be provided where appropriate.

HKSAR's participation in the UBPA Exhibition

36. Dr LUI Ming-wah said that the height of a building would have great impact on the audiences' appreciation of the exhibits. He enquired about the height of the building which would be used to accommodate Hong Kong's case.

37. In reply, DSCED(CT) advised that the planned exhibition halls in the UBPA Exhibition Area were previously factory buildings with a floor height of approximately 20 metres. According to the Organizer's indication, the height of exhibits was expected to be ranging from seven to under 20 metres. He said that the detailed design would be worked out subject to the Organizer's advice on the exact location of Hong Kong's case in due course.

38. Mr SIN Chung-kai criticized that there was only a handful of smartcard systems which could be exhibited to the world the innovative ways Hong Kong used to improve efficiency and promote connectivity. In his view, this was because of the reluctance of Government bureaux and departments in applying technology in their provision of Government services. He said that while major smartcard systems, namely Octopus Card and Autotoll System were private sector initiatives, Government Bureaux and departments failed in its attempt to realize in their services the full potential of other smartcard systems or apply new technology, such as the Smart Identity (ID) Card or web 2.0 applications. While there was 18 months' lead-time for preparing HKSAR's participation in the Shanghai Expo, he was keen to ensure that the Administration would take the opportunity to promote the wider use of smartcard systems and application of new technology by various Bureaux and departments.

39. While pointing out that the applications of smartcard systems, such as the e-channels of the Smart ID Card and the multi-purpose payment services of the Octopus Card, had gained both local appreciation and international recognition, DSCED(CT) assured members that the Administration was mindful to make continuous efforts to further explore the wider use of smartcard applications in various community areas in the coming period. In the UBPA Exhibition, Hong Kong would feature such new applications to demonstrate Hong Kong's commitment to pioneer social innovation in the community through the use of new technology, providing creative and citizen-centric services, and crafting a better and sustainable future.

40. Mrs Selina CHOW echoed Mr SIN Chung-kai's concern about the limited cases of smartcard systems used in Hong Kong and doubted that the Administration would over claim Hong Kong as a smart city. While pointing out that Hong Kong lagged behind some overseas cities, such as Kuala Lumpur, in using smartcard systems, she considered Hong Kong's strength was in realizing the smartcard applications in various aspects of the everyday city life which made the city a modern and intelligent place to live. In this connection, she suggested that consideration should be given to leveraging on the successful cases of the private sector in integrating technology and design in the city life with a view to enriching

the content of Hong Kong's UBPA Exhibition.

41. In reply, DSCED(CT) said that Hong Kong prided itself in applying technology in the everyday city life. He assured members that distinguished cases in this regard from both the public and private sectors would be included to showcase Hong Kong's strength in the UBPA Exhibition. He also advised that the Administration had closely liaised with the creative industry from the initial stage of preparing HKSAR's participation in the UBPA Exhibition and would continue to tap the best creative ideas through regular contacts with the industry.

42. Mr Ronny TONG shared members' concern about the limited cases of applying smartcard systems in people's everyday life. He also opined that it would be unfair to other private enterprises if the business case of the Octopus Card was promoted by public funding.

43. Dr LUI Ming-wah remarked that in assessing the value for money of Hong Kong's participation in the UBPA Exhibition, one had to look into the objective of the Exhibition. He considered it not worthwhile for the Government to spend the money to showcase individual products from a micro perspective, i.e. to promote the products' advantages. However, from a macro perspective, it would be highly valuable to demonstrate to other cities how technology was applied innovatively in Hong Kong to improve quality and efficiency of the entire community.

44. DSCED(CT) advised that the objective of the UBPA Exhibition was to demonstrate best practice cases in the world which were worth studying and for other cities to model on.

Project steering and engagement of the private sector

45. The Chairman sought information from the Administration on the objective to set up a Steering Committee. The Administration advised that the Steering Committee was set up under the chairmanship of the Chief Secretary for Administration to give steer and coordinate cross-bureau efforts. Members included the Financial Secretary and representatives from the concerned Bureaux and departments. The Steering Committee would oversee various matters relating to the Shanghai Expo project and actively seek views from the creative industry with a view to optimizing the opportunity to showcase Hong Kong's strength at the Shanghai Expo.

46. In response to Mrs Selina CHOW's enquiry about the engagement of the private sector, DSCED(CT) advised that the architecture, design, film and digital entertainment industries, etc., were actively involved in preparing HKSAR's participation in the exhibition.

