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Panel on Information Technology and Broadcasting

**Minutes of policy briefing
on Tuesday, 7 February 2017, at 4:30 pm
in Conference Room 3 of the Legislative Council Complex**

- Members present** : Dr Hon Elizabeth QUAT, JP (Chairman)
Hon Charles Peter MOK, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon Claudia MO
Hon MA Fung-kwok, SBS, JP
Hon CHAN Chi-chuen
Dr Hon Fernando CHEUNG Chiu-hung
Hon Martin LIAO Cheung-kong, SBS, JP
Dr Hon CHIANG Lai-wan, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG
Hon CHAN Chun-ying
- Members absent** : Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon LEUNG Kwok-hung
Hon Steven HO Chun-yin, BBS
Hon CHAN Han-pan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHU Hoi-dick

Hon YUNG Hoi-yan
Hon HUI Chi-fung
Hon Nathan LAW Kwun-chung

**Public officers
attending**

: Agenda item I

Commerce and Economic Development Bureau

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 Creative
Industries)

Ms Julina CHAN, JP
Deputy Secretary for Commerce and Economic
Development (Communications and Creative
Industries)

Office of the Communications Authority

Miss Eliza LEE, JP
Director-General of Communications

Ms Elizabeth TAI, JP
Deputy Director of Film, Newspaper and Article
Administration

Radio Television Hong Kong

Mr LEUNG Ka-wing, JP
Director of Broadcasting

Mrs Sharon YIP LEE Hang-ye, JP
Deputy Director of Broadcasting (Developments)

Create Hong Kong

Mr Jerry LIU
Head

Innovation and Technology Bureau

Mr Nicholas W YANG, JP
Secretary for Innovation and Technology

Mr CHEUK Wing-hing, JP
Permanent Secretary for Innovation and Technology

Mrs Millie NG KIANG Mei-nei
Deputy Secretary for Innovation and Technology

Mr Johann WONG Chung-yan, JP
Deputy Commissioner for Innovation and
Technology

Ir Allen YEUNG, JP
Government Chief Information Officer

Mr Davey CHUNG Pui-hong, JP
Deputy Government Chief Information Officer
(Policy and Industry Development)

Mr Tony WONG Chi-kwong
Acting Deputy Government Chief Information
Officer (Infrastructure and Operations)

Clerk in attendance : Mr Daniel SIN
Chief Council Secretary (4)3

Staff in attendance : Mr Ambrose LEUNG
Senior Council Secretary (4)3

Ms Anki NG
Council Secretary (4)3

Miss Mandy LAM
Legislative Assistant (4)3

I. Briefing by the Secretary for Commerce and Economic Development and the Secretary for Innovation and Technology on the Chief Executive's 2017 Policy Address

(LC Paper No. CB(4)450/16-17(01) -- Administration's paper on policy initiatives of Communications and Creative Industries Branch, Commerce and Economic Development Bureau

LC Paper No. CB(4)450/16-17(02) -- Administration's paper on policy initiatives of Innovation and Technology Bureau

LC Paper No. CB(4)520/16-17(01) (tabled at the meeting and subsequently issued to members on 8 February 2017) -- Speaking note of the Secretary for Commerce and Economic Development (Chinese version only)

LC Paper No. CB(4)520/16-17(02) (tabled at the meeting and subsequently issued to members on 8 February 2017) -- Speaking note of the Secretary for Innovation and Technology (Chinese version only)

Other relevant documents

(a) Address by the Chief Executive at the Legislative Council meeting on 18 January 2017 - "Make Best Use of Opportunities, Develop the Economy, Improve People's Livelihood, Build an Inclusive Society"; and

(b) The 2017 Policy Agenda booklet

Briefing by the Secretary for Commerce and Economic Development

At the invitation of the Chairman, Secretary for Commerce and Economic Development ("SCED") briefed members on the major initiatives relating to the Commerce and Economic Development Bureau ("CEDB") under the 2017 Policy Address. Details of the policy initiatives were set out in the

Administration's paper (LC Paper No. CB(4)450/16-17(01)) and SCED's speaking note (LC Paper No. CB(4)520/16-17(01)).

Discussion on commerce and economic development issues

Television broadcasting and development

2. Mr MA Fung-kwok commented that the Administration had been slow in processing the applications for free television programme service ("free TV") licences submitted by the Hong Kong Television Network Limited and Forever Top (Asia) Limited ("FTA Limited"). He said that the lack of progress might deter potential investors. SCED responded that FTA Limited's application had been put on hold at the applicant's request in September 2016.

