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**Report of the Panel on Information Technology and Broadcasting
for submission to the Legislative Council**

Purpose

This report gives an account of the work of the Panel on Information Technology and Broadcasting during the 2010-2011 session of the Legislative Council. It will be tabled at the Council meeting on 13 July 2011 in accordance with Rule 77(14) of the Rules of Procedure of the Council.

The Panel

2. The Panel was formed by a resolution passed by the Council on 8 July 1998 and as amended on 20 December 2000, 9 October 2002, 11 July 2007 and 2 July 2008 for the purpose of monitoring and examining Government policies and issues of public concern relating to information technology, telecommunications, broadcasting, film services and creative industry. The terms of reference of the Panel are in **Appendix I**.

3. The Panel comprises 13 members. Hon WONG Yuk-man and Dr Hon Samson TAM Wai-ho were elected Chairman and Deputy Chairman of the Panel respectively. The membership list of the Panel is in **Appendix II**.

Major work

Radio Television Hong Kong

4. During the session, the Administration briefed the Panel on the comprehensive package to support the development of Radio Television Hong Kong (RTHK) as the public service broadcaster for the next few years.

On the development of digital terrestrial television service, the Panel noted that a spectrum of ultra-high frequency had been reserved for RTHK, which could accommodate one high-definition television (TV) and two standard-definition TV channels. Over the next few years, RTHK would discuss with the two free-to-air TV broadcasters on the rental of suitable hilltop transmission sites for establishing its digital terrestrial television transmission network, so as to set up the basic transmission network by 2013-2014 at the earliest, covering 80% to 90% of the population. The high-definition TV programme channel would broadcast the core productions of RTHK, including informational, educational, cultural and arts programmes, whereas one of the standard-definition TV channels would be used for relaying programmes from China Central Television. The Panel urged RTHK to further extend the coverage of its digital terrestrial television service in future.

5. Some Panel members considered the financial commitment of \$45 million for a three-year trial under the proposed Community Broadcasting Involvement Fund inadequate, given the sheer number of community organizations. Noting that RTHK would work out the details of the community involvement in broadcasting in consultation with the Board of Advisors, with a view to formulating a concrete proposal for public consultation by end-2011, these members opined that all community organizations should be extensively consulted on the proposal. In this connection, the Panel requested the Administration to provide more information on the framework and ground rules for the initiative of community involvement in broadcasting and brief the Panel before its implementation.

6. As regards the development of digital audio broadcasting and measures to promote the use of such service, the Panel noted that four of the new digital audio broadcasting programme channels of RTHK would initially be used for simulcasting the existing four AM channels to improve reception quality, with gradual enhancement of programme content, including the introduction of community involvement in broadcasting. The other digital audio broadcasting programme channel would be used for relaying national radio programmes. Value-added data service such as news highlights and weather information would also be provided on these receivers. To ensure the smooth rollout of digital audio broadcasting service in Hong Kong, the Administration would study various aspects of the service, including the monitoring of the network coverage, the take-up rate, and formulation of promotion strategy. Some Panel members opined that the proposed mode of development with only three licensees other than RTHK (which already owned many of the AM and FM frequencies) would undermine the effect of diversity of views. These members urged the Administration to develop digital audio broadcasting to encourage the divergence of views in the

society.

7. The Panel noted that RTHK would establish a Media Asset Management project starting from 2011-2012 to restore archive materials at risk, digitize the most valuable portion (about 25%) of RTHK archives, and provide specialized storage for the archive materials to facilitate easy access and retrieval. The Panel supported the project and urged the Administration to provide the necessary manpower and funding to expedite the preservation of the programme archive which was of great historical value to avoid the loss of records due to ageing. Some members questioned the basis and the rationale for setting 25% of the total pool of materials as the target of digitization, and expressed grave concern whether assets which reflected the social and political development of Hong Kong would be selectively screened out in the process of digitization. They considered that RTHK should draw up a long-term policy in respect of the safekeeping and disposal of the original copy of the digitized files, and enlist the assistance of historians and archive expertise in determining the materials to be digitized and also advise on proper storage. Instead of keeping the original copies for an indefinite period of time, selected items of public interest should be donated to museums for display for public enjoyment. RTHK should also step up co-operation with the media and communications centre of the universities to make good use of the archive materials for academic studies and historical research. Suggestion was made on the compilation of a comprehensive archive index/catalogue to facilitate reference, access and retrieval by the general public, professional media producers, universities and researchers.

