

立法會
Legislative Council

LC Paper No. CB(4)290/14-15
(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 November 2014, at 2:30 pm
in Conference Room 3 of the Legislative Council Complex

- Members present** : Dr Hon Elizabeth QUAT, JP (Chairman)
Hon Emily LAU Wai-hing, JP
Hon TAM Yiu-chung, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Ronny TONG Ka-wah, SC
Hon Cyd HO Sau-lan, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon WONG Yuk-man
Hon Claudia MO
Hon NG Leung-sing, SBS, JP
Hon YIU Si-wing
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon SIN Chung-kai, SBS, JP
Dr Hon CHIANG Lai-wan, JP
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
- Members absent** : Ir Dr Hon LO Wai-kwok, BBS, MH, JP (Deputy Chairman)
Hon LEUNG Kwok-hung
Hon Steven HO Chun-yin
Hon Christopher CHEUNG Wah-fung, SBS, 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 Edward TO
Principal Assistant Secretary for Commerce
and Economic Development (Communications
and Technology)A

Office of the Communications Authority

Miss Eliza LEE, JP
Member, Communications Authority
Director-General of Communications

Ms Elizabeth TAI
Deputy Director-General of
Communications (Broadcasting)

Mr Eric CHAN
Assistant Director (Film, Newspaper and
Article Administration)

Agenda item V

Commerce and Economic Development
Bureau

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

Office of the Government Chief Information Officer

Mr Daniel LAI, BBS, JP
Government Chief Information Officer

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

Miss Donna CHAN
Assistant Government Chief Information Officer (Governance & Resources)

Agenda item VI

Commerce and Economic Development Bureau

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

Office of the Government Chief Information Officer

Mr Daniel LAI, BBS, JP
Government Chief Information Officer

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

Financial Services and the Treasury Bureau

Mr Jackie LIU
Principal Assistant Secretary for Financial Services and the Treasury (Financial Services)

Attendance by invitation : Agenda item IV

Communications Authority

Mr Ambrose HO, SBS, SC, JP
Chairman

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

Agenda item VI

Hong Kong Monetary Authority

Mr LEE Kwok-hung
Senior Manager 2
Financial Infrastructure Development
Division, Financial Infrastructure Department

Mr Clarence HUI
Senior Manager 3
Financial Infrastructure Development
Division, Financial Infrastructure Department

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

Staff in attendance : Ms Vanessa CHENG
Assistant Legal Adviser 5

Mr Joey LO
Senior Council Secretary (4)3

Ms Anki NG
Council Secretary (4)3

Miss Mandy LAM
Legislative Assistant (4)3

Action

I. Confirmation of minutes of meeting

(LC Paper No. CB(4)91/14-15 -- Minutes of meeting held on 9 October 2014)

The minutes of the meeting held on 9 October 2014 were confirmed.

II. Information papers issued since the last meeting

(LC Paper No. CB(4)979/13-14(01) -- Referral arising from the meeting between Legislative Council Members and Tsuen Wan District Council members on 12 June 2014 on issues relating to the coverage of fixed broadband network in suburban areas in Tsuen Wan District (Chinese version only)
(Restricted to members)

LC Paper No. CB(4)1007/13-14(01) -- Follow up to the referral arising from the meeting between Legislative Council Members and Tsuen Wan District Council members on 12 June 2014 on issues relating to the coverage of fixed broadband network in suburban areas in Tsuen Wan District

LC Paper No. CB(4)1069/13-14(01) -- Invitation letter from the Communications Authority regarding public hearings on the renewal of the analogue sound broadcasting licences of Hong Kong Commercial Broadcasting Company Limited and Metro Broadcast Corporation Limited

LC Paper No. CB(4)1092/13-14(01) -- Letter from Hon Charles Peter MOK dated 12 September 2014 on issues relating to regulation of person-to-person telemarketing calls (Chinese version only)

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)112/14-15(01) -- List of outstanding items for discussion

LC Paper No. CB(4)112/14-15(02) -- List of follow-up actions)

Regular meeting on 8 December 2014

3. Members noted that the next regular Panel meeting would be held on Monday, 8 December 2014 at 2:30 pm to discuss the following items:

- (a) New government data centre complex; and
- (b) Report on the work of the Hong Kong Design Centre and future plans.

