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Panel on Information Technology and Broadcasting

**Minutes of policy briefing
on Monday, 19 January 2015, at 8:30 am
in Conference Room 1 of the Legislative Council Complex**

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

**Public officers
attending**

: Mr Gregory SO, GBS, JP
Secretary for Commerce and Economic Development

Mr Godfrey LEUNG, JP
Under Secretary for Commerce and Economic
Development

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)

Miss Eliza LEE, JP
Director-General of Communications

Ms Elizabeth TAI
Deputy Director of Films, Newspaper & Article
Administration

Mr Victor LAM, JP
Acting Government Chief Information Officer

Mr Roy TANG, JP
Director of Broadcasting

Mr Jerry LIU
Head of Create Hong Kong

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

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

Miss Mandy LAM
Legislative Assistant (4)3

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I. Briefing by the Secretary for Commerce and Economic Development on relevant policy initiatives featuring in the Chief Executive's 2015 Policy Address

(LC Paper No. CB(4)361/14-15(01) -- Administration's paper on policy initiatives of Communications and Technology Branch, Commerce and Economic Development Bureau

LC Paper No. CB(4)368/14-15(01) -- Speaking note of the Secretary for Commerce and Economic Development)
(*Chinese version only*)
(*tabled at the meeting and subsequently issued via email on 19 January 2015*)

Other relevant documents

- (a) Address by the Chief Executive at the Legislative Council meeting on 14 January 2015 - "Uphold the Rule of Law, Seize the Opportunities, Make the Right Choices, Pursue Democracy, Boost the Economy, Improve People's Livelihood" (*issued on 14 January 2015*); and
- (b) The 2015 Policy Address - "Policy Agenda" (*issued on 14 January 2015*).

Briefing by the Secretary for Commerce and Economic Development

At the invitation of the Chairman, the Secretary for Commerce and Economic Development ("SCED") briefed members on the major initiatives relating to the Communications and Technology Branch of the Commerce and Economic Development Bureau ("CEDB") under the 2015 Policy Address. These included initiatives in the areas of information and communications technology ("ICT"), creative industries, broadcasting service and telecommunications service. Details of the policy initiatives were set out in the Administration's paper (LC Paper No. CB(4)361/14-15(01)) and SCED's speaking note (LC Paper No. CB(4)368/14-15(01)).

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Discussion

Film Development Fund and the First Feature Film Initiative

2. Mr MA Fung-kwok expressed support for the proposed injection of \$200 million into the Film Development Fund ("FDF"). In response to Mr MA's enquiry about follow up measures to be taken upon the exhaustion of the increased funding, SCED advised that a review on the various film supporting schemes would be conducted to assess their effectiveness in due course. Appropriate measures would also be taken to increase the funding if necessary. Mr LEUNG Kwok-hung considered that the injection of an amount of \$200 million into FDF was insufficient. He urged the Administration to implement measures to assist the local film industry and to improve the quality of local films.

3. Noting that new filmmakers who had no previous experience in directing commercial films would qualify to be selected under the First Feature Film Initiative ("FFFI"), Mr NG Leung-sing enquired about measures taken by the Administration to ensure films produced under FFFI were at a standard meeting the requirements of commercial films. Head of Create Hong Kong ("Head of CreateHK") advised that FFFI was launched in March 2013 on a pilot basis to identify new filmmakers through a competition on screenplay and production proposals by university and tertiary-level film graduates, and by practitioners of the film industry who had no previous experience in directing commercial films. To ensure completion of film production on schedule, within budget and at a standard meeting the requirements of commercial films, CreateHK has engaged an industry veteran experienced in film production as the project manager who would be responsible for monitoring the progress and financial positions of the film production as well as providing timely assistance.

Encouraging the development of cinemas

4. Mr WONG Kwok-hing expressed support for the proposal to inject additional funding into FDF. Noting that the Administration had proposed to facilitate cinema development and to reserve space for cinemas in major cultural and entertainment development areas, he enquired about the proposed area for such development and measures taken by the Administration to support the operation of cinemas. SCED advised that due to high demand for space and high rental in developed areas, it would be more efficient to build cinemas in new development areas. CEDB would work in consultation with the Development Bureau to explore ways to facilitate cinema development through land sale and planning. Mr WONG urged the Administration to provide

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subsidies to support cinemas' operations. Mr MA Fung-kwok was of the view that the Administration should consider including new terms in the assignment of land to developers by requiring a certain percentage of land be used for building cinemas.