8. On the strengthening of directorate support for RTHK, the Panel noted the proposal of creation of one supernumerary post of Administrative Officer Staff Grade B (AOSGB) as Deputy Director of Broadcasting (DD of B) for three years and one permanent post of Controller (Broadcasting Services). The responsibilities of the proposed post of DD of B would include leading the project on reprovisioning of the Broadcasting House and development works in support of the new digital audio broadcasting and digital terrestrial television services, while the proposed permanent post of Controller (Broadcasting Services) would be heavily involved in the rollout of community involvement in broadcasting. The Panel supported the staffing proposal and considered that as the way forward for RTHK had become clear, the AOSGB post should be created on a permanent basis to ensure administrative consistency. Panel members also urged the Administration to provide adequate support to the incumbents of the posts. The Administration advised that it would keep in view the development and assess whether the DD of B post should be extended or converted to a permanent post.

9. The Panel was also briefed on the progress of the RTHK promotion and recruitment exercises for the some 80 civil service posts in the Programme Officer (PO) grade. The Panel was concerned that a large number of RTHK staff was employed in the PO grade on non-civil service contract (NCSC) terms, and these staff had to accept a much lower pay if they applied for the civil service posts at the Assistant Programme Officer (APO) rank. Some members considered that the Administration should offer more posts at senior ranks of the PO grade to accommodate the experienced NCSC staff. Representatives of RTHK Programme Staff Union attending the Panel meeting on 14 March 2011 also urged the Administration to open up vacancies at both the basic and promotion ranks of the PO grade to serving NCSC staff, and offer increments based on their experience on appointment. The Administration advised that RTHK would exercise discretion within the scope of the civil service appointment policies and regulations. The Panel subsequently passed a motion urging the Administration to accord priority to serving NSCS staff and formulate a comprehensive plan to retain quality serving staff for RTHK. The Administration undertook to report the progress to the Panel.

Mid-term review of sound broadcasting licences

10. On the mid-term review of sound broadcasting licences of Hong Kong Commercial Broadcasting Company Limited (CRHK) and Metro Broadcast Corporation Limited (Metro), some Panel members expressed concern about the basis and the criteria for assessing whether the investment commitments proposed by the two licensees were sufficient to effectively provide quality sound broadcasting services to the community. As frequency spectrum was a scarce public resource, these members opined that the Government should ensure that the licensees had the financial capability to deliver the commitments made in the Six-year Investment Plans and would make the optimum use of the spectrum after their licences were renewed for 2010 to 2016. These members also opined that the investment commitments for analogue and digital broadcasting should be separated, and urged the licensees to make dedicated efforts to develop analogue broadcasting instead of putting all resources on digital multi-media services.

11. The Panel noted that the amount of current affairs programme provided by CRHK's CR1 and CR2 was 19.1% and 7% respectively while that of Metro Info and Metro Plus stood at only 0.6%. Some members were disappointed that the weekly average broadcast hours of current affairs programmes provided by Metro was far less than that of CRHK. These members urged the Administration to impose licence conditions requiring Metro to increase its resources and broadcast time for current affairs programme. Noting members' views, Metro subsequently decided to increase the broadcast hours of its current affairs programme from 4.5 hours

to 10 hours starting from 1 January 2011, and progressively increase the broadcast hours thereafter.

12. The Panel had invited views from members of the public and deputations on the mid-term review of sound broadcasting licences. Some members were concerned that the management of the two sound broadcasters might have interfered with the editorial independence of the news and current affairs division, and that programming staff had exercised self-censorship to avoid offending financial conglomerates or the Central Government. Both CRHK and Metro assured members that the management had all along respected the editorial independence of the news and programming team and had never exerted any undue influence on the programme content. Some deputations giving views to the Panel considered that the operation and the radio programmes of CRHK and Metro were generally satisfactory and of an acceptable standard. They opined that more radio programmes on topical issues such as obesity, school pressure, self-esteem would help adolescents develop a positive life attitude. There also requested for more programme for children and different ethnic minorities, music programme on the oldies, programmes on labour market information, and current affairs programme to address the needs of different audience groups and promote public awareness of social and policy issues.

