

立法會
Legislative Council

LC Paper No. CB(1)2533/10-11
(These minutes have been seen
by the Administration)

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Panel on Information Technology and Broadcasting

Minutes of meeting
held on Monday, 11 April 2011, at 2:30 pm
in Conference Room A of the Legislative Council Building

- Members present** : Hon WONG Yuk-man (Chairman)
Hon CHAN Kam-lam, SBS, JP
Hon LAU Kong-wah, JP
Hon Emily LAU Wai-hing, JP
Hon LEE Wing-tat
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, BBS, JP
Hon Ronny TONG Ka-wah, SC
Hon Cyd HO Sau-lan
- Members absent** : Dr Hon Samson TAM Wai-ho, JP (Deputy Chairman)
Hon Timothy FOK Tsun-ting, GBS, JP
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yeet, GBS, JP
- Public officers attending** : Agenda item IV
Mr Gregory SO, JP
Acting Secretary for Commerce and Economic
Development

Miss Elizabeth TSE, JP
Permanent Secretary for Commerce and Economic
Development (Communications and Technology)

Mr Stephen MAK, JP
Government Chief Information Officer

Mr Victor LAM
Deputy Government Chief Information Officer
(Consulting and Operations)(Acting)

Mr Alfred NG
Assistant Government Chief Information Officer
(IT Operations)

Agenda Item V

Miss Elizabeth TSE, 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 Jerry LIU
Head of Create Hong Kong
Commerce and Economic Development Bureau

Ms Ida LEE
Principal Assistant Secretary for Commerce and
Economic Development (Communications and
Technology)B

Agenda Item VI

Miss Elizabeth TSE, 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 Aaron LIU
Principal Assistant Secretary for Commerce and
Economic Development (Communications and
Technology)A

Mr Vincent LIU, JP
Commissioner for Television and Entertainment
Licensing

**Attendance by
invitation**

: Agenda Item V

Hong Kong Design Centre

Dr Edmund LEE
Executive Director

Agenda Item VI

Broadcasting Authority

Mr Ambrose HO, SC, JP
Chairman

Television Broadcasts Limited

Mr Mark P O LEE
Director & Group General Manager

Mr Stephen C W CHAN
General Manager – Broadcasting

Mr Desmond S H CHAN
General Counsel

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

Staff in attendance : Mr Joey LO
Senior Council Secretary (1)3

Ms May LEUNG
Legislative Assistant (1)3

Action

I. Confirmation of minutes of meeting

(LC Paper No. CB(1)1709/10-11 -- Minutes of meeting held on
14 February 2011)

The minutes of the meeting held on 14 February 2011 were confirmed.

II. Information paper issued since the last meeting

2. Members noted that no paper had been issued since the last meeting held on 14 March 2011.

III. Date of next meeting and items for discussion

(LC Paper No. CB(1)1796/10-11(01) -- List of outstanding items
for discussion

LC Paper No. CB(1)1796/10-11(02) -- List of follow-up actions)

3. Members noted that the next regular Panel meeting would be held on Monday, 9 May 2011 at 2:30 pm to discuss the following items:

- (a) Report on Film Development Fund and retention of the non-civil service position of Secretary-General of the Film Development Council; and
- (b) Proposed creation of new civil service grade in Office of the Telecommunications Authority.

IV. Next Generation Government Wi-Fi Programme

(LC Paper No. CB(1)1796/10-11(03) -- Administration's paper on
Next Generation
Government Wi-Fi
Programme

LC Paper No. CB(1)1796/10-11(04) -- Paper on the implementation of the Government Wi-Fi programme prepared by the Legislative Council Secretariat (updated background brief))

Presentation by the Administration

4. At the invitation of the Chairman, Acting Secretary for Commerce and Economic Development (Acting SCED) and Government Chief Information Officer (GCIO) briefed members on the implementation of a Next Generation Government Wi-Fi (GovWiFi) Programme for succeeding the current Programme, the service contract of which would expire in December 2012. Details of the programme were set out in the Administration's paper (LC Paper No. CB(1)1796/10-11(03)).