5. Mr CHAN Chi-chuen considered that funding support should continue to be provided under FDF for local film makers to produce more films of new genres catering to the taste of local audience. He enquired about the reasons for facilitating cinema development and measures taken by the Administration to encourage local film production. Permanent Secretary for Commerce and Economic Development (Communications and Technology) ("PSCED(CT)") advised that building more cinemas could help nurture the development of local film talent as there would be more venues for showing films. In addition, funding support would be provided to the Hong Kong International Film Festival ("HKIFF") for continuing to host the Cine Fan Club Programme, which sought to attract more young audience to patronize cinema and watch local and foreign classic films so as to groom their knowledge and interest in film.

6. In response to Mr SIN Chung-kai's enquiry whether the provision of funding support to HKIFF would require approval from the Finance Committee ("FC"), PSCED(CT) advised that the scale of the funding to be provided to HKIFF at the present stage would not require separate approval from FC as it could be absorbed by existing funding resources under FDF. Apart from watching films, the programme would also include seminars, etc, to arouse the interest of young audience in films.

7. Mrs Regina IP opined that some industries did not have the land required for development and enquired about the considerations taken into account by the Administration to facilitate cinema development. SCED advised that in order to nurture local film talents and to enable local films to be shown in cinemas, the Administration had been exploring ways to facilitate cinema development. Mrs IP considered that the way forward for Hong Kong's film industry was to produce Hong Kong-Mainland co-production titles which would have a huge market in the Mainland. She urged the Administration to review its strategy for reinvigorating Hong Kong's film industry.

8. Mr Paul TSE did not consider it commercially viable to facilitate cinema development given the changes in the film market where audiences had turned to watch films on digital video discs and the web. He urged the Administration to provide support to young talents who were making use of the Internet to develop their creative businesses.

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Support for and manpower development of creative industries

9. Mr Charles Peter MOK enquired about efforts made by the Administration to nurture young talents and provide employment opportunities for local graduates to join the creative industries with the use of information technology ("IT") solutions. Acting Government Chief Information Officer ("GCIO") advised that the Administration had worked closely with the academia and the industries to participate actively in IT career talks, exhibitions and activities, and to provide information on IT studies and career to students and their parents through multiple channels including the one-stop "Student IT Corner" web resources provided by the Office of the Government Chief Information Officer ("OGCIO"). The Administration had also proposed to introduce a two-pronged Enriched IT Programme in secondary schools to groom IT talents. Up to eight secondary schools would be selected as partner schools to run enriched IT classes for students who were willing to put in extra hours for more vigorous and advanced training in IT. In addition, interested schools would be invited to organize some 50 IT activities in the school community each year. The Administration aimed at commencing the Programme from the school year 2015-2016.

10. The Deputy Chairman expressed concern about the manpower development of creative industries and enquired about measures taken by the Administration to promote the ICT industry to potential talents and to nurture ICT startups. SCED advised that efforts were made to create an ICT atmosphere, including supporting ICT startups to produce original creative animation work for exploring business opportunities and showcasing their works with a view to promoting the creative industry to attract potential talents. Angel funds and venture capital investments were also secured to facilitate the development of the ICT industry.

11. SCED supplemented that apart from the Hong Kong Science Park and the Cyberport which provided support to nurture ICT startups, multinational business organizations also provided such support. In recent years, over 30 co-working space accommodating over 1 000 ICT startups had been set up comparing to only three co-working space about three years ago. The Administration would continue to implement supporting measures to nurture ICT startups.

12. Dr Priscilla LEUNG enquired whether the Administration had made reference to successful overseas experience, such as South Korea, in enabling the film industry to assist the development of other economic activities, such as the promotion of food and fashion items, which had gained international

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acclaim. SCED advised that cross-sector economic activities were important for the overall economic development of Hong Kong and the Administration would continue to explore ways to support creative industries, including the local film industry.

13. Mr Paul TSE enquired about the Administration's policy direction on the long term development of the creative industries. SCED advised that Hong Kong had a high value-added and knowledge-based economy, emphasizing on manpower development, the provision of business opportunities and the application and adoption of innovative products by service industries. Creative industries would need to interact and co-operate with neighbouring industries in the commercial sector to foster their development. The Administration had organized various promotional activities for creative industries during the year and would continue to promote ICT products to the business sector, thereby creating an atmosphere for ICT startups to develop and continue with their operations.

