

立法會
Legislative Council

LC Paper No. CB(1)518/09-10
(These minutes have been seen by
the Administration)

Ref : CB1/PL/ITB/1

Panel on Information Technology and Broadcasting

**Minutes of special meeting
held on Tuesday, 20 October 2009, at 11:30 am
in the Chamber of the Legislative Council Building**

- Members present** : Dr Hon Samson TAM Wai-ho, JP (Chairman)
Hon LEE Wing-tat (Deputy Chairman)
Hon CHEUNG Man-kwong
Hon CHAN Kam-lam, SBS, JP
Hon Emily LAU Wai-hing, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon WONG Ting-kwong, BBS, JP
Hon Ronny TONG Ka-wah, SC
Hon Cyd HO Sau-lan
Hon WONG Yuk-man
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
- Members attending** : Hon WONG Kwok-hing, MH
Hon CHIM Pui-chung
- Members absent** : Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon LAU Kong-wah, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon IP Kwok-him, GBS, JP
- Public officers attending** : Mrs Rita LAU, JP
Secretary for Commerce and Economic Development

Mr Gregory SO, JP
Under Secretary for Commerce and Economic
Development

Mr Duncan PESCOD, JP
Permanent Secretary for Commerce and Economic
Development (Communications and Technology)

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

Mr Jeremy GODFREY
Government Chief Information Officer
Office of the Government Chief Information Officer

Miss Janet WONG, JP
Commissioner for Innovation and Technology

Mrs Marion LAI, JP
Director-General of Telecommunications

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

Staff in attendance : Ms Annette LAM
Senior Council Secretary (1)3

Mr Joey LO
Council Secretary (1)3

Ms May LEUNG
Legislative Assistant (1)6

Action

- I. Briefing by the Secretary for Commerce and Economic Development on relevant policy initiatives featuring in the Chief Executive's 2009-2010 Policy Address**
(LC Paper No. CB(1)14/09-10(01) -- Administration's paper on policy initiatives of Communications and Technology Branch, Commerce and Economic Development Bureau

LC Paper No. CB(1)89/09-10(01) -- Speaking note of the Secretary
(*tabled at the meeting and for Commerce and Economic
subsequently issued on 21 October Development
2009*)

Other relevant documents

- (a) Address by the Chief Executive at the Legislative Council meeting on 14 October 2009 - "Breaking New Ground Together" (issued on 14 October 2009); and
- (b) The 2009-2010 Policy Address - "Policy Agenda" (issued on 14 October 2009).

Briefing by the Secretary for Commerce and Economic Development

At the invitation of the Chairman, the Secretary for Commerce and Development (SCED) briefed members on the major initiatives relating to the Communications and Technology Branch of the Commerce and Economic Development Bureau under the 2009 Policy Address and Policy Agenda. These included initiatives in the areas of research and development, testing and certification, broadcasting services, telecommunications, creative economy, review of the Control of Obscene and Indecent Articles Ordinance (Cap. 390) and information technology. Details of the policy initiatives were set out in the Administration's paper (LC Paper No. CB(1)14/09-10(01) and SCED's speaking note (LC Paper No. CB(1)89/09-10(01)).

Discussion

Research and development

2. Mrs Regina IP welcomed the proposed Research and Development (R&D) Cash Rebate Scheme (the Scheme) as this could provide financial incentive to encourage more R&D investment in the private sector. She enquired about the approval and vetting mechanism for the Scheme and whether projects outside Hong Kong would be eligible for the Scheme. In view that Hong Kong lagged behind in technological R&D, she also called on the Administration to step up its efforts in encouraging R&D investment and promoting a research culture among enterprises in Hong Kong.

3. In response, the Commissioner for Innovation and Technology (C for IT) said that an established vetting mechanism for R&D projects under the Innovation and Technology Fund (ITF) was already in place. The Administration was drawing up the operational details of the Scheme targeted to be introduced in April 2010. The Commerce and Industry Panel and the Finance Committee would be consulted on the details of the Scheme including its coverage, operation as well as the approving and vetting mechanism prior to its launch. In addition to closely monitoring the implementation of the Scheme and conducting ongoing review to

fine tune the Scheme and guard against abuse, a comprehensive review on the Scheme's effectiveness would be conducted three years after implementation.

4. The Chairman expressed disappointment that the Government had not come up with any concrete measures to provide tax concessions for R&D investment in the private sector. He however welcomed the \$200 million Scheme and urged the Administration to expedite the approval of funds so that more R&D projects could benefit from the Scheme, thereby creating more job opportunities in R&D sectors.