Discussion

Providing better public services

5. Mr LEE Wing-tat expressed satisfaction with the existing coverage of the GovWiFi service. He suggested that to further improve the coverage of the free public service, GovWiFi service should be extended to cover the Mass Transit Railway (MTR) and public transport interchanges to facilitate the commuters.

6. Acting SCED advised that the free GovWiFi service was primarily provided at government premises. Currently, the service was available at 392 government premises. Unlike the services in overseas jurisdictions such as Singapore and Taiwan which imposed limits on data usage, Hong Kong's GovWiFi service was completely free of charge regardless of service usage. GCIO supplemented that Wi-Fi hotspots were already provided by the private sector at 32 MTR stations including those along the Airport Express Line, and on about 160 buses operated by two franchised public bus companies.

7. Noting that the Administration would review the usage of GovWiFi services at existing premises and reduce the service scope or curtail the service for locations of low usage, Ms Emily LAU queried whether such an intention would be in line with the Government's objective of building a ubiquitous wireless city.

8. Acting SCED responded that the objective of building a ubiquitous wireless city should be achieved through the concerted efforts of the Government and the private sector. The reduction of service scope or curtailment of service for locations of low usage was aimed at optimizing the allocation of public resources. Nevertheless, the Administration would consider the availability of alternative WiFi services at such locations before deciding the way forward. Responding to the Chairman's query, Acting SCED advised that Hong Kong had more public Wi-Fi hotspots (5 947) than its neighbouring regions such as Korea (4 777), Taipei (4 311) and Singapore (2 164).

Enhancing the service

9. Ms Emily LAU enquired about the proposal to enhance the GovWiFi service by adopting a newer version of Wi-Fi technology standard. GCIO advised that the prevailing Internet communication standard was Internet Protocol version 4 (IPv4). The last batch of IPv4 address blocks had recently been allocated to the regional Internet registries, implying the exhaustion of the global free pool of available IPv4 addresses. Internet Protocol version 6 (IPv6) was a new standard to succeed IPv4 which offered much greater number of addresses. The enhancement of the GovWiFi network to support IPv6 would enable the public to access new services of IPv6 which would co-exist with those of IPv4.

Implementation plan

10. Ms Emily LAU further enquired about the rationale behind adopting the total outsourcing approach for the Wi-Fi services. GCIO said that back in 2007 when the Government launched the GovWiFi programme, an open tender exercise was conducted to procure public Wi-Fi services for government premises grouped by three geographical regions. As a result, a five-year service contract was awarded for each region to the bidder whose bid attained the highest score in that region. In that exercise, a single bidder emerged as the one which attained the highest score in all three regions. Rather than buying the required hardware, software and Internet services from respective suppliers, the Administration had procured an integrated service from the successful bidder covering the provision of the various services. The Administration would adopt a similar total outsourcing approach this time as this would be a cost-effective procurement strategy.

11. Noting that the purpose of the Government Procurement Agreement under the World Trade Organization (WTO GPA) was to provide for open and fair competition amongst domestic and foreign service providers, the Chairman was of the view that priority should be given to domestic service

providers in the upcoming tendering exercise.

12. GCIO explained that as a signatory to the WTO GPA, the Hong Kong Special Administrative Region Government was restrained from limiting the number of bids which an individual bidder would be allowed to win. Nevertheless, domestic bidders might have an edge over foreign bidders as they were likely to provide services which were more attuned to local needs. GCIO assured members that the coming tendering exercise would be carried out in a fair and transparent manner.

V. Progress report on the work of Hong Kong Design Centre

(LC Paper No. CB(1)1796/10-11(05) -- Administration's paper on report on Hong Kong Design Centre's activities from April 2010 to March 2011

LC Paper No. CB(1)1796/10-11(06) -- Paper on Hong Kong Design Centre prepared by the Legislative Council Secretariat (updated background brief)

LC Paper No. CB(1)1860/10-11 -- Administration's paper on report on Hong Kong Design Centre's activities from April 2010 to March 2011 (power-point presentation material))
(*tabled at the meeting and subsequently issued via e-mail on 12 April 2011*)

Presentation by the Administration

13. At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Communications and Technology) (PSCED(CT)) briefed members on the work and activities of Hong Kong Design Centre (HKDC) between April 2010 and March 2011, followed by a power-point presentation by the Executive Director of the HKDC (ED/HKDC). Details of the briefing and presentation were set out in the Administration's papers (LC Paper Nos. CB(1)1796/10-11(05) and CB(1)1860/10-11).