13. Noting that more people, especially youngsters, listened to radio programmes on the Internet, some Panel members opined that CRHK and Metro should conduct survey on the trend of Internet broadcasting and traditional broadcasting, and formulate future investment plan separately for Internet broadcasting. They hoped that Internet radio programmes and Internet-based programme archive service should be provided free of charge, with the operation costs met by advertisements.

14. Some Panel members considered that the review of sound broadcasting licences should be conducted every two to three years and that the Administration and the Broadcasting Authority (BA) should take into account public views received during the public consultation and impose additional licence conditions where necessary to improve programme quality and variety to meet community expectations. The Administration undertook to convey members' suggestion to BA for consideration.

E-Government

15. On the development of E-Government, the Panel considered that the Government should formulate long-term plan to make all Government forms available on the relevant website and for electronic submission of forms. There should be comprehensive and integrated strategies to encourage and assist those bureaux and departments that were relatively slow in automation

and computerization to catch up on e-Government initiatives. The Administration advised that continued efforts would be made to promote the adoption of e-business solutions by departments to improve their service delivery, and develop technical applications to facilitate electronic submission of forms. A cross-departmental e-government working group had been set up to provide guidance and draw up long-term development strategies to achieve greater synergy.

16. The Panel was briefed on the Administration's proposal to develop a new hosting infrastructure to meet the anticipated growing demand for hosting services from bureaux and departments to support the further development of E-Government services. The new hosting infrastructure, when fully developed, would be able to host 100 additional E-Government services on top of the current 118 services being hosted by the E-Government Infrastructure Services platform. While supporting the proposal, some members opined that it would be more cost-effective to centrally maintain a shared hosting infrastructure for bureaux and departments. There were also concerns about data privacy and security of the new hosting infrastructure, and measures to safeguard leakage of personal data. The Administration assured members that bureaux and departments were required to conduct feasibility study and assess data security and privacy issues before and after launching any new information technology system and new E-Government services that might involve data privacy and security.

17. The funding proposal was approved by the Finance Committee (FC) on 15 April 2011.

Hongkong Post Certification Authority e-Cert services

18. The Panel discussed the status of public certification authority services through the Hongkong Post Certification Authority (HKPCA), and arrangements for the continuation of its services. Some Panel members opined that although the outsourcing of the operation of HKPCA in 2007 had enhanced the flexibility and efficiency of the public certification authority services, the utilization rate of the digital certificates remained low due to the inadequate sense of internet security in the society as a whole. These members urged the Administration to step up efforts to raise the society's awareness of internet security and promote the wider use of e-Certs, and to explore other applications or platforms (e.g. online shopping) in using e-Certs. The Administration advised that Hongkong Post and its contractor had been looking into other development opportunities of e-Cert services, such as in the communication in educational sector amongst students, parents and schools.

Digital inclusion

19. On the Government's digital inclusion initiatives, some members opined that efforts should be focused on narrowing the digital divide for the underprivileged groups, such as persons with disabilities (PwD), the elderly, and low-income new arrivals from the Mainland. The Administration was requested to set a benchmark and target timeframe to measure the progress and effectiveness of applying digital inclusion initiatives among these target groups. Some members suggested assisting PwD to purchase personal computers and enhancing the web accessibility of PwD by subsidizing their Internet access charges.

20. The Panel noted that the Office of the Government Chief Information Officer (OGCIO) would commission later in 2011 a further study on the information and communications technology take-up of PwD and the elderly, and would report the study findings to the Panel. The Panel requested the Administration to formulate a long term plan with reasonable and attainable targets on digital inclusion in respect of different underprivileged groups.

