

立法會
Legislative Council

LC Paper No. CB(4)692/15-16
(These minutes have been seen
by the Administration)

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Panel on Information Technology and Broadcasting

Minutes of meeting
on Monday, 11 January 2016, 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, SBS, MH, JP (Deputy Chairman)
Hon CHAN Kam-lam, SBS, JP
Hon Emily LAU Wai-hing, JP
Hon TAM Yiu-chung, GBS, JP
Hon WONG Ting-kiwong, SBS, JP
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, BBS
Hon YIU Si-wing, BBS
Hon MA Fung-kiwok, SBS, JP
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon Alice MAK Mei-kiuen, BBS, JP
Hon SIN Chung-kai, SBS, JP
Dr Hon CHIANG Lai-wan, JP
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
- Members absent** : Hon IP Kwok-him, GBS, JP
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 Creative
Industries)

Mr Joe WONG, JP

Deputy Secretary for Commerce and Economic
Development (Communications and Creative
Industries)

Mr Edward TO

Principal Assistant Secretary for Commerce and
Economic Development (Communications and
Creative Industries)A

Radio Television Hong Kong

Ms Lisa LIU

Deputy Director of Broadcasting (Programmes)

Miss Leonia TAI, JP

Deputy Director of Broadcasting (Developments)

Agenda item V

Commerce and Economic Development Bureau

Miss Susie HO, JP

Permanent Secretary for Commerce and Economic
Development (Communications and Creative
Industries)

Mr Joe WONG, JP

Deputy Secretary for Commerce and Economic
Development (Communications and Creative
Industries)

Mr Edward TO

Principal Assistant Secretary for Commerce and
Economic Development (Communications and
Creative Industries)A

Radio Television Hong Kong

Mr LEUNG Ka-wing
Director of Broadcasting

Ms Lisa LIU
Deputy Director of Broadcasting (Programmes)

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

Mr LEUNG Chi-wah
Head, Engineering

Agenda item VI

Commerce and Economic Development Bureau

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

Mr Joe WONG, JP
Deputy Secretary for Commerce and Economic
Development (Communications and Creative
Industries)

Mr Ivanhoe CHANG
Principal Assistant Secretary for Commerce and
Economic Development (Communications and
Creative Industries)B

Mr Jerry LIU
Head of Create Hong Kong

Mrs Janet CHU
Assistant Head of Create Hong Kong

Hong Kong Design Centre

Dr Edmund LEE
Executive Director

Clerk in attendance : Mr Daniel SIN
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)440/15-16 -- Minutes of meeting held on
9 November 2015)

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

II. Information paper issued since the last meeting

2. Members noted that no paper had been issued since the last meeting held on 14 December 2015.

III. Date of next meeting and items for discussion

(LC Paper No. CB(4)436/15-16(01) -- List of outstanding items
for discussion

LC Paper No. CB(4)436/15-16(02) -- List of follow-up actions)

Regular meeting on 16 February 2016

3. Members noted that the next regular Panel meeting would be held on Tuesday, 16 February 2016 at 4:30 pm to discuss the following items:

- (a) Promotion of digital inclusion;
- (b) Update on the work of the Create Hong Kong; and
- (c) Issues relating to the operational and handover arrangements of Asia Television Limited on expiry of its domestic free television programme service licence.

(Post-meeting note: At the request of the Administration and with the concurrence of the Chairman, the discussion of item 3(b) was deferred to a future meeting.)

IV. Issues relating to the policy on digital audio broadcasting

(LC Paper No. CB(4)436/15-16(03) -- Administration's paper on issues relating to the policy on digital audio broadcasting

LC Paper No. CB(4)436/15-16(04) -- Paper on the development of digital audio broadcasting services in Hong Kong prepared by the Legislative Council Secretariat (Background brief))

Presentation by the Administration

4. At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Communications and Creative Industries) ("PSCED(CCI)") briefed members on the policy on digital audio broadcasting ("DAB"). Details of the briefing were set out in the paper provided by the Administration (LC Paper No. CB(4)436/15-16(03)).