IV. Renewal of analogue sound broadcasting licences

(LC Paper No. CB(4)112/14-15(03) -- Administration's paper on applications for renewal of the analogue sound broadcasting licences

LC Paper No. CB(4)112/14-15(04) -- Paper on renewal of analogue sound broadcasting licences prepared by the Legislative Council Secretariat (Background brief)

Briefing by the Administration

4. At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Communications and Technology) ("PSCED(CT)") briefed members on the progress of processing the applications for renewal of the analogue sound broadcasting licences received from Hong Kong Commercial Broadcasting Company Limited ("CRHK") and Metro Broadcast Corporation Limited ("Metro") in July and August 2014 respectively ("the licence renewal applications"). The Chairman of the Communications Authority ("C of CA") then briefed members on the procedures and criteria for renewal of the analogue sound broadcasting licences. Details of the briefings were set out in the Administration's paper (LC Paper No. CB(4)112/14-15(03)).

Discussion

Investment commitments

5. In response to Ms Claudia MO's enquiry about the financial commitments of the licensees, C of CA advised that in support of their applications for licence renewal, CRHK and Metro had submitted to the Communications Authority ("CA") their proposed six-year investment plans for 2016 to 2022 on capital and programming expenditure. The CA would consider the proposed investment commitments of the licensees and assess inter-alia whether they had the financial capability to fulfill their commitments.

6. Noting the decrease in the advertising income of CRHK and the decrease in the income of operators of digital audio broadcasting ("DAB") service in the past few years, Dr CHIANG Lai-wan expressed concern about the financial positions and proposed commitments of CRHK and Metro in the renewal of the analogue sound broadcasting licences, in particular, the capital investment of CRHK from 2010 to 2016 was only about \$21 million. Deputy Director-General of Communications (Broadcasting) clarified that the capital investment of CRHK was for upgrading or replacement of its broadcasting equipment and facilities. C of CA added that the programming investment of CRHK from 2010 to 2016 was \$806 million and the proposed programming investment of CRHK from 2016 to 2022 would be \$884 million.

Programming requirements

7. Ms Claudio MO expressed concern about the limited broadcast hours of current affairs programme provided by Metro Plus, which only

stood at about 0.9% out of its programme types. C of CA advised that in the light of public feedback and members' views during the mid-term review in 2010, Metro had committed to increasing the weekly broadcast hours of its current affairs programme from a minimum of 1.5 hours to 10 hours starting from 2011.

8. Noting the relatively low percentage of weekly average broadcast hours of programmes for young persons, senior citizens, children, and arts and culture provided by CRHK and Metro, Mr TAM Yiu-chung urged the CA to review the positive programme requirements and the broadcast hours of the positive programmes in the renewal of licenses. C of CA advised that the CA would assess whether CRHK and Metro had complied with the various licence conditions and the Radio Code of Practice on Programme Standards ("the Radio Programme Code"), including positive programme requirements, language requirements, use of language, accuracy and impartiality, etc. As the CA was conducting a public consultation on the renewal of the analogue sound broadcasting licences of CRHK and Metro, members of the public were encouraged to give their views on the performance of the two licensees to the CA for consideration.

9. Referring to the recent broadcasting of programmes by CRHK in providing positive views on protesters participating in unlawful assemblies arising from the Occupy Central movement, Mr TAM Yiu-chung enquired whether the depiction of such illegal acts in a favourable light had breached the Radio Programme Code. Mr TAM further enquired whether partial views expressed in some radio programmes of CRHK, in particular personal view programmes, had breached the Radio Programme Code. Mr NG Leung-sing shared a similar view and enquired whether CRHK and Metro had breached the accuracy and impartiality requirements in such circumstances under the Radio Programme Code, and whether the CA would impose relevant licence conditions when considering their renewal applications.

10. C of CA advised that the CA had so far received about 60 complaints against CRHK's radio programmes relating to the Occupy Central movement. These complaints were being handled by the Broadcast Complaints Committee under the CA in accordance with the established procedures. Under the Radio Programme Code, news programmes and factual programmes dealing with matters of public policy or controversial issues of public importance in Hong Kong were required to comply with the due impartiality rule. Balance should be sought through the presentation, as far as possible, of principal relevant viewpoints.

