

立法會
Legislative Council

LC Paper No. CB(1)721/11-12
(These minutes have been seen
by the Administration)

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Panel on Information Technology and Broadcasting

Minutes of meeting
held on Monday, 14 November 2011, at 2:30 pm
in Conference Room 3 of the Legislative Council Complex

- Members present** : Hon WONG Yuk-man (Chairman)
Dr Hon Samson TAM Wai-ho, JP (Deputy Chairman)
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 WONG Ting-kwong, BBS, JP
Hon Cyd HO Sau-lan
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
- Members absent** : Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon Ronny TONG Ka-wah, SC
- Public officers attending** : Agenda item IV
Miss Elizabeth TSE, JP
Permanent Secretary for Commerce and Economic
Development (Communications and Technology)

Mr Joe WONG, JP
Deputy Secretary for Commerce and Economic
Development (Communications and Technology)

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

Miss Eliza LEE, JP
Director-General of Telecommunications
Office of the Telecommunications Authority

Mr Vincent LIU, JP
Commissioner for Television and Entertainment
Licensing

Agenda Item V

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

Mr Joe WONG, 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

**Attendance by
invitation**

: Agenda Item V

Hong Kong Design Centre

Dr Edmund LEE
Executive Director

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)155/11-12 -- Minutes of meeting held on
13 October 2011)

The minutes of the meeting held on 13 October 2011 were confirmed.

II. Information papers issued since the last meeting

(LC Paper No. CB(1)2740/10-11(01) -- Press release on enhanced
protection for consumers through the implementation
of Industry Code of Practice for Telecommunications
Service Contracts issued by the Office of the
Telecommunications Authority on 12 July 2011

LC Paper No. CB(1)2943/10-11(01) -- Invitation from the
Broadcasting Authority on public hearing for the
renewal of the domestic pay television programme
service licence of TVB Pay Vision Limited

LC Paper No. CB(1)2999/10-11(01) -- Press release on
appointment of the Director of Broadcasting and the
development of Radio Television Hong Kong as
the public service

broadcaster issued by the Administration on 9 September 2011

LC Paper Nos. CB(1)3020/10-11(01) and (02) (Chinese version only)
LC Paper No. CB(1)3051/10-11(01) (English version only) -- Submission from a member of the public on the termination of Digital Terrestrial Television Channel 14 and responses from the Administration and Asia Television Limited (Restricted to Members)

LC Paper No. CB(1)316/11-12(01) -- Press release on Fair Usage Policy Guidelines to facilitate informed consumer choices of broadband services issued by the Office of the Telecommunications Authority on 9 November 2011)

2. Members noted that the above papers had been issued for the Panel's information.

III. Date of next meeting and items for discussion

(LC Paper No. CB(1)274/11-12(01) -- List of outstanding items for discussion

LC Paper No. CB(1)274/11-12(02) -- List of follow-up actions)

3. Members noted that the next regular Panel meeting would be held on Monday, 12 December 2011 at 2:30 pm to discuss the following items:

(a) Progress report on the manpower arrangement of Radio Television Hong Kong; and

(b) Consultation on community involvement in broadcasting.

(Post-meeting note: With the concurrence of Panel Chairman, discussion on item (a) had subsequently been deferred to the regular meeting in January, whereas the items "Adjustment to phone-in

programmes of Radio Television Hong Kong" and "Briefing on the outcome of the Broadcasting Authority's investigation into the complaints against Asia Television Limited" had been included in the agenda of the meeting on 12 December 2011.)

IV. Establishment of the Office of the Communications Authority

(LC Paper No. CB(1)274/11-12(03) -- Administration's paper on establishment of the Office of the Communications Authority

LC Paper No. CB(1)274/11-12(04) -- Paper on the establishment of the Office of the Communications Authority prepared by the Legislative Council Secretariat (background brief)

LC Paper No. CB(1)320/11-12(01) -- Administration's paper on establishment of the Office of the Communications Authority (power-point presentation material)
(Chinese version only, tabled at the meeting and subsequently issued via e-mail on 16 November 2011)

LC Paper No. CB(1)326/11-12(01) -- Submission from the Representative of Telecommunications Engineer Grade of the Office of the Telecommunications Authority dated 14 November 2011)
(Chinese version only, tabled at the meeting and subsequently issued via e-mail on 15 November 2011)

Presentation by the Administration

4. At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Communications and Technology) (PSCED(CT)) briefed members on the setting up of the Office of the Communications Authority (OFCA) which would serve as the executive arm of the Communications Authority (CA) among other duties. Deputy Secretary for Commerce and Economic Development (Communications and Technology) (DSCED(CT)) then gave a power-point presentation on the subject. Details of the briefing and presentation were set out in the

Administration's papers (LC Paper Nos. CB(1)274/11-12(03) and CB(1)320/11-12(01) (Chinese version only)).