Discussion

5. Mr MA Fung-kwok asked if the Administration would consider conducting a survey on audience rating of DAB services. He also asked if the Administration had a timetable to switch off all analogue AM/FM services. PSCED(CCI) said that different DAB licensees employed different methods for compiling audience ratings. According to an audience survey on DAB conducted by the Radio Television Hong Kong ("RTHK") from August to September 2015, about 23% of listeners (who had listened to DAB services in the past seven days and who were certain of listening to which DAB channels) had listened to RTHK channels. PSCED(CCI) added that the audience base of DAB services was currently not high as the DAB market was still in the development stage. The Administration was inclined not to disclose audience ratings as the same were commercially sensitive. PSCED(CCI) also confirmed that the Administration had no plan of switching off analogue AM/FM services.

6. Mr Steven HO queried the justifications for promoting DAB services as the Phoenix U Radio's surrender of its DAB licence should have demonstrated that DAB was commercially not viable. He asked if the Administration would allocate the DAB channels for other uses after Phoenix U Radio had surrendered its DAB licence. PSCED(CCI) said that the spectrum assigned for DAB had no other commercial applications for the time being. Although the DAB spectrum might possibly be used for mobile television broadcasting, one should be mindful that after the analogue television was switched off, more broadcasting spectrum might be made available. PSCED(CCI) said that the Administration would examine matters concerning the utilization of the DAB spectrum in the context of the review of DAB development.

7. Mr Christopher CHUNG commented that the Administration should have considered the long term development of DAB when promoting the use of the services. Mr CHUNG commented that radio audience tended to stay with a particular format and it would take some efforts to convince them to shift to another format. They would even be less inclined to buy a separate digital radio just to listen to DAB programmes when analogue broadcasting remained in service. The Administration should set a clear target for switching off some analogue broadcasting channels and conducting a full review on the policy. He also suggested that a public hearing session should be conducted to listen to views of stakeholders on the matter.

8. PSCED(CCI) said that analogue and digital audio spectrum could not be interchanged, and the development of DAB and analogue AM/FM services were separate matters. She reiterated that the Administration had made it clear from the launch of DAB services that there was no plan for switching off analogue AM/FM services. Operators were fully aware of the Administration's position. The Administration noted that DAB licensees had indicated that they had encountered difficulties in the business, however, PSCED(CCI) pointed out that operators should have taken into consideration the possibility of changes in the business environment when they applied for a DAB licence and made the investment decisions.

9. Ir Dr LO Wai-kwok commented that DAB services in Hong Kong had shown to be commercially not viable due to the lack of supporting measures from Government. He asked when the Administration planned to conduct a review on broadcasting policy and what the review would cover. PSCED(CCI) replied that the Administration intended to commence the review on the development of DAB as early as possible. The review would assess the need for change in policy, and propose recommendations. The review would cover the audience's feedback and overseas experience in the development of DAB services. The Administration would appoint consultants to gauge public views,

and the listening pattern of audience. It was expected that the review would be completed within 2016 and members would be informed of the outcome of the review when available.

10. PSCED(CCI) added that, drawing from the experience in many overseas countries that had introduced DAB services, it took more than ten years for the market to develop. PSCED(CCI) noted members' concerns about the supply of DAB car radios, and said that the Transport Department had arranged for exemption from the relevant regulations on the installation of in-car DAB radios equipped with visual display units. This measure would enable new cars to be pre-installed with such DAB radios with display units and would help promote popularity of DAB.

11. Mr TAM Yiu-chung commented that DAB was not user-friendly as the coverage and availability of more versatile or portable radio equipment that could receive analogue AM/FM as well as digital broadcasts in the market were low. The audience profile was also changing. Mr TAM agreed that the Administration should conduct a thorough review on the future development of both digital and analogue broadcasting. If necessary, Mr TAM said that the Administration should consider the option of DAB switch-off.

12. PSCED(CCI) responded that the Administration would conduct a review and would examine the way forward, taking into account the changing audience profile and preferences. PSCED(CCI) said that to support the development of DAB, the Administration had implemented a number of measures, including installing DAB re-broadcasting systems in 11 Government tunnels. However, PSCED(CCI) said that the operation of DAB services was a commercial decision and required private investment. It would not be appropriate for the Government to subsidize commercial operators for the provision of DAB services.