11. C of CA further advised that the CA had all along respected the editorial independence of the licensees and the right of freedom of speech of the public. For personal view programmes, the programme hosts, guests and/or individual contributors could put forward their own views. The nature of the programme had to be identified clearly at the start of the programme, for example, by an announcement that "the programme only reflected the personal views of the programme host(s) and/or the individual contributor(s)". Fact had to be respected and the opinion expressed, however partial, should not rest upon false evidence. A suitable opportunity for response to the programme should be provided. Licensees should be mindful of the need for a sufficiently broad range of views to be expressed in any series of personal view programmes.

12. In response to Mrs Regina IP's enquiry about the types of positive programmes to be increased and the increase in the number of broadcast hours for such programmes, C of CA advised that the CA had imposed requirements on positive programmes under the analogue sound broadcasting licences and different genres of programmes were provided by the licensees. In line with the established practice, the CA was conducting a public consultation to, among other things, gauge public views on the variety and broadcast hours of programmes provided by the two licensees. The CA would submit its recommendations on the licence renewal applications, including types and broadcast hours of positive programmes, to the Chief Executive in Council for consideration.

13. Expressing concern that some programme hosts banned speakers from presenting their views in full or quoted other people's views out of context in their absence when running programmes on current affairs and hot topics, Mrs Regina IP enquired whether the licensees had failed to achieve impartiality in such programmes. C of CA advised that it would be more appropriate to look into the details of individual complaint cases received in determining whether the programmes had breached the due impartiality rule in the Radio Programme Code.

14. Mr Christopher CHUNG was of the view that the performance of the licensees should not be assessed solely by the nature and number of complaints received but also in terms of their social responsibilities and the impact of their programmes on the community. He considered that the way and manner in which the programmes broadcast by CRHK with themes glorifying the Occupy Central movement was unacceptable. As such, objective surveys and consultation should be conducted on the performance of CRHK and Metro. C of CA advised that a comprehensive assessment of the performance of the licensees was being conducted in the context of the licence renewal applications, including their compliance with relevant

statutory requirements, licence conditions and codes of practice, their financial commitments and public views on the licensees' performance.

15. Mr MA Fung-kwok expressed concern about the weekly broadcast hours of arts and culture programmes provided by CRHK and Metro, which only stood at about three hours for each licensee. He enquired how such programmes were defined in accordance with the programming requirement and standards, and whether the CA would consider requiring CRHK and Metro to increase the weekly broadcast hours of such programmes when renewing their licences. Assistant Director (Film, Newspaper and Article Administration) advised that when the CA received from the sound broadcasters information of the relevant programmes for fulfilling the positive programme requirements, it would upload them onto its website. In general, the CA would consider the content of the programme to determine whether it would be regarded as arts and culture programme. C of CA supplemented that upon receipt of public views in the public consultation, the CA would consider whether it would be necessary to require CRHK and Metro to increase the weekly broadcast hours of arts and culture programmes, as well as sports programmes. In response to Mr MA's enquiry about the broadcast timeslots for arts and culture programmes, C of CA advised that programme broadcast timeslots were determined by the sound broadcasters.

16. Mr Paul TSE expressed concern about the average weekly broadcast hours of Metro Finance's current affairs programme from 2010 to 2014, which was only about 9.8 hours when compared to about 17.2 hours of those provided by CR1 of CRHK. The proportion of complaints against CRHK received was a lot more than that of Metro, for example, on complaints about partiality (programme materials), CRHK was 11.6% while Metro was only 1.7%. He enquired about the effectiveness of the regulatory requirements on the licensees as a whole.

17. C of CA advised that the CA had imposed different requirements for news and factual programmes and personal view programmes, and would handle the complaints in respect of these programmes in accordance with the established procedures and the relevant codes of practice. The complaint statistics on their own might not always reflect in full the seriousness of the breaches, though a serious breach usually would have generated a large number of complaints beforehand.

Factors to be considered for renewal of licences

18. Noting the various factors that the CA would take into account in considering the licence renewal applications as set out in the

Administration's paper (LC Paper No. CB(4)112/14-15(03)), Mr YIU Si-wing was of the view that such factors were too general and without an objective standard. He enquired whether the CA would consider quantifying the criteria for renewal of the licences, for example, by adopting a point system in assessing the performance of the two licensees against the statutory requirements, financial commitments, public views and complaints, etc.