3. Mr MA Fung-kwok suggested that Radio Television Hong Kong ("RTHK") should consider broadcasting local sports events through its television ("TV") channels (Channel 31 and Channel 32) to widen the audience base. Director of Broadcasting ("D of B") advised that while he agreed that more sports-related programmes should be offered, live broadcast of local sports events might involve copyright issues. He supplemented that RTHK had produced programmes that promote sports in Hong Kong.

4. To address the needs of the English-speaking community in Hong Kong, Ms Claudia MO considered that more resources should be provided for RTHK to produce English programmes, especially news and current affairs programmes. Permanent Secretary for Commerce and Economic Development advised that English programmes were available on RTHK's Channel 33. The other commercial broadcasters also operated an English channel and another English channel would be launched by ViuTV this year.

5. Mr CHAN Chi-chuen said that the Chief Executive ("CE") had pledged, in the previous Policy Addresses, additional resources and policy support for creative industries in Hong Kong. However, a clear commitment was absent from the current Policy Address. Mr CHAN commented that the Hong Kong's TV industry had been overtaken by Taiwan and the Mainland due to the Administration's lack of clear policy directions. SCED responded that private commercial organizations were free to apply for licence to operate TV broadcast services under existing mechanism. The Administration would continue to play a facilitator's role and would create an open environment for operators.

Development of film industry and cinema

6. Mr MA Fung-kwok said that CE had proposed measures to encourage provision of cinemas in shopping malls in his previous three Policy Addresses, but no similar initiative was mentioned this year. He asked whether the policy would sustain. SCED explained that the Administration had completed the relevant policy study on the possibility of including appropriate terms and conditions in land leases, which required developers to provide for cinemas in suitable developments. He added that CEDB would report the findings of the study to the Panel within this year.

7. Mr CHAN Chi-chuen noted that the Administration planned to organize Belt and Road promotional tours to countries with market potential, such as Iran, Indonesia, Malaysia and India, with a view to attracting film producers to come to Hong Kong for post-production, location filming and production facilitation services. Mr CHAN queried whether the initiative would be effective as even local film producers were not using post-production services in Hong Kong but carried out those processes in the Mainland or Thailand.

8. Head of Create Hong Kong ("Head of CreateHK") advised that film producers of Muslim countries in Southeast Asia (such as Malaysia or Indonesia) or Middle East (such as Iran) preferred Hong Kong for post-production activities. Similarly, post-production of local low-budget films was also mostly carried out in Hong Kong. Head of CreateHK further advised that low-budget commercial films not exceeding \$10 million were eligible for subsidies under the Film Production Grant Scheme for carrying out post-production in Hong Kong.

Development of fifth generation mobile services

9. Mr Alvin YEUNG said that the United States and China were ready to launch the fifth generation ("5G") mobile services by 2020, and that some other Asian countries were also making similar preparation. He enquired about the Administration's plan and arrangements regarding the assignment of frequency spectrum for 5G mobile services in Hong Kong. Mr YEUNG also enquired if the frequency bands necessary for the provision of 5G mobile services were currently assigned for satellite TV services, and whether these bands had to be vacated for 5G mobile services.

10. SCED advised that the International Telecommunication Union ("ITU") would decide on the allocation of spectrum in the frequency bands between 24.25 and 86 GHz for the provision of 5G mobile services at the World Radiocommunication Conference to be held in 2019 ("the 2019 WRC Conference"). The Office of the Communications Authority ("OFCA") would

participate in the 2019 WRC Conference and would play an active part in the development of the standards. In tandem, technical standards for 5G services were under formulation by the international community. The Communications Authority ("CA") would assign the spectrum for 5G services once the frequency harmonization at ITU and the relevant international technical standards had been completed. SCED added that OFCA would stand ready to assist companies in testing the relevant 5G technologies in the meantime.

11. Director-General of Communications ("DG of C") supplemented that spectrum in the 3.4 GHz to 3.6 GHz frequency bands had been assigned for the provision of satellite services, including satellite television services, whereas the international harmonization of spectrum in the frequency bands of 24.5 GHz to 86 GHz for 5G mobile services would only take place at the 2019 WRC Conference. Once the spectrum frequency bands for 5G mobile services had been harmonized at the 2019 WRC Conference, CA could proceed to assign the spectrum to mobile network operators for provision of 5G services in Hong Kong. Upon the formulation of international technical standards, manufacturers could then be able to develop the necessary hardware products. With the spectrum assigned and handsets ready, 5G services would then be ready for launch in Hong Kong.

12. Mr Charles Peter MOK noted that some overseas telecommunications companies received support from their local communications authorities to launch 5G mobile services by 2020. Mr MOK suggested that OFCA should initiate preparatory work at an early stage so that local operators would be able to launching 5G mobile services at the earliest opportunity. If OFCA needed to vacate the already assigned frequency bands to make way for the 5G technology after the 2019 Conference, and taking into consideration that it might take another two to three years for the relevant products to be developed and marketed, Hong Kong might lag behind in the provision of 5G mobile services.