13. Mr Yiu Si-wing said that the Administration should introduce suitable measures to support the development of DAB rather than allowing the sector to decline. Mr YIU noted that the Administration had launched two waves of public relations ("PR") campaign at a total cost of \$6.9 million. He asked if there was an assessment of the effectiveness of the promotion campaign in widening the DAB audience base. Mr YIU asked whether and how the Administration would further co-operate with the operators to promote the use of DAB services.

14. Deputy Secretary for Commerce and Economic Development (Communications and Creative Industries) said that the Administration was working with DAB operators on launching another wave of PR campaign in

2016 to raise the DAB profile and public awareness. The Administration would explore with operators what activities should be included in the promotion programmes. The activities might include announcements of public interest, as well as key messages in major websites, printed and electronic media to promote awareness of the DAB services.

15. Mr CHAN Chi-chuen said that the Commercial Radio ("CR") had explored the feasibility of launching DAB services in the 1990s but decided not to do so. Now that CR's licence was about to expire, Mr CHAN asked whether the Administration would require CR to launch DAB services as part of the conditions for licence renewal. Mr CHAN also asked why the Administration declined the application from D100 for DAB licence after the Phoenix U Radio had surrendered its DAB licence. Mr CHAN noted that the Administration had advised D100 that, as the Administration would review DAB development, it was not considered appropriate, from a policy perspective, to considering issuing new DAB licence in the meantime. Mr CHAN commented that D100 was not seeking a new licence, as there would be no net increase in DAB operator.

16. PSCED(CCI) replied that the CR's licence, which was due for renewal, was related to analogue audio broadcasting and was not related to DAB. As regards the alleged D100's application for DAB licence, PSCED(CCI) said that the Administration would review the development of DAB, and that it was possible that certain policies related to the development of DAB might be adjusted as a result of the review. It was the Government's responsibility to remind any potential applicant of the uncertainty involved in seeking a DAB licence at that stage. However, PSCED(CCI) clarified that Secretary for Commerce and Economic Development ("SCED") had not mentioned that the Administration would not accept applications for DAB licence.

17. Ms Claudia MO commented that a digital audio spectrum could carry other information apart from audio signals. She said that the Administration should not restrict DAB services to operating audio programmes only. Ms MO sought clarification on whether D100 had been informed of the possibility of policy changes due to the review of DAB services, and whether D100 had still submitted the application for use of the licence surrendered by Phoenix U Radio despite the uncertainty. Ms MO said that the Administration should make it clear that it would not accept new applications instead if it had no intention to consider or to issue new licence. PSCED(CCI) confirmed that no application for DAB licence had been received after the withdrawal of DAB licence by Phoenix U Radio. PSCED(CCI) added that SCED had the responsibility to point out to any party who might be interested in operating DAB services of the uncertainties of future development. However, PSCED(CCI) said that any person or organization could submit an application any time.

18. Mr SIN Chung-kai commented that the Administration should have issued open invitation to all interested parties to submit application for DAB licence following the surrender of licence by Phoenix U Radio. The Administration could only conclude that no operator was interested in running DAB services when no application was received after six months. Only at that time a review of the DAB policy was warranted.

19. PSCED(CCI) said that as one of the DAB licensees had left the market, and in view of the fact that other DAB licensees had indicated that they encountered difficulties in their business, the Administration considered it appropriate to review the development of DAB in Hong Kong and to assess whether there were needs to make any adjustments in policy. Meanwhile, any person could tender applications for DAB licence and such applications would be processed in accordance with the statutory requirements and established practices.

20. Mr Charles Peter MOK commented that the public was under the impression that the Administration would not consider issuing new DAB licences following the surrender of the licence by Phoenix U Radio. The Administration should have clarified the situation much earlier. PSCED(CCI) said that SCED had said that, given the fact that the Administration was conducting a review on DAB policy, it was not appropriate, from a policy perspective, to consider issuing new licence. However, there was nothing in the law that prohibited anyone to submit application for a DAB licence.