5. Mrs Regina IP noted that under the existing Government procurement policy and tendering exercise, contracts were often awarded to the lowest bid or established companies with strong track records, thereby leaving few business opportunities for local small and medium enterprises (SMEs). She enquired about the progress that had been achieved by the Administration in considering ways and means under the overall Government procurement policy and the Government Procurement Agreement under the World Trade Organization (WTOGPA) to provide more business opportunities for local SMEs in the IT sector.

Admin

6. In response, SCED said that the Government, as a member of the WTO, had the obligation to fulfill its procurement commitments to the WTOGPA. The Commerce and Economic Development Bureau (CEDB) would continue to liaise with the relevant bureaux to explore room for flexibility. She undertook to provide an update to the Panel when there was new development.

Promoting the development of the testing and certification industry in Hong Kong

7. Mr WONG Kwok-hing supported the setting up of the Hong Kong Council for Testing and Certification (HKCTC). Noting that the priority task of the HKCTC was to formulate a three-year development plan for submission to the Chief Executive (CE), he sought elaboration on the purview of HKCTC. In this regard, Mr WONG Yuk-man queried the continuity of the three-year development plan bearing in mind it would go beyond CE's current term of office.

8. In response, SCED said that HKCTC was tasked to drive the development of the testing and certification industry, to raise its professional standards, and to enhance the recognition of the industry in the international arena by building up a brand name for Hong Kong's testing and certification services. The HKCTC had drawn up its work schedule for formulating the development plan to be submitted to the CE within six months of its establishment. In collaboration with the industry, it would look into a range of important issues, including enhancing the competitiveness of the testing and certification industry, strengthening manpower training, upgrading professional standards, and promoting testing and certification services in Hong Kong, the Mainland and other places.

9. Mr WONG Kwok-hing enquired about the estimated number of jobs and business opportunities to be generated in the testing and certification industry. SCED replied that it was difficult to give an accurate estimate at the present stage.

According to the statistics available, the testing and certification industry presently provided more than 10 000 jobs. Based on the past annual growth rates (in the range of 5% to 10%) of the industry, SCED was optimistic that the three-year market driven industry development plan would further promote the development of the testing and certification industry and create more business and job opportunities in Hong Kong.

Admin

10. The Chairman called on the Government to take the lead in promoting the development of software testing and certification industry in Hong Kong. These initiatives included actively exploring viable business opportunities for the industry, and commissioning independent third party to test, certify and monitor the quality and standard of software programmes for certain Government projects – a mechanism similar to those operating in the Mainland. SCED noted the suggestion and undertook to request the HKCTC to consider ways and means to drive the development of software testing and certification industry in Hong Kong.

Extending the coverage of digital terrestrial television

11. Mr WONG Ting-kwong noted that most of the digital and high-definition television (HDTV) programming of the two free domestic TV stations were re-run and were far from satisfactory in terms of both quality and variety. He called on the Administration to urge the two free TV broadcasters to expedite their programme development and deliver more diversified and higher quality TV entertainment to help boost the digital take-up.

12. In response, SCED said that DTT had been generally well-received by the public. Since the launch of DTT at the end of 2007, about 40% of households were watching DTT via DTT receivers which compared favourably with many advanced economies. She however agreed with Mr WONG that programme quality and content were key factors governing the DTT take-up as evidenced by the significant increase in the DTT take-up rate due to the Beijing Olympics held in August 2008. She highlighted that the development of digital programmes was an on-going process and the Administration would continue to encourage the two broadcasters to enrich their digital TV programmes and introduce more other value-added services.

Mid-term review of the domestic free television programme service licences

13. Mr LEE Wing-tat said that some members of the public had complained to him that most of the programmes shown on Asia television Limited (ATV) were re-run programmes. He questioned ATV's competency in competing with the other free TV licensee and in providing the viewing public with alternative choices of quality free-television services despite the recent capital injection by the Taiwanese tycoon. He urged the Administration to seriously consider whether it was possible to bring in new investors/competitors instead of renewing ATV's licence so that frequency spectrum as a scarce public resource would be put to optimum use.