Discussion

Raising the profile of Hong Kong as a design hub

14. Referring to the HKDC's vision to establish Hong Kong as a prime regional design centre of design knowledge, Ms Emily LAU enquired about the position of Hong Kong's creative industries in the region and the indicators of its performance. ED/HKDC said that Hong Kong had all along held a leading position in the region in the development of creative industries. Through an array of programmes organized in collaboration with local, regional and international partners, HKDC aimed to maintain Hong Kong on the world map of design cities and as a centre of design excellence in Asia. HKDC's events and programmes attracted press attention and comprehensive editorial coverage in leading local and international newspapers and magazines. The media coverage of HKDC's design programmes had helped raise the awareness of the value of design and its impact in society. In addition, HKDC, in collaboration with the Radio Television Hong Kong, also produced an eight-episode TV series entitled "Design Cities" which had won eight international media awards.

15. Deputy Secretary for Commerce and Economic Development (Communications and Technology) (DSCED(CT)) supplemented that HKDC's flagship event, the annual Business of Design Week (BODW), had been one of the most significant events on the international design calendar and Asia's leading annual event on design, innovation and brands. Leading design countries including the United Kingdom, France, Italy and Japan were past partner countries of BODW. Germany would be the partner country for BODW 2011. At Ms LAU's request, the Administration undertook to provide information on the employment opportunities created and contribution to the Gross Domestic Product by the design industry of Hong Kong.

Admin

(Post-meeting note: The information provided by the Administration was circulated to members vide LC Paper No. CB(1)2120/10-11(01) on 6 May 2011.)

Corporate Governance

16. Regarding Ms Emily LAU's concern about the corporate governance of HKDC, ED/HKDC advised that HKDC had over the years continued to strengthen its corporate governance and improve its culture of work to foster accountability, cooperation and collaboration. Apart from regularly reviewing its operation, HKDC appointed in early 2010 an outside audit firm to conduct an internal audit exercise.

Grooming of talents

17. Mr WONG Ting-kwong enquired about the efforts to raise the awareness of the young generation and their parents towards the value of design and the prospect of a career in design. ED/HKDC advised that in order to build Hong Kong into a design hub, HKDC was mindful of the need to nurture community-wide understanding and appreciation of the value of design. To this end, HKDC had been actively promoting public engagement via community-focused seminars, exhibitions, competitions, publications and media programmes. Youth programmes were also organized to arouse students' interest in design and inspire them to undertake further studies or pursue a career in the design field.

Finance

18. In relation to the Chairman's enquiry whether the Administration had formulated a timetable for HKDC to achieve financial sustainability, PSCED(CT) advised that it had all along been the Administration's aim for HKDC to raise its level of financial sustainability. Over the past few years, HKDC had been able to raise its income to expenditure ratio progressively. It was anticipated that the target income to expenditure ratio of 21% for 2010-2011 could be achieved.

19. Responding to the Chairman's concern about inadequate funding support for HKDC given its vision to establish Hong Kong as a prime regional design centre, PSCED(CT) advised that the HKDC was only one of the channels through which the Administration could raise Hong Kong's profile as a creative capital and design hub. Apart from utilizing the five-year funding of \$100 million from the Government, HKDC could also apply for funding under the DesignSmart Initiative and other Government funding schemes.