Adoption of information and communications technology among small and medium enterprises

14. Noting that the Administration had provided funding support to the wholesale/retail industry recently and organized three events under the brandname "中小企和 IT 人有個約會" in 2014 to provide an opportunity for small and medium enterprises ("SMEs") to learn about ICT solutions suitable for their operations and to seek potential business collaboration with local ICT companies, Mr YIU Si-wing enquired about measures to be taken by the Administration to facilitate SMEs in the travel industry to develop suitable ICT solutions for their operations. Mr Charles Peter MOK also enquired about measures taken by the Administration to facilitate SMEs in other industries to adopt ICT solutions and programmes.

15. SCED advised that each of the three sessions under the brandname "中小企和 IT 人有個約會" comprised a number of short one-on-one exchange sessions between SMEs and local ICT companies. A total of 67 SMEs and 73 ICT companies took part in the three sessions, one for SME business generally and the other two targeting the travel industry and catering industry respectively. Over the years, the Government had implemented various schemes to support SMEs. Those which were ICT-specific included the Sector-specific Programmes for SMEs which provided funding support to projects for 17 business sectors, including the travel industry. So far, 22 projects had successfully completed, benefiting over 38 000 SME practitioners.

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16. GCIO supplemented that in view of the obvious benefits for SMEs to employ ICT, the Administration had facilitated the provision of cloud services for SMEs, in collaboration with cloud service providers and solution developers, with a view to encouraging SMEs to increase the use of trusted and reliable cloud-based services and applications to boost productivity, improve efficiency and enhance customer services. For example, the Administration had organized training programmes, promotional activities and competitions for the SME Cloud Promotion Campaign. Given SMEs' significance in Hong Kong's economy, OGCIO would continue to launch initiatives to enhance their adoption of ICT with a view to enhancing their overall competitiveness.

Government information and communications technology systems upgrade and data centre development

17. Mr SIN Chung-kai opined that both the hardware and software of internal ICT systems of some Government Bureaux/Departments ("B/Ds") were outdated. He enquired about the policy for upgrading these systems and whether such system upgrades were initiated by the relevant B/Ds or OGCIO. GCIO advised that professional reviews and upgrades were provided to these systems whenever necessary. Relevant B/Ds were requested to provide their proposals for such upgrades and OGCIO had also conducted such reviews on a regular basis to advise relevant B/Ds to upgrade their systems as appropriate.

18. Mr Charles Peter MOK enquired whether suitable site was available for setting up new data centres in Hong Kong given the high demand from the business sector. GCIO advised that there had been a steady increase of 10% each year in the establishment of new data centres since 2009. OGCIO was working with the relevant B/Ds to make available the second one-hectare site in Tseung Kwan O for data centre use. Due to the increase in the use of cloud computing services which created further demand for new data centres, the Administration would continue to explore suitable venues available for such use.

Establishment of the Innovation and Technology Bureau

19. Mr WONG Ting-kwong enquired about measures taken by the Administration to facilitate the early establishment of the Innovation and Technology Bureau ("ITB") given the objection raised by some members. SCED advised that the Administration would continue to promote the policy intent and objectives for establishing the ITB, including the strengthening of the co-ordination among the Government, the industry, academia and research and development sectors. The Administration appealed to members for supporting the relevant proposals relating to the establishment of the ITB.

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Broadcasting service

20. Mr MA Fung-kwok and Ms Claudia MO enquired about the progress of the processing of applications for domestic free television programme service ("free TV") licences and applications for renewal of free TV licences of Asia Television Limited ("ATV") and Television Broadcasts Limited ("TVB"). SCED advised that the applications for free TV licences were processed by the Communications Authority ("CA") which submitted its recommendations on the licence renewal applications of ATV and TVB to the Chief Executive ("CE") in Council on 4 November 2014. CA would provide supplementary information to the CE in Council when necessary. The licence renewal applications were being considered by the CE in Council in accordance with applicable law and established procedures and criteria.

II. Any other business

21. There being no other business, the meeting ended at 10:00 am.

Council Business Division 4
Legislative Council Secretariat
7 July 2015