14. SCED replied that ATV, in general, had been providing television programmes in accordance with the statutory and licensing requirements. The ATV management had pledged to continue to provide a full range of services in compliance with their licensing obligations and with the provisions of the Broadcasting Ordinance (BO) (Cap. 562). She highlighted that the Administration had always been maintaining close communications with the broadcasting licensees while the Broadcasting Authority (BA) would continue to enforce the BO and the broadcasting conditions. The issue of licence renewal would be examined in the context of the mid-term review of the domestic free television programme service licences of the two broadcasters. Having regard the licensees' compliance with various regulatory requirements, their financial commitments for 2010 to 2015 and public views on their performance, the BA would submit its recommendation to the CE in Council by the end of 2009. The Administration would brief the Panel on the outcome of the review in due course.

The future of Radio Television Hong Kong

15. Mr Ronny TONG questioned the basis and justifications for the Government's decision to retain Radio Television Hong Kong (RTHK)'s status as a Government department while performing the role of a public service broadcaster operating under the guidance of a CE-appointed Advisory Board. He enquired whether the Government had conducted any survey and opinion poll to gauge public support for such a decision.

16. In response, SCED said that the CE-in-Council's decision represented a well-balanced set of proposals to address the concerns of various stakeholders and to give certainty to the further development of RTHK for the benefit of RTHK and the staff concerned. She noted that RTHK had consistently been ranked in public surveys as the most credible electronic media in Hong Kong and was considered best placed to assume the role of a public service broadcaster. A recent survey commissioned by the Government showed that there was considerable public support for RTHK to remain as a Government department. At the request of members, she undertook to provide further information (e.g. survey findings) in support of RTHK remaining as a Government department while performing the role of a public service broadcaster.

Admin

17. Ms Emily LAU expressed disappointment that the Administration, in the absence of any public consultation, had decided that RTHK should continue to operate as a Government department with a public service broadcaster role. Noting that none of the public service broadcasters in any of the advanced economies was a government department funded by the government, she doubted whether RTHK would be able to competently perform its new role as an independent public service broadcaster.

18. SCED responded that public service broadcasting and the related issue on the future of RTHK had been the subject of debate in Hong Kong for many years. The matter had been widely discussed by the community, the Panel and various other stakeholders. The Government had also recently launched a public

consultation exercise to seek public views on how best RTHK should operate to achieve its mission as a public service broadcaster, the programming direction it should take, and the ways and means to evaluate its performance and enhance its accountability to the community. The 18 District Boards and the Panel would also be consulted.

19. Ms Cyd HO said that a public service broadcaster should be independent and free from any political and financial pressure as well as insulated from any government influences. She questioned the need for the setting up of the Advisory Board and the Administration's motive behind it. She also expressed concern that the Advisory Board might be used as a political tool to exert pressure on RTHK, thereby undermining its editorial independence. She asked what measures the Administration would put in place to safeguard RTHK's editorial independence and freedom of press. Noting that RTHK, as a Government department, had to abide by Government rules and procedures as well as subject to the administrative oversight of the Broadcasting Authority (BA) and the Director of Audit (D of A), she asked whether RTHK would be provided with flexibility to enable it to compete with other commercial broadcasters.

20. In reply, SCED affirmed that the Government would uphold freedom of speech and expression which were the core values of the Hong Kong society. She assured members that RTHK would continue to enjoy editorial independence and freedom of press. The proposed Charter would set out the working relationship between the Government and the new RTHK and entrench the importance of editorial independence. She said that while RTHK, as a Government department using public money, would be subject to the established annual budgeting control mechanism as well as internal procedures and standards for making procurement, editorial, and programming decisions, and some degree of flexibility based on the suggestion of the RTHK management would be suitably provided to facilitate the smooth functioning of RTHK.

Community broadcasting

21. Ms Emily LAU noted that financial soundness and commitment to investment were included as criteria for considering the grant of sound broadcasting licences under the Telecommunications (Amendment) Bill 2009. As digitization would free up additional frequency spectrum, she enquired whether the Administration would consider lowering the financial threshold so that smaller community groups with less financial means could also have the opportunity to operate their own channels and participate in community broadcasting.

22. In reply, SCED said that while opening up airwaves for community broadcasting was a world trend, the availability of suitable frequency spectrum was an overriding factor or requisite condition before a sound broadcasting licence application could be considered. The Administration was currently looking into the process of digitization and the deployment of the additional spectrum to be released. A number of initiatives including the Community Broadcasting Involvement Fund would be launched to enhance community participation in

broadcasting. RTHK would also be tasked to devote part of its airtime and resources within the development of its digital services to provide a platform for community participation in broadcasting. She highlighted that the criteria on financial soundness did not specify the level of financial resources required other than stating that the applicant must demonstrate a commitment to invest sufficiently in the proposed project and possessed sufficient financial capacity to invest to the level proposed.

