

立法會
Legislative Council

LC Paper No. CB(4)1201/14-15
(These minutes have been seen
by the Administration)

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Panel on Information Technology and Broadcasting

Minutes of meeting
on Monday, 11 May 2015, at 2:30 pm
in Conference Room 3 of the Legislative Council Complex

Members present : Dr Hon Elizabeth QUAT, JP (Chairman)
Ir Dr Hon LO Wai-kiwok, BBS, MH, JP (Deputy 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-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
Hon Christopher CHUNG Shu-kun, BBS, MH, JP

Member absent : Hon WONG Yuk-man

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)

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

Hong Kong Cyberport Management Company
Limited

Mr Herman LAM
Chief Executive Officer

Mr Mark CLIFT
Chief Operating Officer

Ms Pagan WONG
Chief Financial Officer

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 Ivanhoe CHANG
Principal Assistant Secretary for Commerce and
Economic Development (Communications and
Technology)B

Office of the Communications Authority

Mr Danny LAU
Deputy Director-General (Telecommunications)

Mr Sanda CHEUK
Assistant Director (Market & Competition)

Mr Chaucer LEUNG
Assistant Director (Regulatory)

Mr Kingsley YEUNG
Head, Market & Competition

Communications Association of Hong Kong

Dr Hubert CHAN, JP
Honorary Advisor

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

Action

I. Confirmation of minutes of meeting

(LC Paper No. CB(4)916/14-15 -- Minutes of meeting held on
9 March 2015)

The minutes of the meeting held on 9 March 2015 were confirmed.

II. Information papers issued since the last meeting

(LC Paper No. CB(4)873/14-15(01) -- Letter from Hon Claudia
(Chinese version only) MO dated 23 April 2015
on issues relating to a
change of the
shareholding structure of
Television Broadcasts
Limited and its
applications for renewal
of the domestic free
television programme
service licence

LC Paper No. CB(4)889/14-15(01) -- Letter from Hon
(Chinese version only) Christopher CHUNG Shu-
kun dated 29 April 2015
on issues relating to the
award-granting criteria of
the Hong Kong ICT
Awards)

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)888/14-15(01) -- List of outstanding items
for discussion

LC Paper No. CB(4)888/14-15(02) -- List of follow-up actions)

Regular meeting on 8 June 2015

3. Members noted that the next regular Panel meeting would be held on Monday, 8 June 2015 at 2:30 pm to discuss the following items:

- (a) Progress update on the e-Government development; and
- (b) Review of certain conditions of carrier licences issued under the Telecommunications Ordinance (Cap. 106).

Issues raised by Hon Claudia MO

4. Referring to her letter dated 23 April 2015 about the Communications Authority ("CA")'s announcement of its approval of the change of the shareholding structure of Television Broadcasts Limited ("TVB") on 22 April 2015 and the application for renewal of the domestic free television programme service ("free TV") licence of TVB, Ms Claudia MO proposed that the Panel should follow up the issues with the Administration and the CA.

5. The Chairman suggested and members agreed that the Panel would not pursue the matter at this stage but request the Administration to provide a written response to Ms Claudia MO's letter.

(Post-meeting note: The Administration's written response was issued to members vide LC Paper No. CB(4)1114/14-15(01) on 4 June 2015. At the request of Hon Charles Peter MOK, Hon SIN Chung-kai and Hon Cyd HO and with the concurrence of the Panel Chairman, the item "Assignment of broadcasting spectrum to be vacated by Asia Television Limited following expiry of its domestic free television programme service licence" was subsequently included in the agenda for the next meeting whereas item (b) in paragraph 3 would be deferred to a future meeting.)

IV. Annual report on Cyberport

(LC Paper No. CB(4)888/14-15(03) -- Administration's paper on report on the Cyberport Project

LC Paper No. CB(4)888/14-15(04) -- Paper on Cyberport Project prepared by the Legislative Council Secretariat (Updated background brief)

LC Paper No. CB(4)933/14-15(01) -- Administration's paper on report on the Cyberport Project (power-point presentation materials))
(Chinese version only)
(tabled at the meeting and subsequently issued via e-mail on 11 May 2015)

Presentation by the Hong Kong Cyberport Management Company Limited

6. 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 by giving a power-point presentation on the major public mission activities delivered by Cyberport in the past year to support and promote innovation and technology development in Hong Kong. Details of the briefing and presentation were set out in the Administration's papers (LC Papers Nos. CB(4)888/14-15(03) and CB(4)933/14-15(01)).

Discussion

Providing financial support to information and communications technology startups

7. Quoting the example of the Hong Kong Science and Technology Parks Corporation ("HKSTPC") which earmarked \$50 million to set up a corporate venture fund ("CVF") for co-investment on a matching basis with private funds, Mr Charles Peter MOK enquired whether CVF would be open to application by information and communications technology ("ICT") startups in Cyberport. He also enquired whether other fundraising activities would be organized by the Cyberport management for ICT startups.

