

立法會
Legislative Council

LC Paper No. CB(4)70/13-14
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by the Administration)

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Panel on Information Technology and Broadcasting

Minutes of meeting
held on Monday, 8 July 2013, at 2:30 pm
in Conference Room 2 of the Legislative Council Complex

- Members present** : Hon WONG Yuk-man (Chairman)
Dr Hon Elizabeth QUAT, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon Emily LAU Wai-hing, JP
Hon WONG Ting-kwong, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hon Cyd HO Sau-lan
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon Claudia MO
Hon Steven HO Chun-yin
Hon YIU Si-wing
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK
Hon CHAN Chi-chuen
Hon SIN Chung-kai, SBS, JP
Ir Dr Hon LO Wai-kwok, BBS, MH, JP
- Members absent** : Hon Paul TSE Wai-chun, JP
Hon Christopher CHUNG Shu-kun, BBS, MH, JP

**Public officers
attending**

: Agenda item III

Miss Susie HO, JP
Permanent Secretary for Commerce and Economic
Development (Communications and Technology)

Mr Daniel LAI, BBS, JP
Government Chief Information Officer

Miss Joey LAM, JP
Deputy Government Chief Information Officer
(Policy and Community)

Mr Jason PUN
Assistant Government Chief Information Officer
(Industry Facilitation) (Acting)

Agenda Item IV

Miss Susie HO, JP
Permanent Secretary for Commerce and Economic
Development (Communications and Technology)

Mr Daniel LAI, BBS, JP
Government Chief Information Officer

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

Mr Alex LEE
Assistant Government Chief Information Officer
(IT Strategy)

Agenda Item V

Miss Susie HO, 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 Ivanhoe CHANG
Principal Assistant Secretary for Commerce and
Economic Development (Communications &
Technology)B

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

Mr Danny LAU
Deputy Director-General of Communications
(Telecommunications)
Office of the Communications Authority

Mr Chaucer LEUNG
Assistant Director (Regulatory)
Office of the Communications Authority

Consultant / Expert Panel

Mr John NG Kwok-fai
Managing Director, Tricor Consulting Limited

Mrs Rachel CARTLAND
Member, Expert Panel for the Review of the
Telecommunications Engineer Grade in the Office
of the Communications Authority

Clerk in attendance : Ms YUE Tin-po
Chief Council Secretary (4)3

Staff in attendance : Ms Anki NG
Senior Council Secretary (4)3

Miss Mandy LAM
Legislative Assistant (4)2

I. Confirmation of minutes of meeting

(LC Paper No. CB(4)847/12-13 -- Minutes of meeting held on 27 March 2013

LC Paper No. CB(4) 834/12-13(01) -- List of outstanding items for discussion

LC Paper No. CB(4)834/12-13(02) -- List of follow-up actions)

Members noted that the Panel would continue to pursue the issues in the list of outstanding items for discussion in the next legislative session.

II. Information paper issued since the last meeting

2 Members noted that no paper had been issued since the last meeting held on 25 June 2013.

III. Facilitating a digital economy under the Digital 21 Strategy

(LC Paper No. CB(4) 834/12-13(03) -- Administration's paper on facilitating a digital economy under the Digital 21 Strategy
(*issued on 3 July 2013*)

LC Paper No. CB(4)834/12-13(04) -- Paper on facilitating a digital economy under the Digital 21 Strategy by the Legislative Council Secretariat (updated background brief)

LC Paper No. CB(4)864/12-13(01) -- Administration's paper on facilitating a digital economy under the Digital 21 Strategy (power-point presentation material))
(*Chinese version only*)
(*tabled at the meeting and subsequently issued via email on 8 July 2013*)

Presentation by the Administration

3 At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Communications and Technology) ("PSCED

(CT)") briefed members on the progress of the initiatives made in facilitating a digital economy under the Digital 21 Strategy. Government Chief Information Officer (GCIO) 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(4)834/12-13(03) and CB(4)864/12-13(01)).

Discussion

Information and communications technology start-up development

4 Noting that only 70% of the 270 information and communications technology ("ICT") graduates of the incubation programmes run by Cyberport and Science Park were still in operation, Mr WONG Ting-kwong enquired whether the Administration had carried out any review on the reasons for the failure of the remaining 30% of ICT start-ups which were not able to survive after completion of the programmes. GCIO pointed out that a sustainability rate at 70% was quite high for start-ups. He said that in most cases, the major reason for failure did not lie in the lack of resources, but in the nature of the products or mode of business operation which posed difficulties in attaining success in business start-up.