21. The Panel also followed up closely the progress of the Internet Learning Support Programme (ILSP) which aimed at helping eligible families acquire affordable computers and Internet access service and providing them with technical and social support. As Mr Jeremy Godfrey, the former Government Chief Information Officer (GCIO) alleged that there was a political assignment coming from beyond the Financial Secretary for the selection of a designated party as the Implementer for the ILSP, the Panel held two special meetings to follow up the matter. Mr Godfrey (former GCIO), relevant government officials involved in the selection process, as well as two leading contenders, namely the Hong Kong Council of Social Service (HKCSS) and the eInclusion Foundation Limited (eInclusion) were invited to the Panel meetings to answer Members' questions relating to the selection of the Implementer for the ILSP and whether there was any political interference in the processes. Some Members were particularly concerned about Mr Godfrey's allegation that the decisions on the selection of the Implementer for the ILSP were influenced by the need to achieve a politically desirable outcome, rather than by the objective of delivering the greatest benefit to low-income families and optimizing value for money in public expenditure.

22. The Administration refuted Mr Godfrey's allegations and explained that the OGCIO launched an open Request for Proposal (RFP) exercise between May and July 2010 with a view to identifying a non-profit organization as the Implementer for the ILSP. Five proposals were received when the RFP closed on 5 July 2010. They were assessed by an Evaluation

Panel, led by Mr Godfrey, the former GCIO and comprising representatives of the Education Bureau and the Office of the Telecommunications Authority (OFTA), in accordance with the published procedures and criteria. Following the assessment of the Evaluation Panel on the proposals, two leading contenders (i.e. HKCSS and eInclusion) emerged as their proposals provided sound and creditable details of service delivery and business models in achieving the programme objectives. The evaluation process was subsequently reviewed by a Review Committee chaired by the Permanent Secretary for Commerce and Economic Development (Communications and Technology) (PSCT) and comprising three representatives from the Financial Services and the Treasury Bureau and the Education Bureau, which found certain procedural flaws in the evaluation process. The Review Committee noted the constraints inherent in the design of the assessment framework. As business viability and sustainability was core to the assessment, the absence of a comparative analysis amongst bidders invited doubts on whether the assessment framework was as comprehensive as desired. The Review Committee also noted a lapse in compliance with intended scoring methodologies but agreed that, despite the inadequacies, the selection process was by and large fair and had managed to produce two strong contenders with very high scores.

23. The Administration pointed out that according to Mr Godfrey, the former GCIO, it would be in the best interest of low-income families if the programme could be executed so as to incorporate the best elements of the two leading proposals. As such, GCIO announced in October 2010 the decision to conclude the RFP exercise without selecting any proposal and to commence exploratory discussions about the collaborative approach between the two leading contenders. However, owing to difficulty in reaching agreement on a collaboration model to co-found an implementation agent to take forward the programme, the Government subsequently proposed and both parties agreed to take forward the ILSP as separate Implementers in two separate geographical zones (i.e. the dual implementer approach). According to the Administration, the dual implementer approach would enable both organizations to leverage their network and management experience to bring benefits to low-income families.

24. The Panel had examined the submissions from Mr Godfrey and the two leading contenders as well as the papers and documents provided by the Administration, including the reports of the Evaluation Panel for the Implementer of the ILSP, and the Government internal correspondence relating to the selection process. Some members were concerned that there might still be information missing that might throw light on the considerations behind the relevant government officials in the selection of the Implementer for the ILSP. These members requested that powers to summon witnesses under section 9 of the Legislative Council (Powers and

Privileges) Ordinance (Cap. 382) should be invoked to appoint a select committee to conduct an inquiry into the matter. Other members of the Panel however considered that the case was more of the personality clash between Mr Godfrey and PSCT (his supervisor), and that there was no concrete evidence to prove that there had been a political agenda relating to the selection of the Implementer for the ILSP. Nevertheless, the Panel agreed that the Administration should provide further papers and documents relating to the selection processes as requested by members for further examination.

Government Wi-Fi programme

25. The Administration briefed the Panel 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. 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, some members queried whether such an intention would be in line with the Government's objective of building a ubiquitous wireless city. The Administration advised that the intention was to optimize the allocation of public resources. Nevertheless, the Administration would consider the availability of alternative WiFi services at such locations before deciding the way forward.

26. Some members were of the view that priority should be given to domestic service providers in the upcoming tendering exercise for the implementation of the Next Generation GovWiFi Programme. The Administration explained that as a signatory to the Government Procurement Agreement under the World Trade Organization, the HKSAR 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. The Administration assured members that the coming tendering exercise would be carried out in a fair and transparent manner.