8. Permanent Secretary for Commerce and Economic Development (Communications and Technology) ("PSCED(CT)") advised that HKSTPC was still working on the operation details of CVF. At present, CVF was intended for supporting startups located in the Hong Kong Science Park or which had participated in its incubation programmes. Subject to the effectiveness of CVF, the Administration would explore opportunities to enhance co-operation between Cyberport and HKSTPC in nurturing startups. On the support provided to ICT startups by the Cyberport management, PSCED(CT) advised that under the Cyberport Creative Micro Fund ("CCMF") programme, Cyberport provided \$100,000 as seed funding for each selected project to turn innovative ideas into prototypes.

9. CEO/HKCMCL supplemented that Cyberport had discussed with HKSTPC on the possibility of expanding the scope of CVF. Cyberport had launched the Cyberport Accelerator Support Programme ("CASP") to support its incubatees and alumni to participate in local and overseas accelerator programmes which offered valuable opportunities for overseas expansion and fundraising. Upon successful application for an accelerator programme,

Cyberport would provide financial assistance of up to \$300,000 to each recipient to cover their relevant expenses.

Nurturing information and communications technology startups and entrepreneurs

10. The Deputy Chairman declared that he was a member of the Board of Directors of HKSTPC. Noting that the Cyberport management had organized a wide range of activities and competitions to spur young people's creativity and arouse their interest in ICT, and in order to further support new ICT startups, he enquired whether the plot ratio of the lettable office space of Cyberport had been fully utilized. He also enquired about the focus of future development of the Cyberport Project.

11. CEO/HKCMCL advised that there was no current plan to expand the lettable office space of Cyberport. In fact, Cyberport had been providing comprehensive services to companies and professionals in the ICT industry, including on-site and off-site incubatees, and such provision of services had not been limited by its lettable office space. Promotional activities were also conducted in schools and tertiary institutions to arouse students' interest in ICT. The Cyberport management would continue to recruit more ICT companies to join its activities.

12. PSCED(CT) supplemented that the plot ratio of the lettable office space of Cyberport had been fully utilized. Given that the occupancy rate of Cyberport's lettable office space was around 90%, there was still some room for accommodating new ICT companies. The Administration would keep in view changes in the mode of operation of ICT startups and review the provision of necessary supporting facilities in due course.

13. On future development, CEO/HKCMCL advised that as Hong Kong's ICT flagship, Cyberport would focus on emerging technologies, including wearable computing, financial technologies and open data, in the days ahead.

14. Mr TAM Yiu-chung enquired whether under the Cyberport Incubation Programme ("CIP"), startup companies were advised on solutions in resolving financial difficulties, including the option of terminating the business. He also enquired about the platforms available for ICT startups to raise capital for their operation. CEO/HKCMCL advised that apart from the support provided by CCMF, CIP provided comprehensive financial, technical and business advisory supports to ICT startups. Due to the differences in the nature of their businesses and stages of development, there was no "one-size fits all" solution

for resolving financial difficulties of these startups. Through the extensive professional network provided under CIP, startups could share their experience with professionals through training sessions and workshops. Apart from CASP, the Cyberport management had also organized other promotional activities to introduce ICT startups to local and overseas investors to raise capital for their further development.

15. Mr LEUNG Kwok-hung enquired about measures to assist the incubatees after their graduation from CIP. CEO/HKCMCL advised that the CIP had admitted 270 ICT startups and, as at March 2015, 195 of these incubatees were still in business. PSCED(CT) supplemented that CIP provided comprehensive advisory supports to incubatees to continue their operation after graduation.

16. In response to Mr NG Leung-sing's enquiry about measures taken by the Cyberport management to ensure that startups nurtured by Cyberport would generate profit for local ICT industry and benefit the local market, CEO/HKCMCL advised that there was no requirement for startups graduated under CIP or participated in CCMF programme to return capital or shares to Cyberport. ICT startups supported by Cyberport could develop their businesses in Hong Kong, the Mainland and overseas.

Inspiring the next generation

17. Noting that a key tenet of Cyberport's public missions was to groom local ICT talents and to inspire young people and students to pursue a future career in the ICT industry, Mr YIU Si-wing enquired whether the Cyberport management had any plan to implement professional training programmes for students, by making reference to the courses offered by the Chinese Cuisine Training Institute, with an objective of achieving a certain percentage of successful employment by ICT companies after their graduation. CEO/HKCMCL advised that the Cyberport management had implemented a number of public mission programmes to provide support for ICT startups in different stages of their development. Cyberport had focused on arousing young people's interest in ICT, while professional training programmes for students were provided by tertiary institutions.

