

立法會
Legislative Council

LC Paper No. CB(4)631/13-14
(These minutes have been seen
by the Administration)

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Panel on Information Technology and Broadcasting

Minutes of meeting
held on Monday, 10 March 2014, at 2:30 pm
in Conference Room 1 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 Cyd HO Sau-lan
 - Hon Mrs Regina IP LAU Suk-yeet, GBS, JP
 - Hon Paul TSE Wai-chun, JP
 - Hon LEUNG Kwok-hung
 - Hon Claudia MO
 - Hon Steven HO Chun-yin
 - Hon YIU Si-wing
 - Hon CHAN Chi-chuen
 - Hon SIN Chung-kai, SBS, JP
 - Ir Dr Hon LO Wai-kwok, BBS, MH, JP
 - Hon Christopher CHUNG Shu-kun, BBS, MH, JP
- Members absent** :
- Hon Ronny TONG Ka-wah, SC
 - Hon NG Leung-sing, SBS, JP
 - Hon MA Fung-kwok, SBS, JP
 - Hon Charles Peter MOK
 - Hon Christopher CHEUNG Wah-fung, JP
 - Dr Hon CHIANG Lai-wan, JP

**Public officers
attending**

: Agenda item IV

Commerce and Economic Development Bureau

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 Aaron LIU
Principal Assistant Secretary for Commerce and
Economic Development (Communications and
Technology)A

Agenda item V

Commerce and Economic Development Bureau

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 Aaron LIU
Principal Assistant Secretary for Commerce and
Economic Development (Communications and
Technology)A

Agenda item VI

Commerce and Economic Development Bureau

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)

Agenda item VII

Commerce and Economic Development Bureau

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 Aaron LIU
Principal Assistant Secretary for Commerce and
Economic Development (Communications and
Technology)A

Communications Authority

Mr Ambrose HO, SBS, SC, JP
Chairman, Communications Authority

Mr Adrian WONG Koon-man, MH, JP
Chairman, Broadcast Complaints Committee
Communications Authority

Office of the Communications Authority

Miss Eliza LEE, JP
Director-General of Communications

Miss Katy FONG
Assistant Director (Broadcasting)

Attendance by invitation : Agenda item IV

Radio Television Hong Kong

Mr TAI Keen-man, JP
Deputy Director of Broadcasting (Programmes)

Miss Leonia TAI, JP
Deputy Director of Broadcasting (Developments)

Agenda item V

Radio Television Hong Kong

Mr TAI Keen-man, JP
Deputy Director of Broadcasting (Programmes)

Miss Leonia TAI, JP
Deputy Director of Broadcasting (Developments)

Mr LEUNG Chi-wah
Head of Engineering

Agenda item VI

Hong Kong Cyberport Management Company Limited

Mr Herman LAM
Chief Executive Officer
Hong Kong Cyberport Management Company Limited

Mr Mark CLIFT
Chief Operating Officer
Hong Kong Cyberport Management Company Limited

Mr Cavan CHEUNG
Chief Financial Officer
Hong Kong Cyberport Management Company Limited

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

Staff in attendance : Mr Joey LO
Senior Council Secretary (4)3

Ms Anki NG
Council Secretary (4)3

Miss Mandy LAM
Legislative Assistant (4)2

Action

I. Confirmation of minutes of meeting

(LC Paper No. CB(4)413/13-14 -- Minutes of meeting held on 9
December 2013)

The minutes of the meeting held on 9 December 2013 were confirmed.

II. Information papers issued since the last meeting

(LC Paper No. CB(4)393/13-14(01) -- Letter from the
Communications Authority
dated 14 February 2014 on
rescheduling of focus group
meeting on renewal of the
domestic free television
programme service licences
of Asia Television Limited
and Television Broadcasts
Limited

LC Paper No. CB(4)392/13-14(01) -- Letter from Hon Claudia MO
dated 12 February 2014 on
issues relating to the dismissal
of a “phone-in” programme
host of Commercial
Broadcasting Company
Limited

LC Paper No. CB(4)431/13-14(01) -- Submission from a member of the public received on 20 February 2014 on issues relating to the dismissal of a "phone-in" programme host of Commercial Broadcasting Company Limited)

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(4)405/13-14(01) -- List of outstanding items for discussion

LC Paper No. CB(4)405/13-14(02) -- List of follow-up actions)

Special meeting on 15 March 2014

3. Members noted that a special meeting would be held on Saturday, 15 March 2014 from 9 am to 11 am, to receive views from members of the public on "Renewal of the domestic free television programme service licences".

