

# 立法會 *Legislative Council*

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## **Panel on Information Technology and Broadcasting**

**Meeting on 12 May 2014**

### **Updated background brief on digital inclusion**

#### **Purpose**

This paper summarizes previous discussions by Members on issues relating to digital inclusion, with particular focus on the Internet Learning Support Programme ("ILSP").

#### **Background**

2. Digital 21 Strategy provides a blueprint for the development of information and communications technology ("ICT")<sup>1</sup> in Hong Kong. One of the five key action areas of Government's Digital 21 Strategy is to build an inclusive, knowledge-based society. In consultation with the Task Force on Digital Inclusion set up under the Digital 21 Strategy Advisory Committee, the Government has been implementing a comprehensive digital inclusion programme to enable all sectors of the community to benefit from the convenience and better quality of life brought about by ICT. The Administration adopts a targeted approach, focusing on three priority groups, namely students from low-income families<sup>2</sup>, persons with disabilities ("PwDs") and the elderly. The current digital inclusion initiatives include:

- (a) the ILSP for students of limited means;
- (b) Web Accessibility Campaign for persons with disabilities;

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<sup>1</sup> ICT refers to all technologies and applications that involve information processing and/or exchange over communication networks, including the internet.

<sup>2</sup> "Low-income families" refer to those families with children who are full-time students receiving education at primary and secondary levels and who are eligible for the flat-rate grant for School-related Expenses (SRE) under the Comprehensive Social Security Assistance (CSSA) scheme or financial assistance under the Student Financial Assistance Agency (SFAA).

- (c) Digital Inclusion Mobile Applications for under-privileged groups;
- (d) IT Star Award Scheme for elderly; and
- (e) Outreaching Service for institutionalized and "hidden" elderly.

### Internet Learning Support Programme

3. In his 2010-2011 Budget, the Financial Secretary announced a two-pronged strategy to assist students from low-income families to undertake web-based learning at home through provision of an Internet access subsidy and the ILSP which aims at helping eligible families acquire affordable computers and Internet access service and providing them with technical and social support. Following consultation with the Panel on Education, the Administration obtained the approval of the Finance Committee<sup>3</sup> ("FC") for a funding of \$500 million for these two initiatives at its meeting on 28 May 2010.

4. To assist students from low-income families to undertake web-based learning at home, and with funding approval from the FC, the Government has embarked on the "i Learn at Home" (also known as the ILSP) since July 2011. The Administration has commissioned the eInclusion Foundation Limited ("eInclusion"), jointly formed by the Boys' & Girls' Clubs Association of Hong Kong ("BGCA") and the Internet Professional Association ("iProA"), and WebOrganic, formed by the Hong Kong Council of Social Services, to implement the ILSP in the eastern and western parts of the territory respectively. The baseline services undertaken by the Implementers under the ILSP are as follows:

- (a) affordable computers suitable for learning purpose with flexible payment options;
- (b) Internet service at concessionary pricing;
- (c) free training to students on proper and safe use of the Internet for learning purpose;
- (d) free training to help parents provide guidance and support to their children on web-based learning;
- (e) free technical and user support; and
- (f) counseling services for Internet-related issues such as Internet addiction, cyber-bullying, etc.

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<sup>3</sup> At the meeting on 28 May 2010, the FC approved a funding commitment of \$220 million for implementation of the ILSP.

## **Discussions at the Panel on Information Technology and Broadcasting**

5. The ITB Panel received regular updates from the Administration on the digital inclusion initiatives undertaken by the Government, non-governmental organizations and the private sector in the context of the implementation of the Digital 21 Strategy. Panel members in general considered that more resources should be allocated to drive up ICT adoption and help integrate the needy groups, such as the low-income families with children, PwDs, and the elderly in the digital society. Members also called on the Administration to draw up quantifiable performance indicators and benchmark to measure the progress and effectiveness of the digital inclusion initiatives.

### Implementation of the Internet Learning Support Programme

6. At the ITB Panel meeting on 14 January 2013, the Administration briefed members on the progress of the implementation of the ILSP and the sourcing arrangement of eInclusion, which was jointly formed by the BGCA and the iProA. Some members expressed concern about media report on eInclusion's chaotic internal and financial controls and queried whether eInclusion remained a qualified institution to implement the ILSP. The Panel was subsequently advised that eInclusion had breached the provisions of its Funding & Operation Arrangement ("F&OA") with the Government. The Administration had taken necessary action to terminate the F&OA with the eInclusion with effect from 19 May 2013 and requested BGCA, which was the guarantor of eInclusion under the F&OA, to take over the implementation of the ILSP in the eastern part of Hong Kong in accordance with the F&OA.