19. C of CA advised that the set of criteria used for assessing the performance of the licencees was clear and the licensees had knowledge of the relevant criteria. It was not always possible to assign weightings to individual criterion. For example, the CA would not solely use the level of financial penalties previously imposed on the licensees for their breaches to assess their level of compliance with the licence requirements or the relevant codes of practice. The performance of the licensees would be assessed with regard to the nature of individual breaches and their overall compliance. It was inappropriate to impose a new set of assessment criteria for the licence renewal applications without conducting prior consultation.

20. Mr WONG Yuk-man considered that in assessing the performance of the two licensees, the CA should consider various aspects, namely, the licensees' compliance with the relevant programming and regulatory requirements, the investment plans, the nature and number of complaints received on possible breaches, etc. He also expressed concern about the large number of complaints against CRHK received by the CA in relation to programme materials, advertising and non-programme materials when compared to those against Metro.

Editorial independence and the right of freedom of expression

21. Noting the rules of impartiality as set out in the Radio Programme Code, Ms Emily LAU urged the CA to consider the licence renewal applications in accordance with the established criteria and standards. As there were too few radio stations in Hong Kong, she also urged the CA to consider introducing competition among sound broadcasters to avoid media control. C of CA advised that the CA would consider the licence renewal applications in a fair and impartial manner and assess the performance of the licensees against the statutory and licence requirements as well as the codes of practice promulgated by the CA.

22. In response to Ms Emily LAU's concern about self-censorship of the media, C of CA advised that the CA had all along respected the editorial independence of the licensees and would not impose censorship on their programmes. The requirements under the Radio Programme Code in

relation to news and factual programmes and personal view programmes were promulgated bearing in mind the need to preserve the editorial independence of the licensees.

Radio spectrum

23. In response to the enquiries from Mr SIN Chung-kai, Mr Charles Peter MOK, Dr CHIANG Lai-wan and Mr Christopher CHUNG about the option of taking back the relevant radio spectrum from CRHK and Metro and re-assigning them through public auction, PSCED(CT) advised that the CA would consider the assignment arrangements for the relevant radio spectrum along with the licence renewal applications.

24. Noting that all existing FM radio spectrum in Hong Kong had been assigned to the broadcasters, Mr WONG Ting-kwong enquired whether there were priorities for granting analogue sound broadcasting licences to CRHK and Metro. Director-General of Communications ("DGC") advised that according to section 13B of the Telecommunications Ordinance (Cap. 106), the CA would only process an application for sound broadcasting licence if it was satisfied that the frequency in the radio spectrum that the applicant proposed to use was available at the date of the application and was suitable for use in providing the proposed sound broadcasting service. If the analogue sound broadcasting licences of CRHK and Metro were not renewed, the spectrum held by them might then be available for assignment to applicants for licences to operate sound broadcasting service.

Public views and term of licences

25. In response to Ms Claudia MO's enquiry, C of CA advised that the CA had not specifically gauged public views in the public consultation currently in progress on the suggestion of opening up the applications for analogue sound broadcasting licences to other applicants but the public was free to submit their views on whether the licences of CRHK and Metro should be renewed.

26. Mr CHAN Chi-chuen enquired whether and under what circumstances the CA would consider shortening the term of the analogue sound broadcasting licences to less than 12 years in assessing the licence renewal applications of CRHK and Metro. PSCED(CT) advised that there was no statutory provision stipulating the term of the analogue sound broadcasting licences. For example, in 2000, a term of less than 12 years had been granted to an analogue sound broadcasting licensee in view of the proposed rolling out of the DAB services. In general, the CA would consider the performance of the licensees, including their financial

commitments and compliance with relevant requirements in their licence renewal applications. DGC supplemented that during the 12-year term of the licences, the CA would also conduct a mid-term review on the performance of the licensees in the sixth-year of the licence term.

Mode of sound broadcasting

27. Mr SIN Chung-kai enquired whether the Government would encourage the two licensees to develop DAB services in conjunction with their analogue sound broadcasting services when renewing their licences. PSCED(CT) advised that DAB services were a supplement rather than a replacement of analogue sound broadcasting services. As DAB services had only been rolled out for a relatively short period of time, the Government would closely monitor the implementation of DAB services and assess its effectiveness. C of CA supplemented that analogue sound broadcasting services and DAB services were governed by two separate licences. DAB services would be reviewed in future, possibly, during the sixth-year mid-term review.