Consumer protection and dispute resolution in telecommunications services

23. Mr LEE Wing-tat said that in view of the keen market competition and the low basic salary of the frontline sales staff of the telecommunications industry, sales staff might be under pressure to resort to undesirable selling practices in order to close a deal and earn more commission. As such, he was of the view that in addition to issuing a code of practice for compliance by service operators, the operators should ensure staff compliance with the code of practice. Sanctions should be imposed on the operators for any breaches of the code by their staff.

24. In response, the Director-General of Telecommunications (DG of T) said that under the existing regulatory framework, the operators as the licensees would be held directly responsible for any misconduct of its employees. If the code of practice were to be implemented in a mandatory manner, any breach of the code of practice issued by the Telecommunications Authority would be regarded as a breach of the licensing conditions and subject to penalty ranging from financial penalty to revocation of the service licence. She highlighted that the Administration attached great importance to consumer protection and satisfactory resolution of consumer complaints and contractual disputes. In this regard, a pilot programme for the Consumer Complaint Settlement Scheme (CCSS Pilot Programme) had been launched. The Pilot Programme would run for a further 8 months till February 2010, after which the Office of the Telecommunications Authority would conduct a comprehensive review, and engage the industry in the discussion of the viability of setting up a CCSS in the long run. The Administration would report to the Panel the results of the review in due course.

Participation in the 2010 Shanghai Expo

25. As regards the HKSAR's participation in the 2010 Shanghai Expo to be held from 1 May to 31 October 2010, Mr CHEUNG Man-kwong enquired about the Administration's plan on showcasing Hong Kong as a city of quality living and creativity in the Urban Best Practices Area (UBPA) Exhibition. Referring to the criticisms about HKSAR's float in the National Day Parade in Beijing to celebrate the 60th anniversary of the founding of the People's Republic of China on 1 October 2009, he urged the Administration to make the best effort to showcase Hong Kong at the Shanghai Expo.

26. In reply, SCED and Deputy Secretary for Commerce and Economic Development (Communications and Technology) (DSCED) advised that apart from the participation in the Hong Kong Pavilion exhibition of the Shanghai Expo

(which would form part of the China pavilion) to be coordinated by the Mainland and Constitutional Affairs Bureau, the CEDB would be mainly responsible for the participation in the UBPA Exhibition with the aim to demonstrate Hong Kong's commitment to make the city a model of urban sustainable development through citizen-centric and technology-enabled social innovation as well as to showcase the accomplishments of the creative industries. Under the theme "Smart Card, Smart City, Smart Life", the Administration, in collaboration with the local creative industries, non-governmental organizations and other relevant bodies and enterprises in the private sector, would showcase in the UBPA Exhibition the "connectivity" of Hong Kong and the innovative ways to improve efficiency in everyday city life and the standard of living through the extensive use of various smartcard systems promoting connectivity within the city and with other parts of the world. Advanced smart card applications developed in both the public and private sectors including the use of Octopus Card, the Smart ID cards, the development of e-Channel application for automated passenger and vehicle clearance at immigration control points, etc would be featured in the UBPA Exhibition.

27. In response to Mr CHEUNG's suggestion to consult the creative industries and the public on the UBPA Exhibition, SCED highlighted that the Administration had and would continue to maintain close liaison with the local creative industries and relevant organizations to make the best use of the opportunity to showcase the creativity of Hong Kong and to explore new business opportunities in the Mainland and overseas. To move forward with both social and technological development, the Administration would continue to further identify other successfully implemented smartcard systems and explore new applications of smartcard technology for display in the UBPA Exhibition. The preshow held in the Central Police Station had been well received by the public.

Facilitating Internet learning for students of low-income families

28. Mr Ronny TONG expressed disappointment that despite the one-year Internet education campaign to promote the safe and proper use of the Internet, the CE in his policy address had failed to provide concrete measures to assist students of low-income families to access computers and Internet services at home. He urged the Administration to consider providing financial assistance to students from needy families, similar to the proposed cash vouchers for the purchase of compact fluorescent lamps. In this connection, Mr WONG Yuk-man said that the \$63 million Internet education campaign and the District Cyber Centres pilot scheme could not effectively address the problem of Internet access at home faced by needy families. He opined that Internet charges should be included in the Comprehensive Social Security Assistance, and criticized the Administration for not taking any concrete measures to help narrow the digital divide.

