<p style="text-align: center;">**Speaking Notes for**
the Acting Secretary for Commerce and Economic Development
at the Special Meeting of the Finance Committee
on 21 March 2011</p>

Introduction

1. 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.

Digital Audio Broadcasting (DAB)

2. Last November, the Chief Executive (CE) in Council gave approval in principle to three licence applications (DBC, Metro, Phoenix U) for providing DAB service. The licences are being prepared and will soon be submitted for the CE in Council's approval. These three prospective DAB licensees have plans to roll out their services by phases starting from the end of this year. RTHK also intends to commence DAB at around the same time.

RTHK

3. In the next few years, RTHK will embark on various new development

initiatives to fulfill its mission as the public service broadcaster of Hong Kong. RTHK will increase the production of HDTV programmes, prepare for the launch of digital audio and television broadcasting (including the establishment of transmission network and purchasing of broadcasting equipment), restore and digitise archieve materials, etc. In the coming year, the estimates for RTHK will have an increase of 18.7%, with the creation of 19 new posts including one permanent D1 post of Controller (Broadcasting Services) and one time-limited post of Deputy Director (Administrative Officer Staff Grade B). The proposed creation of the directorate posts has been supported by the Panel on Information Technology and Broadcasting (ITB Panel). We will seek the endorsement of the Establishment Sub-committee in due course.

The Communications Authority

4. To establish a unified regulator for the telecommunications and broadcasting sectors, we introduced the Communications Authority Bill into the Legislative Council (LegCo) in June last year. LegCo has set up a Bills Committee to examine the Bill. We appeal to Members support for the enactment of the Bill within this legislative session.

Creative Industries

5. The estimates for the general non-recurrent items under Create Hong Kong (CreateHK) (including the estimates for its various funding schemes) will increase from $138 million this year to $188 million, representing an increase of 36%. With our determination to develop Hong Kong into Asia's creative capital, support will be given to the organisation of a range of international events this year. Apart from the annual events like Entertainment Expo Hong Kong and Business of Design Week (BODW), this year we will provide funding support to the local music, television and digital entertainment industries for organising major events of various natures with regional participation[1], so as to establish Hong Kong's leading position in the respective fields of the region.

6. We will promote development of creative clusters in the territory to generate synergy and facilitate exchanges. We will also encourage interaction between the creative industry practitioners and the general public so as to foster a creative atmosphere within the community. We will revitalise the former Police Married Quarters at Hollywood Road

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[1] Such events include *Hong Kong Asian-Pop Music Festival*, *Asia Rainbow TV Awards*, *Asia Online Game Awards* and *SIGGRAPH Conference and Exhibition on Computer Graphics and Interactive Techniques in Asia*.

into a focal point for promoting the development of local creative industries. We will seek funding support for the revitalisation project from the LegCo shortly.

Steering Committee on Innovation and Technology

7. The Financial Secretary will assume the chairmanship of the Steering Committee on Innovation and Technology to further promote innovation and technology development in Hong Kong and build greater synergy among different stakeholders of the innovation and technology sector. It signifies Government's strong commitment on the development of innovation and technology. The estimates for the Innovation and Technology Fund will increase by 5.8% in 2011-12 while the allocation for the Applied Science and Technology Research Institute will have an increase of 26%.

Providing Infrastructure for Innovation and Technology

8. Following Finance Committee's approval of the funding arrangements for the development of Science Park Phase Three in April 2010, planning of construction work is underway in full gear. The project will be completed in phases between late 2013 and 2016 and will provide around

4 000 R&D-related jobs. In addition to the four original clusters (electronics, IT & telecommunications, precision engineering and biotechnology), the Science Park will also focus its efforts on the cluster of green technology.

Testing and Certification

9. We are now working closely with the Hong Kong Council for Testing and Certification in implementing the three-year market oriented industry development plan submitted by the Council last year. We have adopted a dual approach in promoting the development of the industry – make general improvements to the accreditation service and factors of production to enhance the industry's competitiveness, whilst at the same time focus particular attention to promote and develop new testing and certification services through the setting up of panels in four selected trades, i.e. Chinese medicine, construction materials, food and jewellery.

10. With regard to access to the Mainland market, we have taken steps to implement Supplement VII to CEPA, which allows testing organisations in Hong Kong to, starting from this year, undertake product testing for the China Compulsory Certification System on a pilot basis for four types

of products processed in Hong Kong (i.e. toys, circuit installations, information technology equipment and lighting apparatus).

Digital 21 Strategy

11. On Government IT expenditure, the estimated non-recurrent expenditure of computerisation in 2011-12 amounts to $1.74 billion, which is 45% above the revised estimate of $1.2 billion in this financial year. I believe the increased provision will create a lot of new business opportunities to the IT industry. And the estimated expenditure of the Office of the Government Chief Information Officer (OGCIO) will also increase 14%.

Facilitating Data Centres Development

12. In a knowledge-based economy, data centres constitute an essential part of the infrastructure. Recently, many international IT companies have also set up large-scale high-end data centres one after another in Asia Pacific region, generating increasing demand for such services. In the past year, the Hong Kong Science and Technology Parks Corporation granted about eight hectares of land in the Tseung Kwan O Industrial Estate for the setting up of high-end data centres.

13. The Government is exploring appropriate measures to facilitate the development of more high-end data centres in Hong Kong, with a view to entrenching Hong Kong's position as a trade and financial hub, maintaining Hong Kong's competitiveness in Asia Pacific and promoting sustainable economic development.   We will set up a one-stop portal for releasing information on data centres, strengthen the promotion of optimal use of existing industrial buildings and industrial sites, and explore the feasibility of other facilitative measures including the allocation of sites suitable for development into high-end data centres.

Cloud computing

14. Over the next five years, we will adopt the Cloud Computing model to re-provision Government's central IT infrastructure and services, enhance the overall agility of Government's IT capabilities and services, enhance operational efficiencies, reduce costs and reduce Government's carbon footprint and environmental impact.   OGCIO has formulated a Pan-Government IT Strategy which sets out the major programmes to facilitate transition to Cloud Computing.

New Hosting Infrastructure for E-Government Services

15. To support the further development of e-government services, we propose to develop a new central hosting platform for e-government services. With its greener and more efficient equipment, the proposed new central hosting platform will be able to host 100 additional e-government services on top of the existing 118 ones.

16. We have updated the ITB Panel and will seek funding approval from the Finance Committee shortly to implement this project.

Government Wi-Fi Programme

17. In view of the public recognition and great public demand for the Government Wi-Fi (GovWiFi) Service, we will submit a proposal to the ITB Panel in April and then seek funding approval from the Finance Committee to continue and upgrade this public service.

Facilitating Digital Inclusion

18. We are also making active preparations for the Internet Learning Support Programme with a view to rolling out services as scheduled before the start of next school year in this September to help students from low-income families undertake web-based learning at home.

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