5 Noting that Hong Kong ranked 7th in the world and 1st in Southeast Asia and Oceania in the "Global Innovation Index 2013" published by, inter alia, the World Intellectual Property Organization ("WIPO"), Mr LO Wai-kwok opined that the Administration should be more proactive in fostering the development of local ICT industry by providing more business opportunities for the small and medium enterprises ("SME") through the procurement of their services and products. Mr Charles Peter MOK shared the same view and urged the Administration to step up effort in this respect.

6 GCIO advised that the Administration had all along been adopting fair, open and impartial procedures to procure the most suitable ICT products and services. Under the Administration's standing offer agreements, nine companies were providing information security services to Government, among which five were local companies and two of them were SMEs. In 2012, the total expenditure for procurement of information security services from these companies was \$15 million, of which \$11 million was related to procurement from local ICT companies. At the Chairman's request, the Administration undertook to provide the statistics on Government's initiatives to foster the development of local ICT industry through the procurement of services and products and funding schemes, with performance indicators of the initiatives.

7 Mr LEUNG Kwok-hung opined that the Cyberport had failed to fulfill the mission of facilitating the local economy by nurturing ICT start-ups. In this regard, he enquired about the latest occupancy rate of Cyberport. GCIO advised that Cyberport had maintained a healthy occupancy rate. As at the end of February 2013, the occupancy rate of Cyberport's lettable office space was 84.3%, and the occupancy rate of Cyberport's retail space in the Arcade stood at 93.8%.

Green ICT

8 In response to Dr Elizabeth QUAT's enquiry about the adoption of green ICT practices in the Government and the industry, GCIO advised that the Government was committed to promoting green ICT and had implemented a range of green ICT initiatives. In 2010, the Office of the Government Chief Information Officer ("OGCIO") promulgated the "Green Data Centre Practices" for reference and adoption by bureaux and departments ("B/Ds") in their data centre management. All relevant B/Ds had undertaken to adopt the recommended practices, and would fully implement these recommendations when renewing systems and facilities as well as setting up new data centres. To promote energy-saving practices in the industry, OGCIO also made available in 2012 the "Green Data Centre Practices" for reference by the industry through the data centre thematic portal.

Review of the Digital 21 Strategy

9 Mr Charles Peter MOK enquired about the progress of review of the Digital 21 Strategy. He urged the Administration to complete the review expeditiously and report the matter to the Panel. In response, GCIO advised that in March 2013, the Administration completed the first stage consultation on the new Digital 21 Strategy involving industry bodies, academia and government departments, and was planning to conduct public consultation in the third quarter of 2013. The draft new Digital 21 Strategy would be presented to the Digital 21 Strategy Advisory Committee on 18 July 2013.

10 In response to Mrs Regina IP's enquiry about the development of the Internet of Things ("IOT") in Hong Kong, GCIO advised that developing IOT for Hong Kong could be the next strategic step forward under the Digital 21 Strategy. IOT comprised smart interconnected devices such as radio-frequency identification systems and sensors which linked people and devices with data, and enabled them to obtain information from data sources to drive effective business decisions or improve customer interactions. The Hong Kong Internet of Things Centre of Excellence had been set up by GS1 ("香港貨品編碼協會") Hong Kong at Hong Kong Science Park, which was

supported by the Innovation and Technology Commission of the HKSAR Government. One of the Centre's visions was to become an industry support platform that enabled Hong Kong's development of IOT for the industry's continuous development.

Adoption of ICT

11 In response to Mr YIU Si-wing's enquiry about the provision of support to SMEs in adopting ICT to facilitate business development, GCIO advised that over the past few years, the Administration had implemented various funding schemes, including the Sector-specific Programme ("SSP"), to support SMEs. In May 2013, a new round of SSP was launched by setting aside \$3 million for sponsoring projects to develop applications and solutions for individual SME sectors to promote the adoption of ICT. Non-profit organizations were also welcome to apply. At Ms Emily LAU's request, the Administration undertook to provide statistics compiled by the Census and Statistics Department on the percentage of SMEs using ICT to enhance their operational efficiency and competitiveness upon completion of the survey in early 2014.

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12 Mr MA Fung-kwok enquired about the adoption of ICT to foster the development of the local film and television industries. GCIO advised that the local film and television industries had benefitted from the adoption of ICT. For example, the Cyberport Digital Cinema Exchange ("DCX") provided a high speed network platform, allowing industry users to transmit high quality digital content within a secured network, including live streaming of digital content. DCX also provided network system for exchange of digital copies and productions between local film industry and overseas markets. Under DCX, local digital cinemas and film production companies enjoyed wide and speedy digital distribution of their works online.

Other issues

13 In response to Dr Elizabeth QUAT's enquiry about the development of the GovWiFi Programme, GCIO advised that currently, GovWiFi service was available in around 400 Government premises, providing free Wi-Fi Internet access to the public. The latest plan was to extend the service scope to cover 70 additional Government premises with strong public demand, i.e. 30 more premises than the original target of 440.