Regular meeting on 14 April 2014

4. Members noted that the next regular Panel meeting would be held on Monday, 14 April 2014 at 2:30 pm to discuss the following items:

- (a) Establishing a unified information and communications technology professional recognition framework in Hong Kong; and
- (b) Progress report on the work of Hong Kong Design Centre.

(Post-meeting note: At the request of the Administration and with the concurrence of the Chairman, the item "Proposal to establish the Innovation and Technology Bureau" was subsequently included in the agenda for the next meeting whereas item (b) would be deferred to the meeting in May.)

Issue raised by Hon Claudia MO

5. The Chairman referred to Hon Claudia MO's letter dated 12 February 2014 to him proposing to discuss issues relating to the dismissal of a "phone-in" programme host of Commercial Broadcasting Company Limited ("Commercial Radio"), and the alleged interference with press freedom by the Administration. The Chairman added that Hon Claudia MO would move a motion under the Legislative Council (Powers and Privileges) Ordinance (Cap. 382) at the Council meeting of 19 March 2014 on the appointment of a select committee to inquire into the immediate termination of the contract of Ms LI Wei-ling, a radio host of Commercial Radio, and the alleged political interference by the Hong Kong Special Administrative Region Government with the editorial independence of Commercial Radio. After deliberation and taking into account the opportunity for members to give views under the motion to be held under Cap. 382 and the agenda of the next meeting, members agreed that the Panel would not schedule the issue for discussion by the Panel at this juncture.

IV. Proposed extension of a supernumerary post of Administrative Officer Staff Grade B in Radio Television Hong Kong

(LC Paper No. CB(4)405/13-14(03) -- Administration's paper on proposed extension of a supernumerary post of Administrative Officer Staff Grade B in Radio Television Hong Kong

LC Paper No. CB(4)196/13-14(04) -- Paper on the supernumerary post of Administrative Officer Staff Grade B in Radio Television Hong Kong (background brief)

LC Paper No. CB(4)405/13-14(04) -- Extract from minutes of the meeting held on 9 December 2013)

Presentation by the Administration

6. At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Communications and Technology) ("PSCED(CT)") briefed members on the proposal of the Administration to

extend a supernumerary post of Administrative Officer Staff Grade B ("AOSGB") (D3), designated as Deputy Director of Broadcasting (Developments) ("DD of B/D"), in Radio Television Hong Kong ("RTHK") for five years from 27 May 2014 to 26 May 2019. Details of the briefing were set out in the Administration's paper (LC Paper No. CB(4)405/13-14(03)).

Discussion

Long-term service needs of the post of Deputy Director of Broadcasting (Developments)

7. Mr SIN Chung-kai expressed support for the proposal to extend a supernumerary post of AOSGB in RTHK for five years from 27 May 2014 to 26 May 2019 in view of the long-term service needs of the post to provide new services, including developments relating to the new Broadcasting House ("BH"), digital audio broadcasting ("DAB"), digital terrestrial television ("DTT") and the media asset management ("MAM") project.

8. Ir Dr LO Wai-kwok sought explanation from the Administration on not appointing a technical expert to fill the post given that the new services to be provided, including the developments/further developments of the new BH, DTT, DAB and MAM, involved technical issues. He considered that the post should be filled by a candidate who possessed the relevant knowledge in related fields.

9. PSCED(CT) advised that the post was more appropriate to continue to be filled by an officer from the Administrative Officer grade who possessed strong background and capability in government administration, given that DD of B/D would be required to steer through the complicated issues arising from the planning and implementation of various new services and projects from the macro perspective, as well as coordinate efforts both among different units in RTHK and with policy bureaux/departments and other stakeholders for effective delivery of the services and implementation of the projects.

10. Ir Dr LO Wai-kwok also enquired about the reason for extending a supernumerary post to perform internal co-ordination work which he considered should be absorbed among RTHK staff. DD of B/D advised that in May 2011, the Administration's proposal was to create one three-year supernumerary post of AOSGB, designated as DD of B/D, and one permanent post of Controller (Broadcasting Services), designated as Controller (Radio), for RTHK. The post of AOSGB would perform duties including leading the project on development of the new BH and

development works in support of the new DAB and DTT services, whereas the permanent post at the rank of Controller (Broadcasting Services) would be heavily involved in the rollout of community involvement in broadcasting.