VI. Changes in shareholding structure of Television and Broadcasts Limited

(LC Paper No. CB(1)1796/10-11(07) -- Administration's paper on changes in shareholding structure of Television and Broadcasts Limited

- LC Paper No. CB(1)1823/10-11(01) -- Press release issued by the Broadcasting Authority dated 31 March 2011
- LC Paper No. CB(1)1823/10-11(02) -- Relevant newspaper cuttings
- LC Paper No. CB(1)1796/10-11(08) -- Letter from Hon LEE Wing-tat dated 28 January 2011
(*Chinese version only*)

Presentation by the Administration

20. At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Communications and Technology) (PSCED(CT)), Chairman of the Broadcasting Authority (BA) and Director & Group General Manager of Television Broadcast Limited (TVB) briefed members on the recent application submitted by TVB to BA for a change in its shareholding structure, details of which were set out in the Administration's paper (LC Paper No. CB(1)1796/10-11(07)).

Discussion

Regulatory requirements under the Broadcasting Ordinance (BO) (Cap. 562)

21. Mr CHAN Kam-lam opined that although being a media organization, TVB was basically a listed company operating on commercial principles. Its shareholding change should therefore be treated in a fair manner like all other private enterprises and free from undue scrutiny.

22. Chairman of BA responded that being an independent statutory regulator, BA had exercised due diligence in examining and approving the application in a fair and impartial manner. PSCED(CT) added that as the application did not involve any disqualified persons, it was not required to be approved by the Chief Executive in Council.

23. In response to Mr CHAN's view, Director & Group General Manager of TVB considered that BA had acted in a fair, impartial and prudent manner in vetting and approving TVB's application of the shareholding change. BA's approval was subject to the conditions that TVB would continue to comply with all the relevant regulatory requirements applicable to it and that after the shareholding change, TVB and Dr Charles CHAN Kwok-keung from the investor group would be respectively bound by the statements, representations, assurances and undertakings made in the application.

Moreover, TVB would continue to comply with the regulatory requirements under the BO. In particular, TVB would remain a company incorporated in Hong Kong and its control and management would continue to be bona fide exercised in Hong Kong. The selection, production or scheduling of programmes would continue to be carried out by principal officers who were ordinarily resident in Hong Kong within the meaning of the BO, and TVB's domestic free television programme service would remain primarily targeting Hong Kong. He assured members that TVB had made an undertaking to BA that the shareholding change would not affect TVB's investment commitment of \$6.3 billion from 2010 to 2015 made in the context of the mid-term review of its licence in 2010.

24. Noting Dr CHAN's status as a non-executive director of TVB, Mr LAU Kong-wah enquired about the voting right of Dr CHAN in TVB. In response, Director & Group General Manager of TVB said that by controlling the investor group which had acquired 26% of the voting shares of TVB, Dr CHAN was in effect indirectly controlling 26% of the voting shares of TVB, and had become the ultimate voting controller of the 26% of the voting shares of TVB. However, Dr CHAN was only one of the 14 members in the Board of Directors of TVB.

25. Mr LAU Kong-wah and the Chairman enquired about the timing of the retrospective application submitted by TVB on 31 March 2011 in respect of the transfer by Shaw Foundation of 2.59% of TVB shares to four educational and charitable institutions by way of donation, and its relationship with the application filed on 1 February 2011 in respect of the shareholding change. Director & Group General Manager of TVB advised that the shareholding transaction was made on 26 January 2011 with a view to be completed on 31 March 2011. Within a few days of the transaction on 26 January 2011, TVB had filed an application for approval of a change in its shareholding structure to BA on 1 February 2011. In fact, the application to BA for the transfer by Shaw Foundation of 2.59% of TVB shares to the educational and charitable organizations concerned could only be filed upon successful completion of the shareholding transaction. Chairman of BA advised that the two applications were processed separately by BA in accordance with established procedures.

26. Mr LEE Wing-tat enquired whether there would be any change in the Board of Directors of TVB after the change in shareholding structure. Director & Group General Manager of TVB explained that as TVB was a listed company, any change in its Board of Directors would have to be decided by all its shareholders, rather than by Dr CHAN who held only 26% of the voting shares of the company. Chairman of BA advised that the majority of the directors after the shareholding change would be ordinary

residents in Hong Kong. TVB was required to inform BA should there be any change in its Board of Directors in future.