Financial implications

47. Mr SIN Chung-kai supported in principle HKSAR's participation in the Shanghai Expo and the Administration's estimated amount of \$380 million for the project.

48. Mr WONG Ting-kwong considered the Shanghai Expo an excellent opportunity for Hong Kong to demonstrate itself as a quality city. While noting that the preliminary estimated cost for HKSAR's participation in the Shanghai Expo during the six months from 1 May to 31 October 2010 was HK\$380 million, he was keen to ensure that, to put resources to good use, some of the exhibits, especially the HK Pavilion, would be retained for continuous exhibition after the Expo.

49. In reply, DSCMA advised that due regard would be given to incorporating environmental-friendly features in the design of and materials used for the HK Pavilion. The Administration would also explore the possibility of retaining the exhibits in Shanghai after the conclusion of the Expo, if mutual agreement could be reached with the relevant Mainland authorities, or retaining the key features of the HK Pavilion and UBPA Exhibition and re-assembling them in Hong Kong for further exhibition to the local public if possible. He stressed that with more than 70 million estimated visitors, the Shanghai Expo would provide a good opportunity for Hong Kong's professional and creative industries to showcase their talents to the Mainland and international audiences. He considered that the estimated expenditure would represent value for money and a worthwhile investment for Hong Kong'.

50. Noting the Administration's plan to secure private sponsorships to cover some of the planned activities of the Shanghai Expo, Mr WONG Ting-kwong enquired about the estimated amount of the sponsorships and whether they would be used to offset some of the financial commitments earmarked for the Shanghai Expo project.

51. DSCMA replied that it was envisaged that members of the commercial sector would likely be interested in sponsoring some of the related activities of the Shanghai Expo, as it would provide an excellent opportunity to promote their brand names. The estimated cost of HK\$380 million for HKSAR to participate in the event, if approved by FC, would represent the financial ceiling of the project. He added that private sponsorships secured, if any, would be used to offset the expenditure of the relevant activities/items, thus saving the overall government expenditure.

52. Noting the Administration's intention to explore the wider use of smartcard applications in various community areas in the coming period, the Chairman asked whether the cost for producing the exhibits of the UBPA Exhibition had been included in the preliminary estimated cost of HK\$380 million.

53. DSCMA confirmed that provisions had been made in the preliminary estimated cost for production of the exhibits at the UBPA Exhibition. He said that the preliminary estimated cost was worked out based on the input from the concerned Bureaux and departments. If approved by FC, it would represent the financial limit for HKSAR's participation in the Shanghai Expo. While it was possible that private sponsorships would be secured to fund some of the related activities, he advised that the rough estimate had already taken into account as far as possible factors such as the escalating construction and material costs due to inflation and fluctuations of Renminbi exchange rate, etc. In this connection, Mr WONG Ting-kwong reminded the Administration to exercise prudence in managing the expenditure of the project and avoid seeking additional funding from FC in the future.

54. Mr Ronny TONG noted that the expenditure for HKSAR's participation in the Shanghai Expo was grouped under six major expenditure items (Annex to LC Paper No. CB(1)1211/07-08(06)). He doubted that without detailed breakdown of the expenditure items, members might find it difficult to scrutinize the financial proposal based on merits of individual project items.

55. In reply, DSCMA explained that the estimated cost for design and construction of the HK Pavilion and its related works was HK\$145 million (expenditure item 1) and that relating to HKSAR's participation in the UBPA Exhibition was HK\$77 million (expenditure item 2). Estimated operating costs for these two project items were included under expenditure item 5.

Way forward

56. At members' request, the Administration undertook to provide the following written information before the relevant FC meeting :

- (a) a detailed breakdown of the expenditure items of HKSAR's participation in the Shanghai Expo listed at the Annex to LC Paper No. CB(1)1211/07-08(06); and
- (b) a detailed description of HKSAR's proposal for the UBPA Exhibition, with particular reference to the smartcard systems implemented/to be implemented in Hong Kong which would be showcased to audiences during the Shanghai Expo.

(Post-meeting note: The information papers provided by the Administration have been circulated to all Members vide LC Paper Nos. CB(1)1431/07-08(01) and CB(1)1446/07-08(01) on 2 and 5 May 2008 respectively.)

VII. Any other business

57. There being no other business, the meeting ended at 4:35 pm.

Council Business Division 1
Legislative Council Secretariat
16 May 2008