### Mid-term review on the Internet Learning Support Programme

7. At the ITB Panel meeting on 10 June 2013, the Panel followed up the Mid-term Review ("the Review") on the ILSP. The gist of the Review provided by the Administration is set out in **Appendix I**. Members noted that in the past three years, Internet adoption of students from low-income families had increased significantly from 87% in 2010 to 96% in 2012. Some members urged the Administration to continue its efforts to identify and assist the last 4% of eligible families which could be the most needy families. They requested the Administration to arrange for district-oriented promotion to identify the needy families for the ILSP. Some other members urged the Administration to continue to source discounted offers of computers and Internet services for the target beneficiaries, to explore whether there were more cost-effective means of providing these services and to consider how they would evolve.

8. Some other members noted that sourcing products from computer and Internet services suppliers through bulk purchase and reselling to the target beneficiaries with flexible payment options were undertaken by the Implementers under the ILSP. They also noted that such an arrangement had resulted in

delinquent instalment payments with potential cumulative write-off of about \$672,000, which had added to operational overheads. In addition, the service of reselling computers carried a relatively high unit cost (or investment) of around \$1,500. These members urged the Administration to provide the Panel with the distribution of the potential cumulative write-off between the two Implementers and the derivation method of the unit cost for the service of reselling computers by each of Implementer.

9. The Panel also noted that the Administration would conduct another review in early 2015 to consider the way forward, including the sustainability of the ILSP. Some members urged the Administration to consult the Implementers in fine-tuning the ILSP and to provide the Panel with the views, comments, feedbacks and relevant statistics received from the two Implementers during the Review.

#### Support for the elderly and persons with disabilities in the adoption of information and communication technology

10. At the ITB Panel meeting on 10 June 2013, some members enquired about the target set and measures taken to encourage use and enhance awareness of ICT by the elderly and people beset with impairment. The Administration advised that the target set for the use of computers by the elderly was 25% in 2014. The Administration had not set any target on use of ICT for people beset with impairment, which covered a very wide scope. Instead, the Administration had set targets on Web Accessibility and had been working towards having all government websites to conform to Level AA standard of the Web Content Accessibility Guidelines Version 2.0 ("WCAG 2.0") promulgated by the World Wide Web Consortium ("W3C") by 2013. About 40% of the websites commonly used by people beset with impairment had incorporated with key accessibility features. The Administration would continue to appeal for their support on this meaningful cause.

#### Performance targets

11. At the ITB Panel meeting on 10 June 2013, the Administration briefed members on a number of performance indicators to track the effectiveness of various digital inclusion programmes. Members noted that the difference in Internet adoption at home between students from low-income families and their counterparts in the mainstream community had substantially narrowed to 1% in 2012. The e-competence of the elderly also continued to improve as reflected from feedback the Administration collected through various digital inclusion activities. As regards the Web Accessibility Campaign, about 80% of government websites had already achieved W3C WCAG 2.0 Level AA standard as pledged, and all tertiary institutions had also incorporated web accessibility in their ICT curricula. The achievement of the performance targets is set out in **Appendix II**.

## **Recent developments**

12. At the special FC meeting on 2 April 2014, Hon Charles Peter MOK sought information, among others, on the expenditure involved for various digital inclusion initiatives to support the under-privileged groups. Hon Ronny TONG Ka-wah also enquired about the number of beneficiaries of the ILSP and the allocation of provision for implementing the ILSP.

13. According to the Administration, the estimated total expenditure for various digital inclusion initiatives in 2014-2015 was about \$40 million, of which \$31 million would be used for implementing the ILSP. In the past three school years from 2011-2012 to 2013-2014, there were about 300,000 families eligible for the ILSP. As at the end of 2013, the total expenditure incurred on cash basis was about \$69.37 million. According to the current costing, the Administration estimated that the funding allocation could support more than five years of operation for the ILSP.

## **Latest position**

14. The Administration will update the ITB Panel on 12 May 2014 on the latest progress of the digital inclusion, including the progress of implementation of the ILSP.