11. In response to Mr Steven HO's enquiry about the work achieved by DD of B/D in the past three years, DD of B/D advised that the post had performed preparatory work for the construction of the new BH for RTHK, including obtaining approval for change of land use of the site concerned, drawing up of detailed accommodation requirements and obtaining the necessary internal approval, consultation with relevant stakeholders on the desired visitors' experience in the New BH, and completion of various stages of the tender procedures. The post had also been leading and co-ordinating the developments pertinent to the launch of DTT, DAB and MAM. On DTT service, RTHK needed to develop its DTT transmission network via some key hilltop sites and a number of fill-in stations to cover the areas not covered by the key hilltop sites. In fact, up to end 2013, RTHK had established transmission facilities at seven hilltop sites, which already covered about 75% of the population. It was essential to establish a total of 22 fill-in stations to further extend RTHK's DTT network coverage to around 99% of the population. On DAB service, RTHK's five DAB channels were formally launched on 17 September 2012. RTHK would continue to enhance the DAB transmission network which would involve negotiations with the relevant commercial operators as well as procurement and setting up of transmission equipment. On MAM project, RTHK had already completed the digitization of its photo archive contents and was conducting digitization of audio and video archive contents. RTHK had been working to complete the target restoration and digitization work by the end of 2015-2016.

Responsibility of Deputy Director of Broadcasting (Developments) in relation to construction of the new Broadcasting House of Radio Television Hong Kong

12. Mr YIU Si-wing questioned whether it was appropriate to extend the supernumerary post of DD of B/D for five years from 27 May 2014 to 26 May 2019, having regard to the fact that the proposal for construction of the new BH of RTHK was not approved by the Public Works Subcommittee ("PWSC") in January 2014, and the construction of the new BH was one of the main duties of DD of B/D. Mr Steven HO expressed a similar concern. Mr Christopher CHUNG expressed support for the proposal to extend the post but queried the justification for the proposed duration of extension.

13. PSCED(CT) advised that PWSC members generally supported in principle the proposed construction of the new BH of RTHK. However,

Members were concerned about the high cost estimate and the scope of the project. RTHK and the Architectural Services Department ("ArchSD"), the works agent, would start re-planning of the project taking into account PWSC members' concerns and review the delivery mode of the project. Re-tender exercise would then be conducted in due course. If the revised proposal to build the new BH was not supported by PWSC after the re-planning exercise, it would be necessary for DD of B/D to consider alternative proposals and additional maintenance projects for the existing premises. As such, the post of DD of B/D would be required for the entire period of the proposed extension.

14. PSCED(CT) added that RTHK had also been working to complete the target restoration and digitization work of the MAM project by the end of 2015-2016 and to build by phases the proposed RTHK DTT fill-in stations, which were planned for completion by the first quarter of 2019. While there were technical and professional staff in RTHK to provide the necessary technical support, RTHK would require a senior directorate officer to steer the work and tackle various critical tasks, which were vital for the re-planning of the new BH project and the provision of new services including MAM and DTT.

15. In response to Ms Claudia MO's enquiry about the estimated timeframe for re-submitting the proposal on the construction of the new BH to PWSC and the measures to be taken by the Administration to gain support from PWSC members, PSCED(CT) advised that RTHK would take a critical review of the facilities required in the original proposal and explore whether there were means to adjust the scope of the project and reduce project cost. RTHK would also review with ArchSD the delivery mode of the project. It was expected that the new tender exercise would take at least 2 years to complete after the review of the required facilities in the new BH.

Summing up

16. The Chairman concluded that the majority of Panel members present supported in principle the submission of the Administration's proposal for consideration by the Establishment Subcommittee.

V. Establishment of 22 digital terrestrial television fill-in stations by Radio Television Hong Kong

(LC Paper No. CB(4)405/13-14(05) -- Administration's paper on establishment of fill-in stations for the digital

terrestrial television service of
Radio Television Hong Kong

LC Paper No. CB(4)401/13-14(01) -- Administration's response to the motion on "Radio Television Hong Kong - establishment of 22 digital terrestrial television fill-in stations" passed at the meeting held on 9 December 2013

LC Paper No. CB(4)196/13-14(06) -- Paper on the development of digital terrestrial television service by Radio Television Hong Kong (background brief)

LC Paper No. CB(4)405/13-14(06) Extract from minutes of the meeting held on 9 December 2013)

Presentation by the Administration

17. At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Communications and Technology) ("PSCED(CT)") briefed members on the proposal to establish 22 digital terrestrial television ("DTT") fill-in stations to extend the network coverage of Radio Television Hong Kong ("RTHK")'s DTT service from about 75% to around 99% of Hong Kong's population. Details of the briefing were set out in the Administration's paper (LC Paper No. CB(4)405/13-14(05)).

Discussion

Resource allocation and development of digital terrestrial television transmission network

18. Mr YIU Si-wing noted that RTHK's development strategy was to set up transmission facilities at the existing network stations of Asia Television Limited ("ATV") and Television Broadcasts Limited ("TVB") ("the two commercial broadcasters") so as to share space, electricity supply and transmission antennae at their existing sites. He enquired whether it was the Administration's plan to set up a centralized fill-in stations site for centralized monitoring of the use of these facilities.