18. Deputy Government Chief Information Officer (Policy and Community) supplemented that Cyberport's internship programmes aimed at providing young people with practical working experience in the ICT industry. As Cyberport was not a training institution, it had no plan to implement job placement services for students to pursue a career in the ICT industry.

19. Ms Cyd HO enquired about measures taken by the Cyberport management to provide assistance to young people in need of financial and venue support to organize ICT-related activities. She also enquired whether ICT workrooms would be made available to facilitate exchange among local ICT companies, and whether the Cyberport management would consider providing co-working space for startups on a permanent basis.

20. CEO/HKCMCL advised that the Cyberport management would focus on promoting ICT programmes to students in the coming year, including introducing CCMF programmes to students at tertiary institutions. In addition, Cyberport offered co-working space to startups and young people to facilitate interaction among them and exploration for collaboration opportunities. The Cyberport management would review the duration for the co-working space programme. PSCED(CT) supplemented that having regard to the scale of operation and small space requirement of ICT startups, Cyberport provided co-working space for companies seeking to launch their businesses with a smaller office space to rent ready-built office units at reasonable all-inclusive fixed price.

Financial performance

21. Referring to Annex B to the Administration's paper (LC Paper No. CB(4)888/14-15(03)), Mr SIN Chung-kai enquired about the source of the project income of \$252 million in 2014 as shown in Note 1 to the Financial Statements and the dividends of \$210 million in 2014 as shown in the Consolidated Statement of Comprehensive Income for the year ended 31 March 2014. He also enquired about the reasons for incurring the accumulated losses of \$1.42 billion in 2014 as shown in the Consolidated Balance Sheet as at 31 March 2014.

22. PSCED(CT) advised that although sale of the Cyberport residential portion had already been completed, there was still project income of \$252 million for 2013-2014 arising from sale of residual carpark spaces and reserves for unused maintenance works. PSCED(CT) confirmed that upon exhaustion of project income from the residential portion, no further dividends would be payable to the Government. Cyberport's operation was supported by the rental income and any other income generated from the Cyberport portion.

23. Chief Financial Officer of HKCMCL explained that as at March 2015, the Government had received a total of about \$19.2 billion in surplus proceeds. This exceeded the Government's capital contribution of \$7.9 billion in the form of land grant for the residential development and associated essential

infrastructure. CEO/HKCMCL supplemented that the accumulated losses of \$1.4 billion in 2014 had resulted from the depreciation of fixed assets for accounting purpose. However, such losses would not affect the day-to-day operation of Cyberport, which was supported by profits generated from hotel operation and office space rental.

V. Implementation of the Customer Complaint Settlement Scheme for the telecommunications industry on a long term basis

(LC Paper No. CB(4)888/14-15(05) -- Administration's paper on implementation of the Customer Complaint Settlement Scheme for the telecommunications industry on a long term basis

LC Paper No. CB(4)888/14-15(06) -- Paper on Customer Complaint Settlement Scheme prepared by the Legislative Council Secretariat (Updated background brief)

LC Paper No. CB(4)928/14-15(01) -- Administration's paper on implementation of the Customer Complaint Settlement Scheme for the telecommunications industry on a long term basis (power-point presentation materials)
(tabled at the meeting and subsequently issued via e-mail on 11 May 2015)

Presentation by the Administration

24. At the invitation of the Chairman and with the aid of power-point presentation, Head, Market & Competition of the Office of the Communications Authority ("HMC(OFC)") briefed members on the findings of the review by the Office of the Communications Authority ("OFC") of the two-year trial of the Customer Complaint Settlement Scheme ("CCSS") and the way forward with the implementation of the CCSS on a long term basis.

Details of the briefing and presentation were set out in the papers provided by the Administration (LC Papers Nos. CB(4) 888/14-15(05) and CB(4)928/14-15(01)).

Discussion

Statutory power of the Communications Authority to intervene in billing disputes

25. Mr Charles Peter MOK supported the implementation of the CCSS on a long term basis. Noting that the Telecommunications Ordinance (Cap. 106) ("TO") did not confer on the Communications Authority ("CA") the statutory power to intervene in individual billing disputes between telecommunications service providers and their customers, Mr MOK urged the Administration to introduce legislative amendments as soon as possible to give the CA such power so that it could deal with billing disputes more effectively. Sharing a similar view, Dr CHIANG Lai-wan enquired if the CA could do so at present in the absence of statutory power to intervene in such disputes.

26. Permanent Secretary for Commerce and Economic Development (Communications and Technology) ("PSCED(CT)") advised that the Administration supported adopting a light-handed regulatory approach in general for the telecommunications industry and allowed the operators to put in place self-regulatory measures by issuing codes of practice. This approach had proven effective as evident from the declining statistics on customer complaints.