Discussion

Staff consultation

5. Mr WONG Ting-kwong enquired about the views of the existing staff in the Office of the Telecommunications Authority (OFTA) and the Television and Entertainment Licensing Authority (TELA) towards the establishment of the CA and the OFCA.

6. PSCED(CT) advised that the establishment of the CA by the merger of the Broadcasting Authority (BA) and the Telecommunications Authority was well received by the staff of TELA and OFTA, as the exercise involved mainly the transfer of functions and posts from the two bodies to the future OFCA.

7. Director-General of Telecommunications (DGT) and Commissioner for Television and Entertainment Licensing (CTEL) added that staff of both OFTA and TELA had been consulted on the merger and were satisfied with the transfer arrangements, as there would be no major changes in terms of job nature, responsibilities and staff establishment.

Proposed creation of the Regulatory Affairs Manager Grade

8. Mrs Regina IP opined that the existing arrangement of meeting the service need for regulation of the telecommunications industry by staff on non-civil service contract (NCSC) terms might cast doubts on their impartiality required in handling regulatory affairs. She considered that the new OFCA should better be staffed by civil servants.

9. DGT advised that to address inter-alia the problem of impartiality, the Administration had proposed to create a new civil service grade of Regulatory Affairs Manager (RAM). The Administration had consulted the Panel on the proposal in May 2011 and obtained the support of the Establishment Subcommittee on 26 October 2011, and would proceed to seek the approval of the Finance Committee (FC) on 18 November 2011. Upon approval from FC, the posts concerned would be created in OFCA when it was established.

10. Noting the concern expressed by the Telecommunications Engineers employed by OFTA on NCSC terms about the proposed creation of the RAM Grade, Dr Samson TAM enquired about the arrangement for the NCSC staff

upon establishment of the CA and OFCA.

11. PSCED(CT) advised that there were some 130 and 40 NCSC staff positions in OFTA and TELA respectively. There would not be any immediate change to their employment terms and status upon their transfer to the new OFCA. It was hoped that through the creation of the new RAM grade, some NCSC staff would be absorbed into such grade and be employed on civil service terms.

12. DGT supplemented that following discussion at the Establishment Subcommittee meeting on 26 October 2011, the Administration had confirmed in a follow-up paper (LC Paper No. ESC12/11-12(01)) that a decision on whether to subsume the functions of the Telecommunications Engineer (TE) grade under the new RAM grade would only be taken after the completion of a review in 2013 and in the light of the review outcome. She assured members that the TE grade would remain a civil service grade until the retirement of all serving members in about 20 years' time. She also noted that the existing 30 RAMs employed by OFTA on contract terms possessed technical as well as economic regulatory expertise. This would ensure that the future OFCA would function effectively as a professional regulator.

Separate funding arrangement

13. Ms Emily LAU expressed concern about the separate funding arrangement for the OFCA under the OFCA Trading Fund and the new general revenue head, as such an arrangement might lack transparency and would be too complicated to execute.

14. PSCED(CT) advised that for staff members of the OFCA whose schedule of work fell entirely within the divisions of the OFCA not related to telecommunications and broadcasting (the non-trading fund divisions), their staff costs would be paid out of the new general revenue head. For staff members who would oversee or provide support to both trading fund and non-trading fund divisions, their staff costs would be apportioned between the two sources of funding in accordance with the respective duties and responsibilities. Such funding arrangement was common in other trading fund Departments. DGT supplemented that to ensure transparency and accountability, as was the existing practice of the OFTA Trading Fund, the annual financial accounts of the future OFCA Trading Fund would be audited by the Director of Audit and submitted to the Legislative Council for Members' scrutiny.