Editorial independence

27. Mr LEE Wing-tat expressed concern about the editorial independence of TVB after the shareholding change as a property developer was rumoured to be one of the funding sources behind the transaction. In this connection, he also expressed concern about the press briefing by Dr CHAN on the transaction in which only three media organizations were selectively invited to attend. He enquired whether BA had vetted the funding sources of TVB's shareholders to ensure that its editorial independence would not be affected after the shareholding change.

28. Chairman of BA advised that BA had examined the financial capability, funding sources and residential status of all the new shareholders of TVB before the approval of the application for the shareholding change. TVB had also provided legal undertakings that all funding would be provided by the three new major shareholders, and that it would continue to uphold the editorial independence after the shareholding change.

29. Director & Group General Manager of TVB supplemented that for the purpose of its application to BA in relation to TVB's change in 26% shareholding structure, TVB had executed a legally binding Deed of Undertaking to BA which provided that following the change in shareholding structure, TVB would continue to uphold the editorial independence of its news, current affairs programmes and other relevant programming included in its domestic free television programme service.

30. Ms Emily LAU expressed serious concern about the purported blacklist of political figures and self-censorship of the news department of TVB. In this connection, she enquired about the legal remedy in the event of contravention by TVB of its legally binding Deed of Undertaking to BA. Sharing a similar concern, Ms Cyd HO enquired whether sufficient airtime for news programme had been provided by TVB on its channels on a daily basis.

31. Director & Group General Manager of TVB dispelled the rumour about the blacklist of political figures and stressed that the news team of TVB enjoyed complete editorial independence without undue influence or pressure from the TVB management. General Manager of TVB advised that the Deputy Controller of News and Public Affairs, the head of the news team of TVB, reported to him only on administrative matters. In this connection, he advised that according to the survey results of successive public evaluation

on media credibility conducted by the Chinese University of Hong Kong in 1997, 2001, 2006, 2009 and 2010, TVB ranked the highest amongst all television licensees in Hong Kong. TVB news programmes also won 13 international awards in 2010.

32. PSCED(CT) supplemented that like all other television programme service licensees, TVB was subject to the regulatory requirements under the BO and conditions stipulated in its licence, including the codes of practice issued by BA. According to Chapter Nine of the Generic Code of Practice on Television Programme Standards, the licensees should ensure that news was presented with accuracy and due impartiality. Should any member of public suspected that any of the requirements had been breached, they could lodge a complaint through the established complaint handling channel under BA.

33. Chairman of BA explained that in the event of non-compliance with the statutory requirement under the BO and the licence conditions by TVB, including its legally binding Deed of Undertaking to BA, the matter could be handled by BA on a case-by-case basis. General Counsel of TVB added that BA could initiate legal proceedings against TVB in the event of contravention of the Deed of Undertaking by TVB.

34. On the adequacy of news coverage, Director & Group General Manager of TVB said that extensive news coverage was provided on both the analogue and digital terrestrial television (DTT) channels of TVB every day. In fact, a 24-hour news programme was provided on one of TVB's DTT channels. At the request of Ms HO, Director & Group General Manager of TVB undertook to provide information on the Deed of Undertaking made to BA in relation to the application for change in shareholding structure of TVB.

TVB

(Post-meeting note: The requisite information was circulated to members vide LC Paper No. CB(1)1904/10-11(01) on 13 April 2011.)

Programme content

35. Mr LEE Wing-tat enquired whether there would be any change in programme content, particularly the number of in-house productions, after the shareholding change. Director & Group General Manager of TVB explained that in its Deed of Undertaking to BA, TVB had pledged to ensure that its television service would remain primarily targeting Hong Kong within the meaning of the BO. In addition, TVB would continue to cater for the needs and aspirations for the Hong Kong viewers. He added that the number of in-house productions had been steadily increasing in recent years,

and would continue to rise.

VII. Any other business

36. There being no other business, the meeting ended at 4:25 pm.

Council Business Division 1
Legislative Council Secretariat
21 June 2011