27. Honorary Advisor of the Communications Association of Hong Kong ("CAHK") advised that the CCSS provided a means to resolve billing disputes in deadlock between telecommunications service providers and their customers outside the judicial system. The CCSS offered the parties concerned a quick and economical way of disputes resolution with less legal formality and without the need for expensive legal cost. This self-regulatory measure had benefitted all parties involved and was welcomed by the industry and consumers. He was of the view that the industry would find it objectionable for the Administration to introduce legislative amendments regulating billing disputes targeting only the telecommunications industry.

Promotion of the Customer Complaint Settlement Scheme

28. Mr CHAN Chi-chuen welcomed the on-going implementation of the CCSS. Noting that most of the customers in the 357 eligible cases received by OFCA during the two-year trial period became aware of the CCSS through the

consumer complaint hotline and the website of OFCA, he enquired about any benchmark adopted by OFCA on the number of cases admitted to the scheme and the measures to step up promotion by the telecommunications industry.

29. Deputy Director-General (Telecommunications) ("DDGT") advised that out of a total number of around 2000 consumer complaints involving billing disputes in 2013-2014, the CCSS received 357 eligible cases during the trial period, representing 17.8% of the total number of billing disputes received by OFCA. During the second year of the trial period, OFCA and the CAHK had enhanced the promotion of the CCSS by publishing articles and advertorials on CCSS on newspapers, building links to the CCSS website on the websites of Consumer Council ("CC") and GovHK, as well as promoting the CCSS in the roving exhibitions and public seminars organized by OFCA and Department of Justice. As the trial scheme had proven successful and users were satisfied with the results of the mediation, more publicity and promotional activities would be launched in the future in order to better utilize the CCSS resources and bring benefits to more telecommunications users.

Funding and user satisfaction survey of the CCSS

30. The Deputy Chairman noted with appreciation that the number of contractual disputes had decreased by nearly 50% from 1 116 in 2012 to 588 in 2014, and the high scores from customers and CCSS members in relation to various aspects of the mediation service provided. He enquired whether the scores in the user satisfaction survey were recorded from a representative sample of respondents. He also queried about the amount of funding provided for the CCSS and whether it was reasonable to use public resources to fund the operation of the scheme.

31. DDGT advised that the scores in the user satisfaction survey were recorded from the operators and their customers of the 127 cases that went through the mediation process. He further advised that apart from the implementation of the CCSS, the decrease in number of complaints was also partly due to the implementation of the voluntary Industry Code of Practice for Telecommunications Service Contracts which provided guidelines on drawing up of telecommunications service contracts between operators and customers since July 2012.

32. PSCED(CT) supplemented that the source of funding of the CCSS was derived from the industry through the OFCA Trading Fund. She added that OFCA supported the CCSS by contributing the necessary funding and monitoring the performance and the governance of the scheme. She also

remarked that with over 17 million telecommunications service users in Hong Kong, the number of complaints received was considered to be at a very low level. As regards the amount of funding allocated for the CCSS, DDGT advised that it was around HK\$1.5 to HK\$2 million per annum.

Scope of the CCSS

33. Ms Cyd HO supported the continued implementation of the CCSS. She suggested that the scope of the CCSS be extended to cover complaints about unsolicited person-to-person marketing ("P2P") calls from telecommunications service providers to residential/personal customers. Sharing a similar view, Mr LEUNG Kwok-hung suggested that the scope of the CCSS be extended to cover complaints about domestic pay television services.

34. PSCED(CT) said that the Administration had commissioned a consultant to undertake a comprehensive landscaping exercise regarding P2P calls, with a view to soliciting the views of the public, the business sector and the industry on the regulation of P2P calls, as well as the employment and business situations of the industry, including the latest figure on the number of employees who were engaged in making P2P calls. Having obtained a clearer picture on the latest situation of P2P calls, the Administration would then be in a better position to formulate appropriate measures to address the issue. The Administration aimed to report the findings of the exercise to the Panel in the second half of 2015. PSCED(CT) added that the Administration also noted Mr LEUNG's suggestion on extending the scope of the CCSS and would keep in view the situation, and consider the setting up of a similar self-regulatory regime for broadcasting services if necessary.

Complaint referral mechanism

35. In response to the Chairman's suggestion of setting up a referral mechanism for cases received by the CC to the CCSS to avoid overlapping of resources in handling complaints, PSCED(CT) advised that at present, the CC would provide information on the CCSS to the complainants upon receipt of complaints of billing disputes about telecommunications services. The Administration would liaise with the CC to explore the possibilities of setting up a referral mechanism for such complaints.

VI. Any other business

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

Council Business Division 4
Legislative Council Secretariat
26 June 2015