19. PSCED(CT) advised that the hilltop sites occupied by the two commercial broadcasters were Government land and RTHK would pay charges for the use of electricity supply and common transmission facilities at the hilltop sites. Given Hong Kong's mountainous terrain and dense clusters of high-rise buildings, it was essential to establish these fill-in stations at hill-top sites to be shared among the broadcasters. Deputy Secretary for Commerce and Economic Development (Communications and Technology) ("DSCED(CT)") supplemented that under the existing licensing conditions of the two commercial broadcasters, they had to share the use of facilities at the hilltop sites with other broadcasters when necessary.

20. In response to Mr YIU Si-wing's enquiry on the ownership of the transmission facilities at the hill-top sites, DSCED(CT) advised that the existing network stations and transmission equipment built on the hilltop sites were owned by the two commercial broadcasters, whereas the transmission equipment at the new fill-in stations to be established for RTHK's DTT service would be owned by the Government. In circumstances where there were disputes on the shared use of these network stations, under the relevant licensing conditions, the Communications Authority might intervene to settle the dispute.

21. Mr SIN Chung-kai expressed support for the proposal to establish the DTT fill-in stations. He enquired about the timeframe and the capital cost for establishing such facilities. Deputy Director of Broadcasting (Developments) ("DD of B/D") advised that RTHK planned to start preparation work immediately after the Finance Committee approved the funding proposal in the second quarter of 2014. The works included the conduct of feasibility studies, site surveys and site designs, and discussion with the two commercial broadcasters of the respective sites. Upon completion of the preparation work, RTHK planned to start the tendering process in the third quarter of 2014 and to install the 22 fill-in stations by phases starting from April 2015. According to the implementation plan, RTHK aimed at completing the installation of five to six DTT fill-in stations every year starting from 2016. The whole project was expected to take about four years, and complete by the first quarter of 2019. DD of B/D further advised that subject to detailed site investigation, it was estimated that about 14 sites required construction of a cubicle to install the transmission equipment, at a cost of about \$0.8 million per site. For the remaining eight sites, RTHK would share the existing equipment room of the two commercial broadcasters to accommodate RTHK's transmission equipment.

22. In response to Ms Claudia MO's enquiry on the use of RTHK's DTT transmission network, DD of B/D advised that the DTT transmission network

of RTHK would be for the exclusive use of RTHK and would not be rented to or shared with other broadcasters. Ms Claudia MO further enquired about measures available to secure the use of DTT fill-in stations by RTHK at the hilltop sites if the television ("TV") broadcasting licences of the two commercial broadcasters were not renewed. PSCED(CT) advised that the Government might exercise certain statutory powers for the purchase of the DTT transmission facilities and equipment owned by the two commercial broadcasters if their TV broadcasting licences were not renewed.

23. Mr Christopher CHUNG enquired whether the format of the signals used by the DTT channels of RTHK was the same as that used by the two commercial broadcasters and the possibility of sharing their transmission facilities. Deputy Director of Broadcasting (Programmes) ("DD of B/P") advised that although the signal format used by RTHK was the same as that used by the two commercial broadcasters, the frequency band of RTHK channels was different from those of the two commercial broadcasters. The transmission facilities of RTHK therefore could not be shared with the two commercial broadcasters or vice versa.

Digital terrestrial television service provided by Radio Television Hong Kong

24. Mr SIN Chung-kai enquired whether RTHK would have sufficient resources to produce programmes for DTT service if the new Broadcasting House ("BH") project was not approved by the Public Works Subcommittee ("PWSC"). PSCED(CT) advised that the establishment of 22 DTT fill-in stations was not related to the construction of new BH. Irrespective of the progress of the new BH project, RTHK was duty bound to implement its DTT service as promulgated in the RTHK Charter. RTHK started its three DTT channels' trial transmission in January 2014. At present, RTHK TV channel 31, the flagship channel which offered general programming with current affairs, education, arts and culture, broadcast 8.5 hours daily from Monday to Friday and 13.5 hours daily on Saturday and Sunday. RTHK would progressively increase transmission hours subject to availability of resources.

25. Mrs Regina IP enquired about the feedback on launching the trial run of the three DTT channels of RTHK and the diversity of programmes to be broadcast on these channels. DD of B/P advised that RTHK had been making great efforts to facilitate the public to make adjustment of TV signal reception systems of their buildings for RTHK's DTT service. In general, positive feedbacks were received but the coverage of the DTT channels would need to be further improved. Without the establishment of the supplementary network of fill-in stations, about 24% of Hong Kong's population would be deprived of access to RTHK's DTT programmes. On programming, DD of B/P advised that the DTT channels would mainly

broadcast programmes produced by RTHK and about 10% of the programmes broadcast were acquired overseas productions, such as documentaries produced by BBC and other companies in the United States.