29. In response, SCED said that the Administration was well aware of the increasing use of the Internet in the younger generation's learning activities. Relevant bureaux and departments had made concerted efforts through various initiatives to promote Internet learning across the community. To further mitigate

the impact of the digital divide on the quality of learning, the Financial Secretary would co-ordinate the efforts of relevant bureaux and departments to examine, through tripartite collaboration between the community, business sector and the Government, options to provide convenient and suitable Internet learning opportunities for student in need.

Extending Wi-Fi coverage

30. Mr WONG Ting-kwong noted that most of the Wi-Fi hotspots in Hong Kong were provided by the private sector. He enquired whether the Administration would consider increasing the provision of Wi-Fi facilities in places such as tourist spots and major transport interchanges. SCED replied that the Government WiFi programme aimed at providing free Wi-Fi facilities for the public at Government premises with high public patronage. Free Wi-Fi hotspots were installed in some Government offices and premises of the Leisure and Cultural Services Department such as parks and public libraries. While additional Wi-Fi facilities would be provided in response to user demand, the Government would not compete with the private sector in providing Wi-Fi services. In fact, the Government had implemented a number of measures to facilitate private participation in the provision of public Wi-Fi services. To this end, two commercial service providers had installed Wi-Fi hotspots offering free Wi-Fi service in public rental housing estates under the Housing Authority. At members' request, SCED undertook to provide an updated list of the distribution and locations of Government premises covered by the Government WiFi programme after the meeting.

Admin

(Post-meeting note: The information provided by the Administration was circulated to members vide LC Paper No. CB(1)278/09/10(01) issued on 6 November 2009.)

Manpower training and job creation in creative industries

31. Mr WONG Kwok-hing enquired about the trainee and internship programmes to help train new blood for the creative industries. In reply, DSCED(CT) advised that in collaboration with the advertising and design sectors, 120 workplaces in each of the respective industries would be provided under the trainee and internship programmes to provide training opportunities for undergraduates and graduates to gain first-hand experience in these creative workplaces.

32. The Chairman enquired about the Government policies to drive the development of data centre industry in Hong Kong that would create more business opportunities and jobs for the information, communications and technology sector. He suggested that consideration be given to setting up a dedicated unit under the Office of the Government Chief Information Office (OGCIO) to provide one-stop service for enterprises interested in setting up data centres in Hong Kong. The OGCIO should coordinate amongst relevant Government departments to help speed up the requisite application and approval process.

33. In response, the Government Chief Information Officer said that the CE, in the Policy Agenda of the 2009-2010 Policy Address, had made a commitment to formulate policies on promoting Hong Kong as a data centre hub. While Hong Kong had many advantages (such as the stability of power supply, freedom of speech, low tax regime and privacy laws) as a suitable location for setting up data centres, the availability of land resources was a limiting factor. However, with the proposed revitalization of industrial buildings and the implementation of measures to encourage and facilitate the redevelopment or conversion of industrial buildings, it had become easier and quicker to apply for redevelopment or wholesale conversion of industrial buildings. Subject to the suitability of the industrial buildings, interested parties could apply for conversion of industrial buildings for data centre use. In fact, there were already large data centres located in Tseung Kwan O Industrial Estate and Tai Po Industrial Estate respectively. The Administration was in the process of studying the economic and the employment impact of the data centre industry and would take further measures to promote data centre industry as appropriate. SCED added that the OGCIO would liaise closely with the dedicated team to be set up under Lands Department to process applications for redevelopment or wholesale conversion of industrial buildings.

34. On the revitalization of the Central Police Station compound at Hollywood Road, the adaptive re-use of the original site of the Central School, and the open-air Bazaar in Wan Chai, Ms Emily LAU urged the Administration not to turn the developments into streets for top-end brand shops. SCED noted her suggestion and said that the Administration would consult the public and invite innovative revitalization proposals for the promotion of creative industries.

The establishment of a unified regulator

35. In the light of technological convergence, The Chairman called on the Administration to expedite the setting up of the Communications Authority as a unified regulator for the electronic communications industry covering the telecommunications and broadcasting sectors. He said that transparency and certainty in the regulatory framework would help enhance investors' confidence, thereby creating more job opportunities in the relevant sectors. SCED noted the Chairman's suggestion and said that preparation was underway to seek Members' support for the introduction of a bill into the Legislative Council in the second half of 2009-2010 for the establishment of a unified regulator.

II. Any other business

36. There being no other business, the meeting ended at 12:45 pm.