

**Speaking Notes for
the Secretary for Commerce and Economic Development
at the Special Meeting of the Finance Committee
on 22 March 2010**

Introduction

- Chairperson, the Budget of this year has covered a number of policy areas under the scope of communications and technology. I will brief Members on our key policies and the work progress concerned.

The Area of Domestic Free Television Programme Service Licences

- The mid-term review of the domestic free television programme service licences of TVB and ATV conducted by the Broadcasting Authority (BA) is nearly completed. The BA will submit its recommendation of licence review to the Chief Executive in Council for approval in accordance with the statutory requirements and established procedures. We will brief the ITB Panel on the Chief Executive in Council's decision when available.

- On the other hand, we have received two new applications for domestic free television programme service licences. The BA is now considering the applications in accordance with the Broadcasting Ordinance and established procedures and will conduct a public consultation exercise in due course. The BA will submit recommendations to the Chief Executive in Council for approval when evaluation has been completed.

The Area of Digital Audio Broadcasting (DAB) and Mobile Television Services

- In February, we announced the implementation plan and timetable for developing DAB services and invited applications for licences for the provision of such services. The deadline for the first batch of applications is end of April. The BA will consider all applications received in accordance with the Telecommunications Ordinance and established procedures, after which recommendations will be made to the Chief Executive in Council. We expect that DAB services can be rolled out in late 2010 / early 2011 at the earliest.

- We have also updated the implementation framework for the development of broadcast-type mobile TV services. We will release the frequency spectrum by auction for the launch of these services.

The Area of Mid-term Review of Sound Broadcasting Licences

- The current sound broadcasting licences of Commercial Radio and Metro Broadcast are valid until 2016, subject to a mid-term review to be conducted this year. The BA will conduct the review, and will gauge the community's views on the radio services and evaluate the licensees' performance against the statutory and licensing requirements. The BA will hold a public hearing and conduct an opinion survey to collate public views on the sound broadcasting services in the coming months. We will brief the ITB Panel in more detail in the coming months.

The Area of RTHK

- In September last year, we announced the decision to task RTHK to be the public service broadcaster of Hong Kong. We have

recently completed the public consultation exercise on the future operation of RTHK. We have received over 140 written submissions during the consultation period and are preparing the consultation report. We will brief the ITB Panel on the consultation outcome shortly.

- In the 2010-11 financial year, we will allocate resources for the creation of new civil service posts for RTHK to enable it to undertake the necessary preparations for its new mission.

The Area of Film Services and Creative Industries

- The Film Development Council (“FDC”) will further promote the use of the Film Development Fund (“FDF”) to finance small-to-medium budget film productions. As of February 2010, it has approved the grant of \$39 million to finance 14 small-to-medium budget film productions, including the “Echoes of the Rainbow” which has just won the Crystal Bear Award for the Best Feature Film in the 60th Berlin International Film Festival. Taking into account the experience of the operation of the FDF, we will raise the maximum funding amount to \$6

million and streamline the procedures of processing the applications.

- To promote the development of creative industries, we set up the dedicated office Create Hong Kong and established the \$300 million CreateSmart Initiative (“CSI”) in June last year. In less than one year after the launch of the scheme, we have approved 20 applications with a total amount of funding at around \$40 million.
- We have completed the recruitment for the Head of Create Hong Kong. The selected candidate, Mr Jerry Liu, assumes office today. He will lead the dedicated office to work closely with industry players to drive the development of Hong Kong’s creative industries.
- Regarding the revitalisation of the former Police Married Quarters at Hollywood Road for creative industries purposes, we just announced last Friday the arrangements of inviting proposals to revitalize the site. We look forward to receiving proposals from interested organisations.

The Area of Telecommunications

- We are close to finalising the Communications Authority Bill to establish a unified regulator for the electronic communications sector and we plan to introduce the bill into the Legislative Council (LegCo) within this legislative session.

The Area of Digital 21 Strategy

- Satisfactory progress has been achieved in implementing the Digital 21 Strategy. A range of indicators has been developed to help track the achievement. In view of the ever-increasing application of information and communications technology (ICT), there is a pressing need to promote “Green ICT”. We will incorporate this into our action plans.

The Area of Facilitating Digital Inclusion

- We have entered into the second phase of the district cyber centres (“DCC”) pilot scheme. Services provided by the scheme have proved very popular amongst district cyber residents. The DCC have successfully engaged the

participation of 33 affiliated centres as compared to the original target of 25 centres. The 33 affiliated centres are geographically well spread across the territory providing ICT support to a good mix of different communities in the district. Sponsors have also welcomed the scheme as they can provide support to the DCC movement as a whole instead of offering optional support.

- To narrow the digital divide, we, together with the Education Bureau, will provide convenient and suitable Internet learning opportunities to students in need through tripartite collaboration between the community, the business sector and the Government. In this digital age, web-based learning and research on the Internet have become an integral part of education. We propose a two-pronged approach to help primary and secondary school students from low-income families with their Internet learning by granting them an allowance to cover Internet access charges on the one hand, and encouraging the market to provide them with inexpensive Internet services on the other.
- The OGCIO is making preparation for the identification of a

non-profit making organisation to collaborate with Internet service providers and community organisations to provide inexpensive Internet access services, computers and other relevant support to low-income families in need. The organisation will also provide other support services such as enhancement of parents' proficiency in computer application and Internet know-how.

The Area of Testing and Certification

- The Hong Kong Council on Testing and Certification will, as scheduled, submit its working report with recommendations as well as the three-year development plan for the industry by the end of this month.
- We will allocate \$41 million in the next two years to support further development of the testing and certification industry.

The Area of Providing Infrastructure for Innovation and Technology

- The development of world-class technological infrastructure

attracts talent, nurtures innovation and creates business opportunities for promoting the further development of innovation and technology in Hong Kong. We have decided to support the development of Science Park Phase Three. We are grateful to the support of the Panel on Commerce and Industry, and we will seek funding approval from the Finance Committee in April. Subject to approval, the construction work will commence in 2010-11. The first batch of the buildings will be ready in 2013-14. Upon full occupation, we expect Phase Three will generate about 4,000 additional research and development related jobs, while 5,000 job opportunities will be created during the construction period.

The Area of Promoting Innovation and Technology

- The Patent Application Grant under the Innovation and Technology Fund provides funding support to Hong Kong companies and inventors in their first patent applications, so as to help them capitalize and protect their intellectual work. To further encourage creativity and innovation, we will raise the grant ceiling for each case from \$100,000 to \$150,000. The

expenditure ceiling in respect of patent applications in R&D projects funded by the Innovation and Technology Fund will also be raised to \$150,000 correspondingly.

- Chairperson, I stand ready to answer questions from Members.