26. Noting that the proposal would enhance the coverage of RTHK's DTT service, Mr YIU Si-wing enquired about the measures taken by the Administration to improve the DTT take-up rate. DD of B/P advised that RTHK would further promote the signal reception methods, build more fill-in stations to improve the transmission of DTT signals, and enhance its publicity effort and promotion strategies to tie in with the progress of the network rollout of the DTT services. Adjustments of TV signal reception systems of some buildings would also be necessary. In this connection, RTHK had provided relevant budget for the required publicity effort and promotion strategies.

Other issues

27. Mr Christopher CHUNG sought explanation on the digital audio broadcasting ("DAB") policy of RTHK and whether it was necessary to reduce the analogue AM/FM channels after the launch of the DAB service. PSCED(CT) advised that RTHK was required to retain the analogue AM/FM channels and provide the associated radio continuity studios in the new BH after the launch of the DAB service. In line with international practice, the Administration had no plan for switching off analogue AM and FM services (including the analogue AM/FM channels of RTHK).

28. Mr Christopher CHUNG also enquired about the availability of statistics or an estimate on the percentages of audience using the DAB and the analogue AM/FM services in future. PSCED(CT) advised that no comprehensive actual survey or review had yet been conducted on the percentages of audience using the DAB service. According to the experience in other countries, it usually took some time for the audience to switch from using analogue AM/FM services to DAB service on the first launch of the DAB service.

Summing up

29. The Chairman concluded that the majority of Panel members present supported in principle the Administration's proposal to establish 22 DTT fill-in stations of RTHK.

VI. Annual report on Cyberport

(LC Paper No. CB(4)405/13-14(07) -- Administration's paper on report on the Cyberport Project

LC Paper No. CB(4)405/13-14(08) -- Paper on Cyberport Project (background brief))

Presentation by Hong Kong Cyberport Management Company Limited

30. At the invitation of the Chairman, Chief Executive Officer of the Hong Kong Cyberport Management Company Limited ("CEO/HKCMCL") briefed members on the progress of the Cyberport Project. Details of the briefing were set out in the Administration's paper (LC Paper No. CB(4)405/13-14(07)).

Discussion

Occupancy rate

31. Noting that the occupancy rate of Cyberport's lettable office space was about 92%, Ms Claudia MO enquired whether there would be any room for improvement in the occupancy rate and transport facilities. CEO/HKCMCL advised that the Cyberport management would continue its efforts to improve the occupancy rate, including the provision of shuttle bus services to facilitate the public to participate in the Cyberport activities and employees of the Cyberport tenants to travel to work. The occupancy rate was expected to increase given its nearby access to the MTR station in the near future.

32. Mr SIN Chung-kai noted that seven non-profit organizations and one government department were the Cyberport's office tenants. He enquired about the necessity for these tenants to station in Cyberport, given that the lettable office space of the Cyberport should be reserved for information and communications technology ("ICT") industry-related companies. The Government Chief Information Officer ("GCIO") advised that there was synergy between IT companies in Cyberport and the Office of the Government Chief Information Officer (OGCIO), in particular in software development and training. OGCIO's IT Solution Centre in Cyberport also provided a platform for local IT companies to showcase their products and exchange technical knowledge. CEO/HKCMCL added that the Cyberport management would continue to build up the occupancy of the office premises, with an aim to recruit the right mix of tenants to create a strategic ICT cluster so as to strengthen and facilitate collaboration with the ICT industry.

33. Mr Christopher CHUNG sought information on the percentage of Cyberport tenants conducting businesses that were not ICT industry-related. The Chief Operating Officer of the Hong Kong Cyberport Management Company Limited ("COO/HKCMCL") advised that less than 10% of the Cyberport tenants were not in ICT, though their work was complementary or supplementary to ICT business. Mr Christopher CHUNG enquired whether the Hong Kong Mercantile Exchange ("HKME"), as a tenant of the Cyberport, was conducting business relating to the ICT industry. COO/HKCMCL advised that the team of HKME staff working in the Cyberport were in the ICT field. In response to Mr CHUNG's further enquiry, CEO/HKCMCL advised that HKME was still a tenant of Cyberport and it had settled the arrears which were reported by the media in around August 2013.