28. In response to Mr Charles Peter MOK's enquiry about the reasons for separating the licences for analogue sound broadcasting and DAB, and whether the CA would consider merging the two licences and the regulatory regime for monitoring the two types of sound broadcasting services, PSCED(CT) advised that since the licensees of analogue sound broadcasting and DAB had provided different programmes to the public and applied different modes of operation in delivering their services, the Administration had no plan to merge the two types of licences. The Government also had no plan for the migration of analogue sound broadcasting to DAB or to require the analogue sound broadcasting licensees to develop DAB services. Mr Charles Peter MOK urged the Administration to set a timetable for the migration of analogue sound broadcasting to DAB.

V. Capital Works Reserve Fund Head 710 Computerization Subhead A007GX (Block Allocation) – New administrative computer systems

(LC Paper No. CB(4)112/14-15(05) -- Administration's paper on Capital Works Reserve Fund Head 710 Computerization Subhead A007GX (Block Allocation)–New administrative computer systems

LC Paper No. CB(4)112/14-15(06) -- Paper on Capital Works Reserve Fund Head 710 Computerization Subhead A007GX (Block Allocation)–New administrative computer systems prepared by the Legislative Council Secretariat (Updated background brief)

29. At the invitation of the Chairman, the Permanent Secretary for Commerce and Economic Development (Communications and Technology) ("PSCED(CT)") briefed members on the 2015-2016 funding requirement for the implementation of computerization projects under the Capital Works Reserve Fund ("CWRF") Head 710 Computerization Subhead A007GX ("block allocation") – New administrative computer systems. PSCED(CT) sought members' support for the proposed block allocation of \$940 million, which was \$20 million (about 2.2%) higher than the provision of \$920 million for 2014-2015. Details of the funding requirement, breakdown of the expenditure items and new projects to be funded by the block allocation were set out in the Administration's paper (LC Paper No. CB(4)112/14-15(05)).

Discussion

Funding requirement for 2015-2016

30. Mr Charles Peter MOK queried whether the proposed increase of \$20 million in block allocation (about 2.2%) in 2015-2016, mainly in the hardware item, would be sufficient for the implementation of computerization projects under the block allocation. The Government Chief Information Officer ("GCIO") advised that allocation only referred to the amount of cash flow allocated to a Bureau or Department with reference to the estimated expenditure requirement of the approved project in a given financial year. The proposed increase of \$20 million would be sufficient for 150 new projects to be initiated in 2015-2016.

31. In response to Mr MOK's enquiry about the upgrading of computer systems used by Government Bureaux and Departments ("B/Ds"), such as the Hong Kong Police Force, GCIO advised that the system upgrade that Mr MOK was referring to involved the upgrade of computers with Windows XP and Office software used by B/Ds. The expenditure relating to these projects had been included in the 2014-2015 block allocation. The system

support service centrally coordinated by the Office of the GCIO ("OGCIO") for B/Ds to continue receiving security patches for Windows XP beyond its normal support expiry date, which was extended by one year until April 2015.

32. Mr Christopher CHUNG enquired about the criteria and process for approving projects under the proposed block allocation. He was dissatisfied that the Administration had not provided a detailed description on the breakdown of expenditure items for the proposed block allocation and how the project estimates were determined. PSCED(CT) responded that examples of the new projects to be initiated were listed in Annex C to the Administration's paper (LC Paper No. CB(4)112/14-15(05)). To enhance transparency, information on all the proposed new projects, approved projects and their tender-related information had been published on the Digital 21 Strategy website. The Administration would include the relevant website link in its paper in future. Deputy Government Chief Information Officer (Consulting and Operations) ("DGCIO(CO)) added that paragraph 7 of the Administration's paper had set out the guiding principles for B/Ds to observe in formulating computerization project proposals, including supporting e-Government strategies for the management and use of information and communications technology ("ICT"), integrating e-Government into their overall business plans and embracing a citizen-centric culture in the delivery of public services, etc.

33. In response to Mr Christopher CHUNG's further enquiry about the necessity to upgrade various hardware and software of the Government computer systems in the proposed block allocation and the performance of the e-Government service, DGCIO(CO) advised that B/Ds would need to upgrade their computer systems every few years as a preventive measure to reduce the risk of being hacked due to software obsolescence. Regarding the performance of the e-Government service, DGCIO(CO) responded that Hong Kong had recently won the Outstanding e-Government Prize (Open City) at the World e-Governments Organization of Cities and Local Governments Awards 2014.