15. Noting that the BA had taken a long time to investigate into a complaint lodged by the Asia Television Limited against the Television Broadcasting Limited for alleged anti-competitive behaviour, Mr LEE Wing-tat expressed concern whether the work of the future OFCA in respect of broadcasting regulation would be constrained by a lack of funding under the proposed funding arrangement.

16. PSCED(CT) advised that the Administration was duty-bound to ensure that its regulatory authorities would not be constrained by a lack of resources. The existing OFTA, which operated as a trading fund, had a very sound financial condition. DGT envisaged that the future OFCA Trading Fund would be operating under similarly healthy financial condition.

Fair competition

17. In response to Mr WONG Ting-kwong's enquiry about whether the future CA and OFCA would be able to ensure fair competition in the telecommunications and broadcasting sectors, PSCED(CT) advised that the CA and OFCA would continue to execute the relevant rules and regulations governing fair competition in the telecommunications and broadcasting industries.

Follow-up actions undertaken by the Administration

18. Ms Emily LAU enquired about the progress of various follow-up actions undertaken by the Administration as requested by the Bills Committee on the Communications Authority Bill including, inter alia, reviewing the Telecommunications Ordinance (Cap. 106) and the Broadcasting Ordinance (Cap. 562).

19. PSCED(CT) advised that the Administration was pressing full steam ahead with the preparatory work with a view to establishing CA and OFCA in April 2012. The follow-up actions were mainly to be taken until after the establishment of CA and OFCA. The Administration would keep the Panel updated on any progress made on the follow-up actions in due course.

20. The Chairman concluded that the Panel supported in principle the funding proposal for consideration by the Finance Committee.

- V. Provision of funding to enhance support to the Hong Kong Design Centre (HKDC) cum progress report of HKDC's work**
(LC Paper No. CB(1)274/11-12(05) -- Administration's paper on provision of funding to enhance support to the HKDC cum progress report of HKDC's work
- LC Paper No. CB(1)274/11-12(06) -- Paper on HKDC prepared by the Legislative Council Secretariat (updated background brief)
- LC Paper No. CB(1)320/11-12(02) -- Administration's paper on provision of funding to enhance support to the HKDC cum progress report of HKDC's work (power-point presentation material)
(Chinese version only, tabled at the meeting and subsequently issued via e-mail on 16 November 2011)

Presentation by the Administration

21. At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Communications and Technology) (PSCED(CT)) briefed members on the proposal to provide \$107.5 million to the HKDC with a view to further driving the development of the local design sector. With the aid of power-point presentation, the Executive Director of the HKDC (ED/HKDC) then briefed members on the work and activities of HKDC between April 2011 and October 2011. Details of the briefing and presentation were set out in the Administration's papers (LC Paper Nos. CB(1)274/11-12(05) and CB(1)320/11-12(02) (Chinese version only)).

Discussion

Design for business

22. In response to Mrs Regina IP's enquiry about new trends on the Hong Kong design landscape, ED/HKDC advised that the aim of HKDC's work was to promote the strategic use of design to add value to products and services to showcase Hong Kong as a regional creative hub. During the Knowledge of Design Week (KODW) held in June 2011, hot topics on the agenda included inclusive design, service design and green design. Through its anchor event, Business of Design Week (BODW) 2011, HKDC introduced

a new concurrent programme on digital marketing to promote more widespread use of technology for design professionals, including small and medium enterprises this year.

23. In response to Mr LEE Wing-tat's enquiry about the publicity effect of the BODW, ED/HKDC advised that the flagship events of HKDC attracted wide media attention and comprehensive editorial coverage in leading local and international newspapers and magazines.

Grooming of talents

24. Mr LEE Wing-tat opined that Hong Kong should tap into the design talent of its own young generation which was stronger than their regional counterparts, as evident by their creativity displayed in the making of parody on the Internet. Sharing a similar view, Mrs Regina IP opined that the grooming of talents was vital to the development of the design industry.