IV. Information Security

(LC Paper No. CB(4)834/12-13(05) -- Administration's paper on information security

LC Paper No. CB(4)797/12-13(01) -- Paper on information security by the Legislative Council Secretariat (updated background brief)

LC Paper No. CB(4)864/12-13(02) -- Administration's paper on information security (Chinese version only) (tabled at the meeting and subsequently issued via email on 8 July 2013) (power-point presentation material))

Presentation by the Administration

14 At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Communications and Technology) (PSCED (CT)) briefed members on the latest progress of the Government's information security programmes since 10 July 2012. Assistant Government Chief Information Officer (IT Strategy) 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(4)834/12-13(05) and CB(4)864/12-13(02)).

Discussion

Information security threats and risks

15 Mr MA Fung-kwok noted the media reports relating to Edward Snowden, former analyst of the United States ("US") National Security Agency ("NSA"), which alleged that the local computer systems, including the Hong Kong Internet Exchange ("HKIX") of the Chinese University of Hong Kong, had been hacked by the US Government. He enquired about the follow up action taken by the Administration in this respect.

16 GCIO advised that in order to ascertain the information security level of HKIX, the Office of the Government Chief Information Officer ("OGCIO") had contacted the HKIX to understand the case and provide support. The HKIX had checked its system setup, and found neither signs of irregular network traffic nor traces of hacking. He assured members that the network security and network traffic of HKIX had all along been closely monitored by designated personnel around the clock and the system had undergone security audit review.

17 Mr Charles Peter MOK expressed concern about related media reports that computers in Hong Kong owned by Pacnet, an Asia Pacific

fibre-optic network operator, were hacked by the NSA of US. Deputy Government Chief Information Officer (Consulting and Operations) ("DGCIO(CO)) advised that the HKPF had liaised with Pacnet on the matter. Pacnet undertook to look into their systems to check whether such hacking had occurred in the past few years.

Information security measures in the Government

18 Noting the growing trend of cyber attacks worldwide, Dr Elizabeth QUAT and Ms Cyd HO enquired about the preventive measures against security threats and cyber attacks on Hong Kong's critical infrastructures. DGCIO(CO) advised that no incident of hacking leading to leakage of information from Government computer systems was reported in the past five years. OGCIO was collaborating closely with the HKPF and the Hong Kong Computer Emergency Response Team Coordination Centre ("HKCERT") in exchanging intelligence on emerging security threats and taking collaborative measures to combat cyber attacks. The HKPF established the Cyber Security Centre ("CSC") in December 2012 to enhance protection of Hong Kong's critical infrastructures and strengthen Hong Kong's resilience against cyber attacks. The CSC gathered cyber security related intelligence and worked closely with Government bureaux and departments as well as local and overseas stakeholders.

19 Dr LO Wai-kwok and Mr SIN Chung-kai expressed doubts as to whether the Government was able to detect and prevent intrusions into its computer systems by professional hackers. They enquired about measures taken to protect against future security attacks on the Government's computer systems. In response, DGCIO(CO) reassured members that the Administration had adopted on-going security best practices to strengthen its security protection capabilities, including regular security risk assessment and third-party audit for critical IT systems.

Information security in the wider community

20 In response to Mr Charles Peter MOK's enquiry about the operation of the Inter-departmental Working Group on Computer Related Crime ("IWGCRC"), PSCED(CT) advised that IWGCRC was set up in 2000 and had made 57 improvement recommendations on law enforcement against computer crimes, most of which had been implemented by the Administration. The Administration would provide a reply to Mr Charles Peter MOK's letter to the Chief Executive in this respect.

21 Noting the importance of promoting information security awareness and capabilities amongst local enterprises and the community, Mr Charles

Peter MOK enquired about the funding support of HKCERT which was set up to provide advices on preventive measures against security threats and promote information security awareness.

22 GCIO advised that the HKCERT was launched in 2001 with funding of \$10.7 million provided from the Innovation and Technology Fund. In 2004-2005, the Government provided a one-off sum of \$3.7 million to Hong Kong Productivity Council ("HKPC") for the operation of the HKCERT. Since 2009-2010, OGCI0 had been funding the operation of the HKCERT. The annual expenditure in connection with the HKCERT during the past few years were around \$7.3 million, and increased to \$9.89 million in 2012 and \$9.95 million in 2013. The amount of funding was proposed by HKPC each year.

23 In response to Mr Charles Peter MOK's enquiry about the operation of the Internet Infrastructure Liaison Group ("IILG"), DGCI0(CO) advised that IILG was established by OGCI0 in March 2005 in order to maintain close liaison with Internet infrastructure stakeholders and strive in collaboration with the stakeholders for the healthy operation of the Internet infrastructures of Hong Kong. Currently, IILG was still in operation and had held nine meetings as at June 2013. Through the IILG, stakeholders had established closer communication and co-operation in fostering information security.