34. Mr WONG Yuk-man also considered the information provided by the Administration on the projects to be funded under the proposed block allocation too broad-brush. He requested the Administration to provide more details of the project estimates and the spending position for the Panel's consideration. He also enquired whether there was deployment of funds for urgent or higher priority projects under the proposed block allocation. PSCED(CT) advised that 97% of the block allocation in 2013-2014 were expended and in some other years, for example in 2003-2004, less than 80% of the block allocation were expended. The Administration

would provide the percentage of block allocation expended in the past and more detailed information on the projects to be funded under the proposed block allocations in future to facilitate discussions at Panel meetings.

35. As regards the management of priorities of information technology ("IT") projects, GCIO added that every year the relevant B/Ds, with the support of its policy bureau, would submit a project portfolio to the OGCIO outlining the priorities of projects to be implemented. The Administrative Computer Projects Committee was responsible for assessing whether the proposed projects submitted by B/Ds were urgent or at high priority, taking into account whether the projects would enable delivery of policy commitments, improvement on service delivery and protection in data and system security.

36. Mr WONG Yuk-man further enquired about measures taken by the Administration to receive public views on various e-government services and whether any reviews were conducted or improvements were made after receiving the public views. GCIO advised that public views on various e-Government services were received at the Government one-stop portal for review by the relevant B/Ds.

37. Mr CHAN Chi-chuen asked for the project estimates of the 150 new projects to be initiated in 2015-2016, out of which only 20 examples were listed in Annex C to the Administration's paper (LC Paper No. CB(4)112/14-15(05)). At Mr CHAN's request, the Administration undertook to provide information on the other 130 new projects including their project estimates for the Panel's consideration.

(Post-meeting note: The Administration's written response was circulated to members vide LC Paper No. CB(4)199/14-15(01) on 26 November 2014.)

Business opportunities for local small and medium sized enterprises

38. Having noted the decrease in contract value of IT projects awarded through the Standing Offer Agreement for the procurement of Quality Professional Services ("SOA-QPS"), Mr Charles Peter MOK expressed concern about the intense competition among small and medium sized enterprises ("SMEs") in the ICT sector and their difficulties in bidding for Government IT contracts and tenders. GCIO advised that the Government aimed to break large IT projects down into smaller ones and award contracts in phases as far as possible so that SMEs could have more opportunities to participate in Government IT contracts and tenders. According to the figures, out of the current 43 service providers under SOA-QPS, 10 of them

were SMEs representing about 23% of the total number of service providers. Out of the total number of IT contracts being awarded, about 26% were awarded to SMEs.

Data and system security

39. Noting in Annex B to the Administration's paper (LC Paper No. CB(4)112/14-15(05)) that 29 new projects (with a total estimate of about \$30 million) to be initiated under the proposed block allocation in 2015-2016 involved the protection of data and system security, and the alleged cyber attacks on Government information systems by certain parties in the recent Occupy Central movement, Mr TAM Yiu-chung enquired whether the estimates in the proposed block allocation would be sufficient for implementing preventive measures against security threats and cyber attacks on the Government's computer systems.

40. GCIO advised that the OGCIO had recognized the need to strengthen the security of Government information systems at all times. Twenty-nine new projects were proposed in the 2015-2016 proposed block allocation to enhance system security in this regard. Financial provision for implementing system security components had also been allocated for each individual project. A security risk assessment had to be conducted before any new system was launched. Regarding cyber attacks on Government information systems which took place about a month ago, the OGCIO had taken various measures to protect the Government computer systems and had also reported the incident to the Police.

41. In response to Mr TAM Yiu-chung's further enquiry about alleged cyber attacks by international hackers or foreign governments and whether the Government's security measures were sufficient to protect the Government computer systems, GCIO advised that recently out of 200 Government websites, only a few had been operating slower than normal and no incident of hacking leading to leakage of information from Government computer systems was reported.

42. Mr Christopher CHUNG enquired whether the Government computer systems had been hacked by Mr Edward SNOWDEN, former analyst of the United States National Security Agency, as alleged in summer 2013. DGCIO(CO) advised that no intrusion report relating to the allegation had been received according to the records of the OGCIO and the Hong Kong Computer Emergency Response Team Coordination Centre, the overall coordinator of computer security incident response for local enterprises and Internet users.