Providing support for information and communications technology industry

34. Ms Claudia MO expressed concern about the limited support provided by the Cyberport management to foster the development of ICT industry and nurture ICT startups. Mr Christopher CHUNG also enquired about the measures taken by the Cyberport management to ensure that the Cyberport Project could meet its public missions, i.e. to create a strategic cluster and critical mass of leading IT companies. CEO/HKCMCL advised that the Cyberport management had been hosting premium ICT events to cultivate advanced technological know-how among industry players and enable them to stay at the forefront of technology evolution, and enhancing overseas promotion and networking to facilitate collaboration between local ICT companies with their international counterparts. Cyberport had also organized or supported over 100 ICT-related events, knowledge transfer and training sessions from January 2013 to January 2014, which were well-received and attracted over 19 000 industry practitioners.

Admin

35. At the request of Mr Christopher CHUNG, the Administration undertook to provide quantifiable information such as the extent of achievement for each of the public missions for members' evaluation when reporting on the progress of the Cyberport Project in future. Such information should include how far Cyberport had helped Hong Kong develop into a leading ICT hub in Asia-Pacific region, including the extent to which ICT industry startups and entrepreneurs had been nurtured and supported, and the commitment to drive collaboration and accelerate ICT adoption.

Cyberport Incubation Programme

36. Mr YIU Si-wing enquired about the number of ICT startups admitted under the Cyberport Incubation Programme ("CIP") which could continue to sustain their businesses after graduation, and the number of incubatees which could successfully attract angel investment after the training. CEO/HKCMCL advised that the scale of operation of CIP had only become significant in 2008-2009. Information showed that about 71% of them had survived for 1.5 years after graduation, and 58% had survived for 3 years after graduation. The Cyberport management was still collecting statistics on the number of ICT startups which had survived for more than 3 years after graduation. At Mr YIU's request, the Administration would provide information on the percentage of ICT startups admitted under the CIP which had survived more than 3 years after graduation and their current business size.

(Post-meeting note: The Administration's written response was circulated to members vide LC Paper No. CB(4)582/13-14(01) on 17 April 2014.)

37. Regarding the number of incubatees which attracted angel investment after the training, CEO/HKCMCL advised that as of January 2014, Cyberport incubatees had attracted over \$90 million investment funding. Some of the incubatees had won awards in renowned local and international ICT competitions (e.g. Hong Kong ICT Awards, Asia-Pacific ICT Awards, etc) or pitching contests.

38. Having noted that the Cyberport management would set aside \$200 million for public mission programmes in the next three years from 2014-2015 to 2016-2017, the Deputy Chairman enquired about the target and implementation plans of the Cyberport management to further support and promote ICT industry in Hong Kong. CEO/HKCMCL advised that in the next three years, the Cyberport management planned to nurture not less than 150 ICT startups under the CIP and to provide seed funding to not less than 150 projects under the Cyberport Creative Micro Fund. The Cyberport management would also offer a broad range of services to connect the industry and help ICT startups to explore, establish a presence and capture emerging business opportunities in the Mainland and overseas markets.

39. The Deputy Chairman further enquired about the measures taken by the Cyberport management to encourage students studying ICT courses to participate in Cyberport activities and plan their future. CEO/HKCMCL advised that the Cyberport management had organized competitions and internship programmes for students to engage in so as to strengthen their

links with local ICT startups and companies.

VII. Renewal of the domestic free television programme service licences

(LC Paper No. CB(4)405/13-14(09) -- Administration's paper on applications for renewal of the domestic free television programme service licences

LC Paper No. CB(4)405/13-14(10) -- Paper on issues relating to applications for renewal of the domestic free television programme service licences (background brief))

40. At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Communications and Technology) ("PSCED(CT)") briefed members on the procedure and criteria by which the Communications Authority ("CA") would process the applications for renewal of domestic free television programme service ("free TV") licences submitted by Asia Television Limited ("ATV") and Television Broadcasts Limited ("TVB") and the progress to date. Details of the briefing were set out in the Administration's paper (LC Paper No. CB(4)405/13-14(09)).

Discussion

Factors to be considered in assessing the performance of the two free TV licensees

41. Mr LEUNG Kwok-hung said that he did not support the renewal of ATV's free TV licence. He opined that ATV's performance did not measure up to the CA's standards in respect of the three major factors to be considered, namely compliance with regulatory requirements, financial commitment of the licensee and public views on the performance of the licensees. Chairman of CA ("C of CA") advised that the CA would take into account the views expressed by Panel members and members of the public in the current consultation exercise when making recommendations to the Chief Executive ("CE") in Council on the licence renewal.