Cyberport project

27. In March 2011, the Administration briefed the Panel on the progress of the Cyberport Project. Some members opined that the Hong Kong Cyberport Management Company Limited should help improve the image of Cyberport by achieving its public missions of creating a strategic technological cluster and spearheading the development of ICT industry in Hong Kong. Efforts should also be made in attracting large international companies to set up their offices at Cyberport. The Hong Kong Cyberport

Management Company Limited advised that in pursuit of its public missions, Cyberport was committed to facilitating the development of the local economy as a whole through a three-pronged strategy, i.e. nurturing ICT industry start-ups and entrepreneurs to foster local talent, driving collaboration to pool resources and create business opportunities, and narrowing digital divide through strategic initiatives and partnerships. In support of the above strategy, Cyberport had announced its plans to invest HK\$100 million in Hong Kong's ICT industry over the next three years.

28. Some members considered that the cultivation of small and medium enterprises (SMEs) in the digital media industry at Cyberport in fulfilment of its public mission was much more important than generating rental income from its offices and arcade and making profits from property sales. Achievements of the Cyberport Project should be made in nurturing quality ICT SMEs and creating jobs. In this connection, the Panel noted that the IncuTrain Centre had so far admitted a total of 122 companies as incubatees with 57 of them and 600 employees currently in incubation.

29. Some members considered the \$500,000 Cyberport Creative Micro Fund grossly insufficient given that only five applicants were selected and each of them was awarded with a mere \$100,000 in support of their innovative projects, particularly when Hong Kong's neighbouring countries had invested substantially in the development of their ICT industry. The Administration advised that Cyberport had plans to enhance the pilot scheme to support 20 projects each year from 2011 to 2013. For start-up companies, \$100,000 should provide vital resources enough for transforming their concepts into prototypes.

Spectrum Utilization Fee

30. On the proposed introduction of Spectrum Utilization Fee (SUF) for spectrum administratively assigned to non-Government users, the Panel noted that the Administration did not seek to raise revenue by proposing the SUF charging scheme. The main purpose of the proposed SUF was to promote spectrum efficiency by encouraging spectrum users to deploy the spectrum assigned to them in a more economically, socially and technically efficient manner. The spectrum users which would be affected, including mainly telecommunications carrier licensees, television broadcasters, utility companies and satellite uplink operators, were those that had been in operation for many years. To allow a reasonable period for these spectrum users to adjust their spectrum usage, a grace period of two years was proposed for them to evaluate their spectrum use and to consider whether they would continue to use the spectrum with the proposed SUF after two years or to return all or part of the spectrum before the introduction of SUF. No SUF would be charged during the two-year grace period. Thereafter, a

three-year phase-in arrangement for the payment of SUF would apply. Such arrangement would minimize the possible adverse impact on licensees.

31. The Panel also noted that the Administration had launched a three-month consultation to seek the views of the public and the industry, and the views received would be carefully considered in deciding the way forward. Panel members generally supported the introduction of SUF as a tool to promote spectrum efficiency. Some members however doubted whether the level of the SUF and the proposed financial incentive would be effective in achieving the intended purpose of encouraging users to return the spectrum. These members opined that it might be more effective to exempt users of high usage from SUF payment while charging users of low usage a higher SUF. The Administration advised that the proposal was a first step towards introducing a mechanism to encourage spectrum users of congested bands that were administratively assigned to review their usage requirement. The charging scheme and the related arrangements would be reviewed in the light of market situation.

Chargeable mobile content services

32. The Panel was briefed on the voluntary industry code entitled "Code for the Provision of Chargeable Mobile Content Services" (the Code) promulgated and put into effect by the Communications Association of Hong Kong (CAHK), and the modus operandi of the Administrative Agency established by the CAHK. The Panel noted that the Code and the industry self-regulatory scheme aimed to govern the practices of third party content service providers (CSPs) in providing chargeable mobile content services through short messaging services (SMS) and multimedia messaging services.