Performance assessment

43. Having noted that under Annex B to the Administration's paper, 26 new projects were identified as "to improve customer service and enhance productivity", Mr CHAN Chi-chuen expressed concern about the performance and the results of the projects funded under the block allocation. GCIO advised that the relevant B/Ds would submit a Post Implementation Departmental Return ("PIDR") to the OGCIO six months after the implementation of the relevant project detailing whether project objectives were met and the results and effects of implementation of the project, etc. In the past 12 months, the OGCIO had reviewed 136 such reports. DGCIO(CO) supplemented that the aggregated results of the PIDRs were published in OGCIO's Controlling Officer's Report indicating whether the projects were completed on time and whether project objectives were met. These reports were also provided to the Audit Commission and relevant additional information would be provided to the Director of Audit upon request.

44. At the Chairman's request, the Administration undertook to provide a summary on the performance and results of projects funded under the block allocation, such as the download rates and hit rates of the Government mobile applications, the nature and number of complaints received on these projects, if any, and measures to improve the effectiveness of these projects.

(Post-meeting note: The Administration's written response was circulated to members vide LC Paper No. CB(4)199/14-15(01) on 26 November 2014.)

Lead time required for system implementation and use of advanced technologies

45. Mr SIN Chung-kai expressed concern that in general, lead time was required for implementing Government ICT systems to achieve new policy initiatives. He enquired about the average lead time required between obtaining the block allocation funding and using the approved funds to implement the new initiatives. GCIO advised that the elapsed time required by the Administration to implement new policy initiatives depended on the scale and the scope of the projects involved but in general, a lead time of at least six months would be required for implementation of the relevant projects. More lead time would be required for the Administration to conduct the relevant tendering and procurement exercises in some situations.

46. Mr SIN also enquired whether there were differences in criteria in awarding IT contracts in the Government and the private sector, and whether

the Government was lagging behind in adopting and using new information technologies and systems when compared to the private sector. GCIO advised that when awarding Government IT contracts and tenders, the Administration was guided by two principles of achieving best value for money and maintaining open and fair competition. The private sector, which included large scale companies and SMEs, would also adopt largely similar criteria for awarding IT contracts to their partners taking into account individual company's needs. Some Government B/Ds conducted overall and departmental planning programmes and made use of advanced technologies in their ICT systems, such as the e-channel service of the Immigration Department and the big data analytics platform used by the Water Supplies Department to detect leakage in water pipes.

Cloud technologies

47. Mr Charles Peter MOK noted that the proposed block allocation would enable the Government to keep pace with the increasing use of ICT for service transformation, improve on customer services and enhance system security. In view of the wide adoption of the "cloud first" policy by overseas governments, Mr MOK enquired about the number of new projects using cloud technologies under the proposed block allocation in 2015-2016.

48. DGCIO(CO) advised that as shown in Annex C to the Administration's paper (LC Paper No. CB(4)112/14-15(05)), project item numbers 18 and 19 would adopt cloud technologies. In general, cloud platform was one of the technologies to be adopted and B/Ds were encouraged to consider using cloud platform for implementation and development of their projects. Whether cloud platform would be suitable for implementation of projects would depend on the project nature as well as technical solution to be used in those projects. Assistant Government Chief Information Officer (Governance and Resources) added that project item numbers 16 and 20 in Annex C to the Administration's paper would also adopt cloud technologies.

Summing up

49. The Chairman concluded that the Panel supported in principle the proposed block allocation for consideration by the Public Works Subcommittee.

VI. Amendment of Schedule 1 to the Electronic Transactions Ordinance (Cap. 553)

(LC Paper No. CB(4)112/14-15(07) -- Administration's paper on Amendment of Schedule 1 to the Electronic Transactions Ordinance (Cap. 553))

(LC Paper No. CB(4)136/14-15(01) -- Administration's paper on Amendment of Schedule 1 to the Electronic Transactions Ordinance (Cap. 553) (power-point presentation materials) (Chinese version only)

50. As it was already 4:15 pm, 15 minutes from the appointed ending time of the meeting, the Chairman directed that the meeting be extended for 15 minutes.

51. At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Communications and Technology) ("PSCED(CT)") briefed members on the Administration's proposal to amend Schedule 1 to the Electronics Transactions Ordinance ("ETO") (Cap. 553) to give e-cheque the same legal status as paper cheque. With the aid of powerpoint presentation, Senior Manager 3, Financial Infrastructure Development Division, Financial Infrastructure Department of the Hong Kong Monetary Authority ("SM(FID)3/HKMA") then briefed members on the implementation details of e-cheque. Details of the briefing and presentation were set out in the papers provided by the Administration (LC Paper No. CB(4)112/14-15(07) and CB(4)136/14-15(01)).