V. Procurement of additional production equipment and system for further developing the existing digital terrestrial television service of Radio Television Hong Kong

(LC Paper No. CB(4)436/15-16(05) -- Administration's paper on procurement of additional production equipment and system for further developing the existing digital terrestrial television service of Radio Television Hong Kong

LC Paper No. CB(4)436/15-16(06) -- Paper on the development of digital terrestrial television service by Radio Television Hong Kong prepared by the Legislative Council Secretariat (Updated background brief)

Presentation by the Administration

21. Permanent Secretary for Commerce and Economic Development (Communications and Creative Industries) ("PSCED(CCI)") and Deputy Director of Broadcasting (Developments) ("DDB(D)") presented the paper (LC Paper No. CB(4)436/15-16(05)).

Discussion

Transitional arrangement following the expiry of free TV licence of the Asia Television Limited

22. Mr Charles Peter MOK supported the further development of digital terrestrial television ("DTT") service of the Radio Television Hong Kong ("RTHK"). Mr MOK also asked what arrangements on analogue TV would be put in place following the expiry of free TV licence of the Asia Television Limited ("ATV") in April 2016. Mr CHAN Chi-chuen made a similar query and asked whether RTHK would only broadcast the same programmes from its digital channels in the analogue channels to be vacated by ATV.

23. Deputy Director of Broadcasting (Developments) ("DDB(D)") said that the proposed funding as presented in the current discussion item was intended to be used for the procurement of production equipment and system for the processing and production of additional TV programmes to be acquired or commissioned by RTHK. The objective was to increase the output hours of TV programmes in the coming years, and was not related to the provision of analogue free TV programmes on the TV spectrum to be vacated by ATV after 1 April 2016.

24. PSCED(CCI) supplemented that the Government had an analogue switch-off plan for TV service. The switch-off date had been extended to 2020 and a review would be conducted in 2017-2018. The analogue spectrum could be reallocated for viable commercial telecommunications purposes. PSCED(CCI) further explained that with gradual phasing out of analogue TV sets with latest models that could receive digital signals, the size of analogue TV

audience might continue to decrease with time. During the transition period before the analogue TV spectrum was fully switched off, RTHK would broadcast its programmes on its digital channels in analogue format through the TV spectrum vacated by ATV following the expiry of the latter's free TV licence. PSCED(CCI) added that the Administration would explain the detailed arrangements in an agenda item of the Panel scheduled for next month (February 2016).

Policy direction and objectives in developing RTHK's DTT services

25. Mr CHAN Kam-lam enquired about RTHK's direction and objectives in developing DTT services. He queried if the Administration had assessed the market trend and considered whether there would be sufficient viewers to justify the manpower and resources provided for RTHK. Mr MA Fung-kwok raised a similar query.

26. PSCED(CCI) said that RTHK was fulfilling the role of Hong Kong's public service broadcaster and resources and frequency spectrum were allocated so that it could develop an all-around broadcasting service to the community. The provision of DTT service was part and parcel of RTHK's expanded scope of services set out in the RTHK Charter. There was public support for the services during public consultation in 2009-2010. PSCED(CCI) added that RTHK had been increasing output of TV programmes per year and planned to further enhance the DTT service of RTHK TV Channel 31.

27. Mr MA Fung-kwok noted that RTHK planned to increase its output of first-run TV programmes by 205 hours by 2020-2021. He asked what the relative share of in-house production, acquired programmes and special commissioning was among the increased production hours. In particular, Mr MA also asked for a breakdown by in-house production, acquired programmes and special commissioning among those broadcast in Channel 31, and whether live broadcast of major events such as sports tournaments could be provided in Channel 32. Mr Steven HO commented that with the proposed funding, RTHK would practically be able to produce only 34 minutes more of output.

28. Director of Broadcasting ("D of B") said that 56.2% of RTHK's output in Channel 31 was in-house production, 17.5% was acquired programmes and about 3% was special commissioning. RTHK planned to increase the proportion of acquired programmes by 10% and special commissioning by a fraction of one per cent. In response to Mr MA's further enquiry, D of B said that RTHK might consider providing live broadcast of local sports events as appropriate. However, broadcast of overseas sports events involved copyright

and cost issues, which would require detailed planning and evaluation.