42. Mr YIU Si-wing opined that in considering the licence renewal applications, the CA should take into account the persistent loss and low audience rate sustained by one of the existing licensees. Sharing a similar view, Ms Cyd HO considered that the financial commitment or capability of a

licensee was not necessarily related to its commitment to provide quality programmes, as in the case of one existing licensee whose mission was to hold onto its share of the precious radio spectrum and forestall new entrants to the market. As such, she opined that the existing licensees' commitment to produce quality programmes should also be a factor for consideration.

43. C of CA advised that the free TV licences of ATV and TVB would expire after 30 November 2015. The CA received the licence renewal applications of ATV and TVB in November 2013. In accordance with the Broadcasting Ordinance ("BO") and established practice for processing the licence renewal applications, the CA was carrying out a comprehensive assessment of the performance of ATV and TVB before making recommendations to the CE in Council on the licence renewal applications on or before 30 November 2014 pursuant to section 11 of the BO. The CA would assess the two free TV licensees' compliance with regulatory requirements, their financial commitment and public views on their performance.

44. Noting long-standing complaints from the TV audience about the lack of locally produced programmes by the two existing free TV licencees, Dr Elizabeth QUAT enquired if requirements for local productions would be applied to the two licensees when considering their renewal applications, so as to widen programming choice for the viewers. Sharing a similar view, Mr CHAN Chi-chuen and Mr LEUNG Kwok-hung opined that a penalty points system for non-compliance with licence conditions and/or the BO should be introduced.

45. C of CA advised that after the mid-term review of the free TV licences of ATV and TVB in 2010, the former Broadcasting Authority ("BA") recommended and the CE in Council approved some enhanced programme requirements after taking into consideration public views. These enhanced requirements were aimed to address the public's demand for more locally produced programmes, as well as the public's call for more educational and informational programmes. The CA would assess the two licensees' compliance with the enhanced requirements when considering their renewal applications.

46. Noting the CA's remark that it attached great importance to the public views on the performance of the two free licencees, Mr Paul TSE and Mr CHAN Chi-chuen enquired about the relative weights, especially that of public views, of the three major factors in CA's assessment of the performance of the TV licensees.

47. C of CA advised that CA would make an overall qualitative assessment, rather than quantitative assessment, of the performance of the licensees after taking into account all the relevant factors and information. The CA did not find it appropriate or necessary to accord weightings to specific factors in assessing the performance of the licensees in the provision of free TV services. As the CA attached great importance to public views, it had decided to conduct the current public consultation exercise to collect public opinions on the services provided by the licensees through various means, including holding public hearings and focus group discussions, conducting a comprehensive public opinion survey and inviting written submissions from members of the public. The CA would release the views collected upon the Government's announcement of the final decision of the CE in Council on the applications for renewal of the licences of ATV and TVB.

48. Noting the view of the Administration that the free TV market could hardly sustain a total of five players and that gradual and orderly approach should be adopted in introducing competition to the free TV market, Dr Elizabeth QUAT enquired whether the actual number of new free TV licences to be issued would depend upon the outcome of the licence renewal applications of ATV and TVB. In this regard, Ms Cyd HO enquired about the follow-up actions to be taken by the Administration and the CA if any one or both of the existing licences were not renewed.

49. PSCED(CT) advised that under the BO, the processing of the licence renewal applications and new applications for free TV licences were treated separately, and there was no pre-set limit on the number of free television programme service licences to be issued. Any interested and eligible organizations might make applications at any time to the CA for such licences. The CA would make recommendations to the CE in Council after consideration of all the relevant factors. As the existing licences of ATV and TVB would not expire until after 30 November 2015, there would be sufficient time to cope with the situation if any existing licences were not renewed. As the CA had yet to make its recommendations to the CE in Council, follow-up actions had not been considered by the Administration at this juncture. Ms HO opined that for the sake of transparency, the Administration should make an early announcement on the way forward if such a scenario occurred.

Licensing framework under the BO and the established procedures

50. In response to Mr CHAN Chi-chuen's enquiry about the regime for extension or renewal of licences under the BO, Director-General of Communications (DGC) advised that although the BO did not prescribe the validity period of the renewed licences, hitherto all broadcasting licences

(including free TV licences) were generally renewed for a period of validity of 12 years. Upon renewal of a licence, the licence conditions and the licensee's commitments could differ from the original licence. In response to Mr CHAN's further enquiry, DGC advised that an extension of licence was more an interim arrangement to extend the validity of an existing licence. There was no precedent case in respect of licence extension.

51. In response to Ms Cyd HO's enquiry about whether the proposed six-year investment plans for 2016-2021 on capital and programming expenditure submitted to the CA by the two existing licensees would be made open for public inspection, DGC advised that the proposed investment plans, if accepted by the CA, would be incorporated in the licence conditions of the licensees and made public.