Discussion

Review of the Electronic Transactions Ordinance

52. While indicating support for the proposed amendment to launch the e-cheque, Mr Charles Peter MOK opined that instead of introducing ad hoc and piecemeal legislative amendments to the ETO, the ETO as a whole had lagged behind international developments and should be subject to an overall review to keep pace with technological advancement. For example, the adoption of digital time-stamping in electronic transactions, which was becoming an international trend, had yet to be introduced in the ETO in Hong Kong. In this regard, he cited Singapore's example to revamp its Electronic Transactions Act

to keep up with international trends in electronic transactions and to align with the United Nations Convention on the Use of Electronic Communications in International Contracts. Mr SIN Chung-kai shared a similar view and opined that the Administration should take a proactive approach and take the lead to implement measures which would be beneficial to the development of electronic transactions in Hong Kong.

53. Government Chief Information Officer said that the ETO adopted a technology-neutral approach and digital time-stamping was possible under the ETO. However, the industry was not interested in introducing time-stamping service at this point in time. PSCED(CT) added that the Administration attached high importance to updating Hong Kong's legislation governing electronic transactions to keep abreast of international developments. She expected that the proposed new Innovation and Technology Bureau would be best placed to undertake timely the review of the relevant legislation if necessary.

E-cheque

54. Whilst indicating support for the proposed legislative amendment, Mr SIN Chung-kai enquired about the difference in the method of presentation between paper cheque and e-cheque. He expressed concern whether members of the public who were unfamiliar with the use of e-cheque would be forced to accept e-cheque as a means of payment. Sharing a similar view, Mr TAM Yiu-chung opined that public education should be stepped up as the e-cheque was likely to pose difficulty to elderly bank customers who might not be familiar with electronic transaction.

55. SM(FID)3/HKMA advised that unlike paper cheque which had to be physically presented to the bank counter or drop-in box, e-cheque could be presented either through the Internet banking platform of the payee bank or the centralized presentment portal operated by the Hong Kong Interbank Clearing Limited for free. He emphasized that introduction of e-cheque was not meant to replace paper cheque. Both means would continue to co-exist after the legislative amendment. To enhance public awareness on the use of e-cheque, a public education campaign would be launched to tie in with the introduction of e-cheque in end 2015.

56. Principal Assistant Secretary for Financial Services and the Treasury (Financial Services) added that the introduction of e-cheque was aimed at providing an alternative and electronic means of transaction which had the same legal status as paper cheque. The Administration had no plans to replace paper cheque with e-cheque.

57. Senior Manager 2, Financial Infrastructure Development Division, Financial Infrastructure Department of the Hong Kong Monetary Authority supplemented that in order to complete a payment transaction, the means of transaction should be agreed by both parties involved in the transaction. Similar to the recipient of a paper cheque, a party receiving a e-cheque had the right to refuse e-cheque as a means of payment, and request the use of alternative means of payment such as cash or bank transfer. At the Chairman's request, the Hong Kong Monetary Authority undertook to discuss with the banking industry the issuing of clear guidelines to banks stating that the payee had the right to choose whether to accept e-cheque as a means of payment.

Other legal instruments

58. Noting that specific provisions in the ETO did not apply to generic items such as wills, trusts, statutory declarations, affidavits and power of attorney, the Chairman enquired whether the Administration had any plans to further amend the ETO to give digital version of such instruments the same legal status as their paper-based counterparts.

59. PSCED(CT) advised that non-application of the ETO to the aforementioned instruments reflected the recognition that certain types of transactions would preferably be conducted through conventional means due to solemnity, significance or complexity of the transactions as well as the readiness of the parties involved to handle the related instruments in electronic form. Nevertheless, the Administration would keep in view the comments, if any, from the Judiciary and international developments regarding the acceptance of digital version of other legal instruments as having the same legal status as their paper-based counterparts, and introduce suitable legislative amendments as and when necessary.

60. The Chairman concluded that the Panel supported in principle the Administration's proposal to amend the ETO to facilitate the implementation of e-cheque.

VII. Any other business

61. There being no other business, the meeting ended at 4:43 pm.