29. Mr LEUNG Kwok-hung suggested that RTHK should acquire more education-entertainment programmes to supplement the implementation of general knowledge education in Hong Kong. Mr Steven HO made similar comments. D of B said that RTHK would explore more variety of programmes for the audience. He said that RTHK had acquired certain documentary programmes on popular and medical sciences to be aired during prime time periods. Other cultural and educational programmes had also been acquired.

30. Mr NG Leung-sing supported the funding proposal and said that RTHK should develop programmes such as traditional culture and programmes that catered for the needs of the minority interest groups. He asked what the ratio of acquired programmes produced in the Mainland and other sources was. D of B said that RTHK had been broadcasting a variety of cultural programmes, e.g. overseas musical performance during prime time slots. As regards the proportion of overseas versus Mainland produced programmes among all acquired productions, it was 89% and 11% respectively. He added that the ratio was on top of the 24-hour broadcast of CCTV9 documentary programmes aired in RTHK TV Channel 33.

Viewers' ratings

31. Mr TAM Yiu-chung noted that according to RTHK's Charter, the DTT service aimed to provide quality TV services that are not adequately provided by commercial TV broadcasters. Mr TAM asked what niche RTHK's DTT service had filled so far, how large its spectator base was, and what viewers' feedback had been received.

32. D of B responded that rating statistics similar to the viewers' rating surveys conducted by the other TV companies were not yet available, as RTHK's DTT service commenced in January 2014 and could, so far, reach only about 75% of Hong Kong's population. However, in an opinion survey conducted between October and November 2015, it was found that 55% of the respondents had indicated that they could receive RTHK's DTT channels and 39% had seen RTHK's DTT programmes; 57% indicated that they would watch RTHK's DTT programmes again. D of B supplemented that RTHK staff had been visiting two public housing estates each month to offer technical assistance to residents to receive RTHK's DTT programmes.

33. Mr CHAN Chi-chuen commented that the actual number of viewers of RTHK's DTT programmes was very low. It would be misleading trying to justify the proposed funding simply on the basis of the spectatorship ratings.

34. Mr Steven HO noted that in RTHK's survey, 39% of respondents had indicated that they had watched RTHK's DTT programmes and 57% said they would watch RTHK's DTT programmes again. Mr HO asked if there were further breakdown of statistics by Channels 31, 32 and 33, respectively as he queried how many people actually watched RTHK's first-run programmes in channel 31. D of B advised that there was no detailed breakdown of the viewers statistics gathered from the opinion survey.

Proposed funding for RTHK

35. In response to Mr TAM Yiu-chung's further enquiry, PSCED(CCI) confirmed that the proposed funding of \$15.53 million would be included in Head 160, Radio Television Hong Kong, of the 2016-2017 Estimates to be approved by the Legislative Council along with the Appropriation Bill 2016. There would be no need to seek separate funding approval from the Finance Committee.

36. Mr Charles Peter MOK asked how much of the proposed funding would be used to improve the contents of RTHK's DTT programmes, as he observed that some of the programmes broadcast in the digital channels were just texts. Mr CHAN Chi-chuen said that while he supported the proposed funding of \$15.53 million for developing RTHK's DTT service, he asked whether there would be corresponding increase in resources for production or manpower. Mr CHAN also queried whether the existing RTHK building had sufficient space for programme production to meet the output target in the DTT service.

37. PSCED(CCI) responded that the resources for production of digital programmes would increase. As regards the construction of the New Broadcasting House ("New BH") of RTHK, PSCED(CCI) said that while Members agreed in principle that there was a need for a New BH, there were concerns over the cost estimate and scope of the project. The Administration was in the process of developing a cost-effective proposal to address Members' concerns. PSCED(CCI) added that problems encountered during the review were more complicated than expected, and more time would be needed to address the issues.

Special commissioning of RTHK

38. Mr Steven HO noted RTHK's plan to commission more productions to new local directors and student producers on dramas and documentaries as a nurturing scheme for local talents. He commented that this objective did not appear to be consistent with RTHK's Charter. According to the Charter,

RTHK's DTT service aimed to provide quality TV services that were not adequately provided by commercial TV broadcasters and to provide a diversity of TV programmes to serve a broad spectrum of audiences and cater to the needs of the minority interest groups.