33. The Panel also noted that a CSP found to have breached the Code would be issued with a warning letter and be required to suspend the relevant mobile content services. Only after the CSP concerned had made rectification to the Administrative Agency's satisfaction could the relevant services be resumed. If the CSP failed to suspend the service, the Administrative Agency would revoke the Letter of Positive Assessment (LPA) and request all mobile network operators (MNOs) to disconnect all mobile content services of the concerned CSP from their platform. Some members raised concern whether the penalty would be too harsh for cases where the non-compliance was not serious and the amount in dispute was only a small sum. The Administration explained that an LPA would be revoked only after the concerned CSP had received a total of three warnings from the Administrative Agency within a period of 2 months and failed to rectify the non-compliance to the latter's satisfaction. The concerned CSP should have sufficient time and ample opportunities to make the necessary rectifications.

34. While the Panel in general welcomed the self-regulatory scheme which served to protect consumer interests and enhance the transparency of the charging information of MCS, some members opined that the mechanism should not inhibit market development and should strike a right balance in encouraging more market entrants. In view of the rising problem of the alarmingly high charges for mobile data services and cases of debt collectors harassing the elderly for default payment, some other members suggested that apart from regulating CSPs and consumer education, the Administration should draw up a timetable to also regulate the MNOs and mobile data service charges.

35. The Administration advised that to address the rising problem of unexpectedly high mobile data charges, OFTA, in conjunction with the industry, had put in place measures such as placing a cap on mobile data charges and mobile data usage, providing option for users to unsubscribe the service, and issuing SMS alerts to users to protect consumers from "bill shocks". Continued efforts would be made to step up consumer education and launch a second round of publicity to alert users of data usage and unexpected mobile data service charges, and arouse consumers' awareness of the choices available.

Digital terrestrial television broadcasting

36. On the latest progress of implementation of the digital terrestrial television, the Panel noted that by end 2011, the digital terrestrial television coverage would be close to that of the current analogue TV broadcasting, i.e. covering 98% of the population. Some Panel members expressed concern that there would still be 2% of the population that could not have digital coverage. Some remote areas, particular those close to the boundary, currently did not have satisfactory analogue TV reception. This would deprive residents there of their legitimate rights to enjoy quality TV services. Referring to the Administration's claim that the launch of digital terrestrial television would help address TV reception problem in remote areas, members urged the Administration to strive to achieve 100% coverage, and to follow up closely with the two domestic free TV service licensees on network planning and resources required for the construction of transmitting stations. The Administration assured members that the Asia Television Limited (ATV) and the Television Broadcasts Limited (TVB), along with OFTA, would examine how best to maximize the digital terrestrial television coverage and, at the same time, endeavour to address the problem of TV reception in those remote areas currently suffered from unsatisfactory analogue TV reception.

37. Some Panel members opined that more programmes of internationally renowned channels should be relayed to increase programme variety. They were concerned about the growing phenomenon of TV stations airing programmes of exclusive broadcast rights through their pay TV channels only. As the existing free-to-air TV service was a major source of information and entertainment for the general public in Hong Kong, these members urged the two free terrestrial TV broadcasters to increase the production and variety of their digital TV programmes, so as to attract more viewers to switch to digital terrestrial television services. The Administration advised that licence conditions had been included requiring ATV and TVB to improve their programme services and to increase the amount of their HDTV programming, taking into account public views on their performance in the mid-term review of the domestic free TV programme service licences.

38. Some Panel members expressed concern about the low digital terrestrial television penetration rate as only about 63% of the households in Hong Kong received digital terrestrial television services. These members opined that the Administration should take measures to boost digital terrestrial television take-up, and assess the impact of the development of integrated digital TV (iDTV) on the digital terrestrial television penetration rate. The Administration advised that the penetration rate would increase steadily with the much improved audio-visual experience brought about by digital terrestrial television, the growing variety and choice of iDTV and set-top boxes available in the market at a decreasing price, and the rising public awareness of digital terrestrial television due to publicity.