## **Relevant papers**

15. A list of the relevant papers with their hyperlinks is at:  
[http://www.legco.gov.hk/yr15-16/english/panels/itb/papers/itb\\_ea.htm](http://www.legco.gov.hk/yr15-16/english/panels/itb/papers/itb_ea.htm)

Council Business Division 4  
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## Internet Learning Support Programme

### Gist of Mid-term Review

#### Purpose

According to the Funding and Operation Agreement with the Implementers, the objectives of the Mid-term Review are to:

- i. assess the outcome of the Programme against the Programme objectives;
- ii. assess and identify the educational needs, and in particular, the Internet learning needs of the target beneficiaries to the Programme with a view to making forward projections and proposals in facilitating Internet learning at home;
- iii. evaluate the priority of objectives of the Programme and its implications on the implementation for the remaining years of the Programme; and
- iv. assess if there is a need for the sustainability of the Programme beyond the five-year period, and if so required, the implications and requirements on the Implementers.

#### Review Framework

2. The Review framework was devised by OGCIIO with inputs from the Implementers. Apart from making reference to performance figures as at March 2013 as reported by eInclusion and WebOrganic, OGCIIO has engaged a research agency, MVA Hong Kong Limited (MVA), to conduct a study comprising focus groups discussions and telephone survey to obtain feedback from stakeholders on the effectiveness of Programme implementation. A total of nine focus group discussions with representatives of school heads, parents and students (both enrolled and not-yet enrolled) were conducted, while a total of 2 079 parents or students were surveyed. Among the respondents, about 1 039 of them are users who have used the Programme services at least once, while the remainders are those who have enrolled in the Programme but never used any services.

## **Background**

3. FS announced in 2010 Budget to facilitate Internet learning among students from low-income families through a two-pronged strategy –

- (a) EDB to disburse (through SFAA and SWD) a non-accountable annual household-based Internet Access Subsidy (full grant at \$1,300 and half grant at \$650) to eligible families; and
- (b) OGCIO to implement the ILSP to help eligible families procure affordable computers and Internet service as well as provide them with free training and technical support.

4. Finance Committee approved a funding of \$220 million for ILSP implementation. OGCIO has subsequently engaged eInclusion Foundation Limited (eInclusion)<sup>1</sup> and WebOrganic<sup>2</sup> to implement ILSP in the eastern and western parts of Hong Kong respectively.

## **Implementation Arrangements**

5. WebOrganic and eInclusion provide the same set of baseline services to target beneficiaries in their respective service regions –

- (a) sourcing affordable computers suitable for web-based learning with flexible payment options;
- (b) sourcing Internet service for learning purposes at concessionary pricing;
- (c) student training on proper and safe use of the Internet for learning purpose;
- (d) training to help parents provide guidance and support their children with web-based learning;
- (e) technical and user support; and
- (f) counselling for Internet-related issues such as Internet addiction, cyber bullying, etc.

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<sup>1</sup> BGCA has taken over the Programme implementation from eInclusion with effect from 19 May 2013.

<sup>2</sup> WebOrganic is a separate entity established by the Hong Kong Council of Social Service (HKCSS) for implementing the ILSP.

6. WebOrganic and eInclusion operate on different business models, leveraging on their respective network and expertise. WebOrganic has engaged some 20 non-governmental organisations to deliver frontline services while eInclusion relies mostly on BGCA's service network. On product offers, WebOrganic operates on a single-brand approach for both broadband services and computers, while eInclusion operates on a "supermarket" model offering a few choices. Computer and Internet service are generally offered at discounts from market offerings in spite of limited product variety.

7. OGCIO takes the lead in territory-wide promotion. The Implementers are responsible for promoting their service and product offers in respective servicedistricts. Apart from the programme branding of 'i Learn at home', WebOrganic and eInclusion carry specific branding (**WebOrganic** and **Net-Com rock n' roll** respectively) for their services.

## **Current Position**

### *Internet Adoption of Students from Low-income Families*

8. Prior to the Programme inception in early 2010, a survey conducted by the Policy 21 Limited revealed that about 87% of low-income families with children in primary and secondary schools had Internet connection at home. Another survey conducted by the Policy 21 Limited at the end of 2011 on a relatively small sample reflected that the adoption had increased to about 97%. According to the thematic household survey conducted by the Census and Statistics Department in 2012, the adoption was at 96%, which is nearly on par with their counterparts in mainstream community at 97%. This indicates that in terms of Internet learning, the digital gap on this needy group has been closing fast in the past three years.