Admin 39. Mr Steven HO requested the Administration to provide the following supplementary information:

- (a) details of DTT programmes provided by RTHK to serve a broad spectrum of audiences and cater for the needs of the minority interest groups;
- (b) explanation on how the proposal to acquire programmes and commission productions for nurturing local talents was relevant to the procurement of additional equipment and system for developing DTT service of RTHK;
- (c) RTHK's plan and estimated cost to prepare for a full launch of 24-hour service for RTHK TV Channel 31; and
- (d) information on the audience ratings of DTT programmes of RTHK according to surveys conducted by RTHK and the distribution of such ratings among the three DTT Channels 31, 32 and 33.

40. The Chairman concluded that the Panel generally supported the proposed funding of \$15.53 million for RTHK to procure additional production equipment and system for further developing the existing DTT service of RTHK.

VI. Progress report and funding proposal on the work of Hong Kong Design Centre

(LC Paper No. CB(4)436/15-16(07) -- Administration's paper on report on the work of the Hong Kong Design Centre and provision of funding to enhance support to the Hong Kong Design Centre

LC Paper No. CB(4)436/15-16(08) -- Paper on Hong Kong Design Centre prepared by the Legislative Council Secretariat (Updated background brief)

LC Paper No. CB(4)444/15-16(01) -- Administration's paper on
(Chinese version only) report on the work of the
(tabled at the meeting and Hong Kong Design Centre
and subsequently issued via e-mail on provision of funding
11 January 2016) to enhance support to the
Hong Kong Design Centre
(power-point presentation
materials))

41. The Chairman reminded members on the requirements of Rule 83A and Rule 84 of the Rules of Procedure of the Legislative Council on disclosure of direct or indirect pecuniary interests relating to the funding proposal under discussion before they spoke on the item.

Presentation by the Administration

42. At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Communications and Creative Industries) ("PSCED(CCI)") briefed members on the work of the Hong Kong Design Centre ("HKDC") in 2015 and the proposal to provide funding support of \$18.6 million to HKDC for the implementation of the specific measures proposed by the Government to take forward the recommendations of the Economic Development Commission on promoting the development of the fashion industry. Executive Director of the Hong Kong Design Centre ("ED/HKDC") then gave a power-point presentation on the work of HKDC in 2015. Details of the briefing and presentation were set out in the papers provided by the Administration (LC Papers Nos. CB(4)436/15-16(07) and CB(4)444/15-16(01)).

43. 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 to deal with the unfinished business on the agenda.

Discussion

Funding proposal

44. Mr YIU Si-wing enquired about the reason(s) for the separate application of additional funding support of \$18.6 million to HKDC for implementation of the fashion initiatives from April 2016 to March 2019 shortly after the approval of \$80 million in May 2015 to support the basic operation of HKDC for the period from July 2015 to March 2019. Mr YIU also enquired whether the additional funding of \$18.6 million was a one-off or recurrent expenditure. He also asked the Administration's targets in promoting the

fashion industry in Hong Kong.

45. PSCED(CCI) advised that the Government had accepted the recommendations of the Economic Development Commission and would launch a series of measures on a pilot basis in the next three years to promote the development of the fashion industry. The Advisory Group on Implementation of Fashion Initiatives ("AGF") was set up in July 2015 to advise on, guide and co-ordinate the implementation of the fashion initiatives. Pursuant to the deliberations made so far by AGF, the fashion initiatives would mainly cover a dedicated incubation programme for up-and-coming fashion design start-ups, technical training and support for graduates and practising designers of the fashion disciplines, and strengthened promotion for local fashion designers and brands.

46. PSCED(CCI) supplemented that as the "Fashion Initiatives" would operate on a pilot basis, its effectiveness would be assessed starting from the middle of the three-year period. The Administration would then decide on whether the measures should continue and whether the relevant expenditure should be provided on a recurrent basis. The Government aimed at using these initiatives to promote local fashion design both locally and to overseas countries and nurture fashion design-preneurs in Hong Kong.