V. Review of the Telecommunications Engineer grade in the Office of the Communications Authority

(LC Paper No. CB(4)834/12-13(06) -- Administration's paper on the review of the Telecommunications Engineer grade in the Office of the Communications Authority

LC Paper No. CB(4)834/12-13(07) -- Paper on the review of the Telecommunications Engineer grade in the Office of the Communications Authority by the Legislative Council Secretariat (background brief)

LC Paper No. CB(4)868/12-13(01) -- Submission from grade members of Telecommunications Engineer in the Office of the Communications Authority

LC Paper No. CB(4)864/12-13(03) -- Administration's paper on Review of the Telecommunications Engineer grade in the Office of the Communications Authority (power-point presentation material))
(*Chinese version only*)
(*tabled at the meeting and subsequently issued via email on 8 July 2013*)

Presentation by the Administration

24 At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Communications and Technology) (PSCED (CT)) briefed members on the outcome of the review of the functions of the Telecommunications Engineer ("TE") grade ("the Review") in the Office of the Communications Authority ("OFCA"). Mr John NG Kwok-fai, Managing Director, Tricor Consulting Limited ("the consultant") then gave a power-point presentation on the subject, followed by a briefing by Mrs Rachel CARTLAND, Member, Expert Panel for the Review of the Telecommunications Engineer Grade in the Office of the Communications Authority on the recommendations of the consultant on the review. Details of the briefings and presentation were set out in the Administration's papers (LC Paper Nos. CB(4)834/12-13(06) and CB(4)864/12-13(03)).

Discussion

25 Mr Charles Peter MOK considered that there was a genuine need to maintain the TE grade in OFCA in the long term. He said that OFCA was responsible for discharging the duties stipulated in the Telecommunications Ordinance (Cap. 106) such as setting standards, control of interference and spectrum management. Professional TEs were the most qualified experts to take up such duties. As professional qualification was a mandatory requirement for the Engineer Grade in the Government, he opposed to the recruitment of non-professional grade staff to replace professional engineers in OFCA. In this regard, Mr LEUNG Kwok-hung enquired about the Administration's assessment of the need to retain TE grade posts in OFCA.

26 Director-General of Communications, Office of the Communications Authority ("DGC") advised that as the regulator of one of the most competitive telecommunications markets in the world, OFCA had to deal with increasingly intertwining technical and economic regulatory issues of much greater diversities and complexities, which went beyond the traditional telecommunications and electronics disciplines. The work of OFCA in regulating the economic aspects of the telecommunications sector had also grown substantively over the past decade. As the mainstay of the TE grade's work was to provide engineering support to technical regulation, there was a need to create the Regulatory Affairs Manager ("RAM") grade with a view to performing both technical and non-technical regulatory duties.

27 Dr LO Wai-kwok opined that the consultancy report was filled with inconsistencies. He disagreed with the consultant's analysis that no duty of the TE/RAM posts fell within Category A, i.e. "duties which must be performed by chartered engineers". He also queried strongly the categorization of duties by the consultant, under which "pure engineering duties that required in-depth engineering knowledge", i.e. Category B duties did not fall within Category A, and therefore could be performed by non-professional staff. Whilst welcoming the Administration's decision to forfeit the subsuming option, Dr LO objected to the proposed arrangement of retaining only 25 TE grade posts out of the existing establishment of 39 posts under the non-subsuming option. In this regard, he relayed the request of the TE grade staff that the existing TE grade establishment of 39 posts should be fully retained, and that recruitment and training of the TE grade should be resumed. He was of the view that the issues relating to the review should be further discussed by the Panel on Public Service.

28 DGC advised that in order for OFCA to ensure the optimal deployment of staff resources on a sustainable basis and to effectively perform its economic and technical regulatory duties, the best option in the long run was to establish in OFCA a single multi-disciplinary grade to perform more effectively and efficiently the intertwining economic and technical regulation of the telecommunications industry. This approach was in line with the practice of many similar regulatory bodies worldwide. Nevertheless, taking into account the findings of the consultant and with due respect for the sentiments of TE grade members against the subsuming arrangement, the Administration had opted for the non-subsuming option by maintaining a cadre of 25 TE grade posts in OFCA to assume the technical regulatory duties which required in-depth engineering knowledge. DGC maintained that it was the optimal solution to resolve the difference between the OFCA management and the TE grade staff.

VI. Any other business

29 The Chairman thanked members and representatives of the Administration for attending the last Panel meeting of this legislative session and their contributions in past meetings.

30 There being no other business, the meeting ended at 4:27 pm.

Council Business Division 4
Legislative Council Secretariat
28 October 2013