### *Programme Effectiveness*

9. According to the findings of the study conducted by MVA, generally speaking, the service recipients were content with the services provided by the two Implementers and the satisfaction rates were over 70%<sup>3</sup>.

10. Service beneficiaries considered that the sales of computer and Internet access service were the most important services, but they were least satisfied with these two services due to their unattractive offerings and limited choices of products. They also expected a higher level of provision beyond what is offered under the Programme for Internet learning at home. Service recipients were most satisfied with training service as well as social support and counseling, which are nonetheless considered to be the relatively less important since similar services were available from other sources.

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<sup>3</sup> In the telephone survey conducted by MVA in late 2012, programme service recipients were asked on their overall satisfaction level towards the Programme, 71.5% of them gave the Programme a satisfaction score of 4 or 5 out of a maximum of 5.



11. For non-users, the main reasons for not using the Programme services were that the services were considered unnecessary and the product offers were not attractive. Most of them indicated that they already own computers and Internet access at home, and they did not require the training, technical and social support services even though these services were free. Some also had confusion over the different brandings being used for the Programme.

12. The above reflect that the scope of the Programme needs refinement in order to better cope with the latest Internet learning needs of target recipients.

#### *Service Take-up*

13. Up to 31 March 2013, a total of 17 652 families, i.e. 6.3% of some 282 000 eligible families in the past two school years have received services from the Implementers. The level of service take-up was below the targets set out in the Funding and Operation Agreement with the Government.

14. Below are the possible reasons for the overall adoption being slower than expected –

#### (a) Computer & Internet access service

- i. The digital gap has substantially narrowed; 96% of target families already have computers and Internet connection at home;
- ii. According to the study, service recipients considered the pricing unattractive for computer offer and the choices limited both for computer offer and broadband services packages. In relation to the bandwidth of the Internet service, they also expected a higher level of provision than the basic level offered under the Programme designed for Internet learning;
- iii. The Implementers operate by sourcing suitable computer products at discounted prices. Given the very competitive nature of the computer retail business and the products are of very short life cycle, it remains rather challenging for the Implementers to secure substantial discounts from the suppliers.

#### (b) Student and Parent Training services

- i. Information literacy of parents and students have improved;
- ii. According to focus group respondents, students considered that the training overlaps with school education and parents did not consider such training useful. They also felt that timing and locations were inconvenient.

- (c) Technical and user support service
  - i. According to focus group respondents, secondary students did not consider the support service useful. They preferred to seek assistance from their peers. Parents and primary students considered that the support service was useful and could save their money and time.
- (d) Counselling Service
  - i. According to focus group respondents, students did not consider the counselling service useful. Parents and schools considered that the counselling service overlapped with school social service.

### *Programme Fund Utilisation*

15. Expenditure incurred up to March 2013 as reported by eInclusion and WebOrganic are \$29.8 million and \$24.7 million respectively.

16. Because of unforeseen constraints, the Implementers need to spend substantial resources in engagement and service delivery, as detailed below –

- (a) The database of contact information in respect of eligible families cannot be made available to the Implementers due to concerns on data privacy. As a result, the Implementers need to engage the target beneficiaries indirectly through extensive school-based promotion, and most of these activities need to be extended to non-eligible students to avoid labeling effect. Furthermore, given the slow take-up rate, many promotional and value-added services and activities were launched to entice participation. These lead to high operational overheads in the service delivery. To facilitate the process and to maximise reaching-out, the Government arranged to disseminate the Programme materials and enrolment forms to all target beneficiaries through SFAA and SWD to achieve 100% reach out to all target beneficiaries.
- (b) The reselling of computers and Internet service incurs significant operational overheads in the sales administration. Since 4.7% of the purchases by instalment have experienced delinquent payments with credit risks, the two Implementers need to dedicate substantial efforts to follow up on the defaulted payments. Funding also needs to be reserved for potential write-off of the bad debts. As at May 2013, the amount of potential cumulative write-off was about \$672,000, covering 240 service recipients out of 5 158 who purchased computers and broadband service through the two Implementers, of which eInclusion

has 77 identified bad debts cases and 46 potential credit at risk cases while WebOrganic has 58 identified bad debts cases and 59 potential credit at risk cases.