Job opportunities and development strategy for design industry

47. Ms Emily LAU expressed support for the funding proposal for HKDC. She enquired whether such initiatives would increase investment in and assist in the development of the fashion industry, such as creating job opportunities for the industry. PSCED(CCI) advised that from 2005 to 2013, the value added of the design domain had increased more than double (from \$1 billion to \$3.7 billion). On job creation, job opportunities had increased by 57% (from 9 600 to 15 100) while the number of design organizations had increased from 2 790 to 5 750. With the increasing trend in the past few years, the proposed measures should increase investment in and assist in the development of the fashion industry. The Administration would focus on nurturing fashion design talents and introducing the fashion industry to overseas investors and buyers.

48. Mr LEUNG Kwok-hung expressed concern about the development strategy of the design industry. PSCED(CCI) advised that HKDC organized annual signature events such as the Business of Design Week ("BODW") which had grown from a small-scale event to the biggest design event in Asia. The week-long programme comprised conferences, forums, exhibitions, design awards presentation, outreach programmes, networking events, business matching activities, etc. It served as a knowledge sharing and networking platform on design, brands and innovation.

Nurturing talents and facilitating start-ups

49. Noting that Barcelona was BODW 2015's first-ever partner city, Mr NG Leung-sing enquired whether other partner cities would be selected for BODW in future and the area(s) in which Barcelona and other partner cities would assist Hong Kong in promoting its design business. He also enquired about the number of participants enrolled in the four modules under the Institute of Design Knowledge ("IDK") programme who had subsequently joined the design industry, and the contributions made by the 108 civil servants who had participated in the training workshops of the Civil Service Training and Development Institute during the reporting period.

50. Head of Create Hong Kong ("CreateHK") advised that Barcelona was BODW 2015's first-ever partner city, in the past only overseas countries were selected as partners. BODW 2016's partner city would be Chicago. Barcelona was famous for its harbour re-planning and re-activation work. Participants enrolled in the four modules under the IDK programme were those who had already joined the design industry and they attended the programme for training and enhancement purposes. At the request of the Chairman, the Administration undertook to provide written response on the information requested by Mr NG Leung-sing related to Barcelona and the contributions made by the civil servants who had participated in the workshops of the Civil Service Training and Development Institute.

Admin

51. Noting that HKDC was keen to leverage on Police Married Quarters ("PMQ")'s resources to nurture young design-preneurs, Mr TAM Yiu-chung enquired about the measures taken by the Administration to support design-preneurs who were tenants in PMQ with financial difficulties in conducting their businesses. Head of CreateHK advised that PMQ had started operation for about one and a half years and had received more than five million visits since its operation. The tenants of PMQ could broadly be classified into three types, namely, retail shops selling design products, designer shops selling design services such as interior design, architecture and brand name design, and food and beverages (f&b) establishments. Designer shops selling design services and f&b establishments had been operating well but small retail shops selling design products generally encountered difficulties as the small quantity production had rendered their products less competitive in price in the market.

52. Noting that some young design-preneurs had left PMQ due to lack of business operation experience and support on conducting business, the Chairman enquired about the number of designer tenants at the PMQ on commencement of its operation and the current number of designer tenants. She also enquired about information on the rent received by PMQ when

Admin

compared to those received by shopping malls in the private sector. Head of CreateHK advised that PMQ was not operated by the Government but a non profit-making organization. An annual report on PMQ would be submitted to CreateHK in mid 2016 with updated information on the tenants of and rent received from PMQ in the first two years of operation. According to the PMQ operator, most of the existing tenants had chosen to renew their tenancies and stay in PMQ. The Chairman requested the Administration to provide the requested information in writing based on updated information from the PMQ operator in mid-2016. The Administration undertook to provide the requested information.

Summing up

53. The Chairman concluded that the majority of Panel members supported in principle the proposal to provide funding to HKDC in support of the development of the fashion industry.

VII. Any other business

54. There being no other business, the meeting ended at 4:45 pm.

Council Business Division 4
Legislative Council Secretariat
11 March 2016