25. ED/HKDC advised that as a concurrent event to the BODW, Detour provided a platform for the convergence of young talents worldwide to showcase and exchange their creative ideas. Head of Create Hong Kong (CreateHK) added that Detour was the annual flagship programme of Hong Kong Ambassadors of Design, a sister organization of HKDC, aimed at showcasing Hong Kong as a regional creative hub and featuring inspiring designs from Hong Kong's young and emerging creative talent. The programme of Detour engaged the wider community and brought the entire city together to celebrate the synergy of local and international creative endeavours. Same as previous years, Detour 2011 would feature the Designers Exchange programme organized in collaboration with an overseas partner, this year being Berlin, Germany. Last year, Detour 2010 was staged at the Victoria Prison, Central, and attracted a total of 45 000 participants.

26. The Chairman noted that apart from Detour, the annual Design Mart also provided a good opportunity for budding designers to communicate directly with the public and showcase their creative ideas. He suggested that the event should be staged more frequently. ED/HKDC advised that currently, the Design Mart was being staged twice a year.

27. PSCED(CT) supplemented that the Administration was running a Design Incubation Programme for technology and design start-ups through the Hong Kong Science and Technology Parks Corporation. The Administration was considering the possible transfer of the administration of the programme from the Hong Kong Science and Technology Parks Corporation to HKDC. At Ms Emily LAU's request, the Administration undertook to report progress of the matter to the Panel.

Funding arrangement

28. In response to Mr IP Kwok-him's enquiry about the prudent use of the proposed funding, PSCED(CT) advised that in May 2007, the Finance Committee approved the Administration's funding proposal of \$100 million to support the operation of the HKDC over five years to promote the importance of design and innovation. The Government funding support for HKDC would lapse in June 2012. As such, the Administration proposed to allocate a time-limited funding capped at \$107.5 million to support HKDC's basic operation from 1 July 2012 to 30 June 2015 and to enable it to organize two anchor events, namely BODW and the HKDC Awards for three years starting from 2012. To meet the operating expense of HKDC for the coming three years, the Administration intended to set aside \$70 million for HKDC. A provision capped at \$37.5 million would also be set aside for the two events for three years to provide more financial flexibility. PSCED(CT) stressed that the actual drawdown of the project funding would be subject to HKDC drawing up a reasonable budget for the events every year for the approval of the Controlling Officer and the usual funding discipline expected of Government-funded projects.

Benefits to the economy

29. Ms Cyd HO opined that the concept of design should not be limited to product design only, and should be broadened to include innovative designs for business systems such as the supply chain management system. She enquired about the number of local job opportunities or value added to the Gross Domestic Product by the Administration's effort in promoting design.

30. PSCED(CT) advised that apart from the effort of HKDC in promoting design and creativity, CreateHK also strived to nurture a pool of creative talents which would form the backbone of Hong Kong's creative economy through a number of funding schemes related to creative industries. Through HKDC and CreateHK, the Administration generated demand for innovation and creativity and explored local and overseas markets for creative industries. The total value added of the design sector of Hong Kong had increased from around \$1 billion in 2005 to around \$2.3 billion in 2009. Head of CreateHK supplemented that the number of employees in the design sector had risen from around 8 000 persons in 2002 to around 11 000 in 2009. At Ms Cyd HO's request, the Administration undertook to provide information on examples of successful commercialization of design deliverables of Hong Kong.

Corporate governance

31. Ms Emily LAU expressed concern about the corporate governance of HKDC. To enhance transparency, she suggested that HKDC should make public on its website the attendance rate of its directors at Board meetings.

32. ED/HKDC noted Ms LAU's suggestion. PSCED(CT) advised that to improve corporate governance and internal control, apart from having Government representatives in the Board of HKDC, HKDC had completed internal audit exercises conducted by an outside audit firm, and put in place internal control measures.

Other issues

33. Noting that the Chinese names of the two major conferences of KODW 2011 "Design for Asia" and "Design for China" were rendered as "設計耀亞洲" and "設計耀中華", Ms Emily LAU expressed concern whether the designers of Hong Kong were unable to step out from Asia and into the international arena. She also reminded HKDC to beware of gender mainstreaming issues in its choice of event photographs for publicity and presentation purposes.

34. ED/HKDC noted Ms LAU's views and concerns. He advised that the Chinese names of the conferences might not fully embody the meaning of the English names. Being the rising economies in the world, China and Asia were the target markets of big international brand names, hence the English names "Design for Asia" and "Design for China" were adopted. In fact, the annual BODW had become 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.

35. The Chairman concluded that the Panel supported in principle the funding proposal for consideration by the Finance Committee.

VI. Any other business

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