Creative industries

39. The Panel was updated on the work of the Create Hong Kong (CreateHK) since its establishment in June 2009 and the achievements made to drive the development of Hong Kong's creative industries. Some Panel members opined that despite the Administration's claim to build Hong Kong into a regional creative capital and to foster a conducive environment for creative industries, the Administration had not done enough on the education front to nurture creative talents in primary and secondary schools. There was also concern about the brain drain of Hong Kong creative talents, particularly in the film and IT sectors, to the Mainland and overseas which might undermine Hong Kong's position as the regional creative hub. These members also expressed concern about the lack of land supply and suitable premises for new creative start-ups, and called for additional measures to assist these start-ups. The Administration should help retain local talents and attract overseas talents while assisting the local creative industries to gain greater access to the Mainland and overseas markets. Publicity and promotion efforts should be stepped up to showcase Hong Kong's creativity

and help raise the profile of Hong Kong's creative industries. The Administration assured members that continued efforts would be made to foster a creative atmosphere, promote a culture of innovation and creativity and strengthen the support for the development of creative industries within the community.

40. The Panel was also briefed on the work and activities of Hong Kong Design Centre (HKDC) between April 2010 and March 2011. Referring to the HKDC's vision to establish Hong Kong as a prime regional design centre of design knowledge, the Panel urged the Administration to step up 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. Some Panel members expressed concern about the corporate governance of HKDC and whether the Administration had formulated a timetable for HKDC to achieve financial sustainability. The Administration advised that apart from regularly reviewing its operation, HKDC appointed in early 2010 an outside audit firm to conduct an internal audit exercise. 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.

Film Development Fund

41. In May 2011, the Administration briefed the Panel on the progress of the implementation of the Film Development Fund (FDF), and the Administration's proposal to retain the non-civil service position of Secretary-General of the Film Development Council (SG/FDC) for a further period of two years after the expiry of the current term on 16 November 2011. While the Panel generally supported the Administration's establishment proposal, some members considered that the non-civil service position of SG/FDC should be converted into a permanent post.

42. Some members opined that the Administration should conduct a review on the assessment criteria of the FDF to allow more film productions to benefit from the FDF. The assessment criteria should be further relaxed as the Administration would be able to recoup money from the proceeds of the films. There should also be relaxation of the upper limit of the production budget of the film projects supported by the FDF, and applicants should be allowed to obtain financing from other funding schemes, such as the Arts Development Fund. The Administration advised that under the existing mechanism and the principle of financial prudence, a film which had obtained or applied for other financial support from the Government would not be entitled to financing by the FDF.

43. Some members expressed concern about possible political censorship under the FDF which might screen out films on controversial subjects such as the underworld. The Administration advised that films on subjects such as the underworld normally had substantial production budgets and would not require financing by the FDF. The theme of a film would not be a criterion for assessment under the FDF, and all applications would be assessed on the basis of the feasibility of the production budget and marketability of the film.

Changes in shareholding structure of Television and Broadcasts Limited

44. The Panel followed up the issues related to the recent application submitted by TVB to the BA for a change in TVB's shareholding structure. Panel members noted that TVB had made an undertaking to the 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.

45. Some members expressed concern whether the BA had vetted the funding sources of TVB's shareholders to ensure that its editorial independence would not be affected after the shareholding change. According to the BA, TVB had executed a legally binding Deed of Undertaking to the 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. The BA could initiate legal proceedings against TVB in the event of non-compliance with the statutory requirement and the licence conditions by TVB, including its legally binding Deed of Undertaking.

46. From October 2010 to end June 2011, the Panel held a total of 13 meetings and conducted a visit to the Cyberport.

Panel on Information Technology and Broadcasting

Terms of Reference

1. To monitor and examine Government policies and issues of public concern relating to information technology, telecommunications, broadcasting, film services and creative industry.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Panel on Information Technology and Broadcasting

Membership list for 2010 - 2011 session

Chairman	Hon WONG Yuk-man
Deputy Chairman	Dr Hon Samson TAM Wai-ho, JP
Members	Hon CHAN Kam-lam, SBS, JP
	Hon LAU Kong-wah, JP
	Hon Emily LAU Wai-hing, JP
	Hon Timothy FOK Tsun-ting, GBS, 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
	Hon IP Kwok-him, GBS, JP
	Hon Mrs Regina IP LAU Suk-yea, GBS, JP
	(Total : 13 members)
Clerk	Ms YUE Tin-po
Legal Adviser	Mr Bonny LOO
Date	14 October 2010