Other issues

52. Mr CHAN Chi-chuen enquired whether the Administration had taken any steps to avoid a recurrence of the incident, i.e. rejection of CA's recommendations by the CE in Council, in the case of renewal of the two free TV licence applications. Ms Cyd HO said that if CA's recommendation was again rejected by the CE in Council, the Administration should explain in very clear terms the rationale behind its decision, or else be prepared to face the political consequences. Ms Claudia MO shared a similar view.

53. Mr SIN Chung-kai opined that competition should be introduced in the free TV market by putting up the TV spectrum to auction so that all interested parties would be allowed to bid for the spectrum on a level playing field. PSCED(CT) advised that presently, the spectrum for free TV licences were granted under the TO under an administratively-assigned approach. Under the Radio Spectrum Policy Framework promulgated by the Government in 2007, a market-based approach would be used as the guiding principle in spectrum management wherever the CA considered that there were likely to be competing demands from providers of non-Government services, unless there were overriding public policy reasons to do otherwise. The Administration would continue to study the feasibility of introducing spectrum trading in Hong Kong for facilitating efficient use of this scarce public resource, and report to the Panel in due course.

54. Mr Paul TSE said that as far as he was aware, the BO required the provider of any television programme service which was intended or available for reception by an audience of more than 5 000 specified premises to obtain a free TV licence. He enquired whether the proposal of Hong Kong Mobile Television Network Limited ("HKMTV") to switch to a new transmission standard covering over 5 000 specified premises would have

implications on its provision of the proposed mobile TV services commencing in July 2014.

55. DGC advised that HKMTV held a United Carrier Licence ("UCL") issued under the TO, authorizing it to provide mobile TV services. HKMTV's UCL specified that broadcast-type mobile TV services meant the services of conveying television programmes with the use of digital broadcasting technologies for reception at moving locations in Hong Kong. The UCL further provided that nothing in the UCL authorized the licensee to provide any fixed services, and nothing in the UCL authorized the licensee to provide any service subject to licensing under any other ordinance.

56. DGC further advised that HKMTV had proposed to change the transmission standard to the same standard adopted by the incumbent free TV licensees for the provision of digital terrestrial television services in Hong Kong. In view of the proposed change in transmission standard by HKMTV, the Office of the Communications Authority ("OFCA") had advised HKMTV that the consequence of the change would render HKMTV's mobile TV services available for reception by an audience of more than 5 000 specified premises in Hong Kong, and unless HKMTV put in place effective measures to prevent that from happening, the licensing requirement under the BO in relation to a free TV licence and/or domestic pay television programme service ("PTV") licence would be triggered.

57. DGC added that as HKMTV was not a holder of a free TV or PTV licence, OFCA had advised HKMTV that if it wished to adopt the new standard but was unable to ensure that its television service was not available for reception by an audience of more than 5,000 specified premises, it must take steps to obtain the necessary licence under the BO. OFCA stressed that any company holding a UCL did not automatically displace further licensing requirements under the BO if the services the company intended to provide triggered the licensing requirement thereunder. The matter was being handled between OFCA and the HKMTV via their solicitors.

Motion moved by Ms Claudia MO

58. Ms Claudia MO proposed the following motion:

"本委員會促請行政長官會同行政會議就亞洲電視有限公司及電視廣播有限公司續牌事宜作最終決定前，必須慎重考慮持牌機構的專業操守行為，包括曾否以任何形式濫用大氣電波，公器私用。"

(Translation)

"That this Panel urges the Chief Executive in Council, before making a final decision on the renewal of the licences of Asia Television Limited and Television Broadcasts Limited, to prudently consider the professional integrity and conduct of the licensees, including whether they have in any manner abused the terrestrial airwaves and used public resources for private purposes."

59. The Chairman considered that the proposed motion was directly related to the agenda item under discussion. The proposed motion would be proceeded with if agreed by a majority of the members voting. Five members agreed to deal with the motion, one member disagreed and one member did not state his stance. The Chairman informed the meeting that the motion would be proceeded with. The Chairman then put the motion to vote. The Chairman announced that five members voted for the motion, one member voted against the motion and two members abstained from voting. The Chairman declared that the motion was passed.

(Post-meeting note: The wording of the motion was circulated to members vide LC Paper No. CB(4)463/13-14 on 11 March 2014. The Administration forwarded the motion to the Executive Council Secretariat on 21 March 2014 for onward transmission to CE in Council.)

VIII. Any other business

60. There being no other business, the meeting ended at 5:30 pm.

Council Business Division 4
Legislative Council Secretariat
9 May 2014