## **Priorities of Services**

17. Based on the above findings and assessment, the Administration recommends to fine-tune the Programme by focusing on services which are difficult to meet through the market, trimming services with abundant alternative providers and adopting a more cost-effective, on-demand model of service delivery as below –

(a) **Sale of Computer and Internet Services**

Continue to source discounted offers of computers and Internet services for the target beneficiaries. The Administration will re-visit the service of reselling computers. This service carries a unit cost (or investment) of about \$1,500 and attracts potential bad debts. The Administration is exploring whether there are more cost-effective means of providing this service and would also consider how this service would evolve. The same applies to Internet services which also entails a relatively high unit cost (or investment).

(b) **Student and Parent Training**

Continue to provide training to students and parents on Internet use including training resources in electronic format through portals to facilitate the needy members to pick up or review specific topics of Internet learning everywhere and anytime.

(c) **Social Support and Counselling Service**

Continue to provide these services to eligible families in need, and leverage school social workers and other existing resources to render direct support to students and parents in need.

(d) **Technical Support**

Continue to provide hotline and technical support to the eligible families, and arrange home visits on need basis by leveraging volunteer services as far as possible.

(e) **Division of Work**

Continue with the current model of geographical split between the Implementers to ensure minimum impact to the existing service recipients, but strengthen their collaboration to achieve maximum effectiveness.

(f) 'On-demand' Service Delivery

Services will be provided to the target beneficiaries as and when needed, instead of engaging target recipients proactively through school-based promotion. The OGCIO will undertake all Programme publicity and promotion in collaboration with other Bureaux/Departments and the two Implementers to promote the awareness among all stakeholders, and adopt a single brand name of "i Learn at home".

## **Way Forward**

18. The Administration aims to implement the above recommendations in the 2013-14 school year. The Implementers will refine their business plans accordingly and in line with existing practices, funding will be disbursed upon acceptance of the proposed business plans and budgets.

19. The required expenditures for taking forward the recommendations in the remaining three years will be contained within the provision of the Programme, i.e. \$220 million originally approved by the Finance Committee (ref. FCR(2010-11)15).

20. In view that the take-up has been slower than expected and Programme services will be fine-tuned in coming two years, the Administration considers it premature to assess the sustainability issue at this stage. The Administration will conduct another review in early 2015 to consider the way forward including the sustainability issue having regard to Programme performance and the latest Internet learning needs among students from low-income families.

**Targets for Students from Low-income Families, the Elderly and  
the Web Accessibility Campaign**

Targets	Timeframe	Current Status
<p><b>Students from Low-income Families</b></p> <p>Facilitating Internet Learning</p> <ul style="list-style-type: none"> <li>• Access to Internet at home among students from low-income families is on par with students in the mainstream community</li> </ul>	2014	Difference in Internet adoption has been reduced to only 1% <sup>1</sup>
<p><b>Elderly</b></p> <p>Encouraging adoption</p> <ul style="list-style-type: none"> <li>• 25% of the elderly have used a computer</li> <li>• 23% of the elderly have used the Internet</li> </ul>	2014  2014	To be reviewed in 2014 <sup>2</sup>  Ditto
<p><b>Web Accessibility Campaign</b></p> <ul style="list-style-type: none"> <li>• All tertiary institutions have incorporated web accessibility in their ICT curricula</li> <li>• 80% of government websites have validated to W3C WCAG 2.0 AA standard</li> <li>• Top 50 non-government websites frequently visited by persons with disabilities incorporating key web accessibility features increase from currently 25% to 50%</li> </ul>	2013/14  2013  2014	Achieved  Achieved  To be reviewed in 2014 <sup>3</sup>

<sup>1</sup> According to the Thematic Household Survey conducted by the Census and Statistics Department in 2012, 96% of low-income families with school-age children had computers connected to the Internet at home, while the adoption among the mainstream families with school-age children was 97%.

<sup>2</sup> The Administration will gauge the latest adoption through another Thematic Household Survey in 2014.

<sup>3</sup> The Administration will conduct assessments in 2014 to measure the readiness of non-government websites frequently visited by persons with disabilities