13. DG of C said that Hong Kong did not lag behind the world trend in the communications technology. In fact, Hong Kong was among the very first to pioneer the launch of 3G and 4G services and there would be no exception for the introduction of 5G services into Hong Kong. She explained that manufacturers could only develop products after assignment in Hong Kong of the harmonized spectrum to 5G services and the setting of the international technical standards for the equipment. Meanwhile, certain operators had indicated interest in conducting trials for the 3.4 GHz to 3.6 GHz band in order to test the technical compatibility between mobile services and satellite services. OFCA would provide assistance as necessary.

Construction of the New Broadcasting House

14. Ms Claudia MO and Mr Alvin YEUNG enquired about the progress of the proposed construction of the new Broadcasting House for RTHK. Mr YEUNG said that, being a public broadcasting authority, RTHK's scope had widened and its workload had increased especially after taking over two free TV programme channels from Asia Television Limited in April 2016. He said that RTHK needed more space and new facilities for programme production.

15. SCED advised that the Administration was reviewing the project scope and cost estimates of the new Broadcasting House project, taking into consideration the concerns and comments from the Public Works Subcommittee in 2014. SCED undertook to expedite the review. D of B supplemented that the design of the New Broadcasting House, including the plot ratio and the construction cost, were under review. A traffic impact assessment and consultation with nearby residents would have to be conducted prior to the construction of the Broadcasting House.

Briefing by the Secretary for Innovation and Technology

16. At the invitation of the Chairman, Secretary for Innovation and Technology ("S for IT") briefed members on the major initiatives relating to the Innovation and Technology Bureau ("I&TB") under the 2017 Policy Address. Details of the policy initiatives were set out in the Administration's paper (LC Paper No. CB(4)450/16-17(02)) and S for IT's speaking note (LC Paper No. CB(4)520/16-17(02)).

Discussion on innovation and technology issues

Promoting the Government's use of innovation and technology to improve public services

17. Mr CHAN Chun-ying supported the Administration's initiative of setting aside \$500 million to assist Bureaux and Departments ("B/Ds") in using technology to enhance the quality of public service. However, he noted that the usage rates of many of the mobile apps developed by B/Ds were low. Mr CHAN enquired about how the Administration selected projects proposed by B/Ds for funding support, and whether projects which exceeded the ceiling of \$10 million would be considered.

18. Permanent Secretary for Innovation and Technology ("PS(IT)") said that the objectives of this initiative were to enable B/Ds to enhance existing service quality, improve B/Ds' operations, facilitate the public to assess public services

and information, and allow better monitoring of the utilization of Government facilities. The projects that would be supported were not restricted to mobile apps. They could be any project that made use of technology to achieve the above objectives. The Office of the Government Chief Information Officer ("OGCIO") would be represented on the internal committee to be set up for vetting the technology proposals submitted by B/Ds. PS(IT) added that OGCIO had tightened the vetting and approval process for the funding application of projects concerning mobile apps.

19. The Chairman enquired about the Administration's effort in assisting B/Ds in identifying technology solutions in improving services or operation using the \$500 million funding. Mr Charles Peter MOK raised a similar query. The Chairman further asked if there was a ceiling as to the cost of individual project.

20. S for IT said that B/Ds could initiate proposals and apply for funding from I&TB. Each project should cost no more than \$10 million. PS(IT) supplemented that an internal committee would be set up to examine the proposals.

21. In response to the Chairman's enquiry about how the public might make suggestions to B/Ds for improving services through the use of innovation and technology, PS(IT) said that although no large-scale public consultation would be conducted on the use of innovation and technology by the Government, any members of the public might submit proposals to B/Ds or I&TB for consideration. S for IT said that I&TB would share the latest information on innovation and technology with B/Ds .

Development and application of electronic identity

22. The Chairman considered electronic identity ("e-ID") an important infrastructure in developing Hong Kong into a smart city. With the Hong Kong Identity ("ID") card replacement exercise soon to take place, the Chairman suggested that the Administration should take the opportunity to embed e-ID information into the next generation Smart ID cards to facilitate identity authentication when using public services or other applications. The Chairman also suggested that the Administration should explore other suitable carriers of e-ID information so that even non-ID card holders could benefit from the technology.

23. S for IT said that I&TB was studying different approaches to promoting electronic certificates and possible applications of e-ID. He explained that e-ID was an intermediary for the provision of certain services, and it would be up to

B/Ds and other interested organizations to consider applications involving the use of the e-ID technology in delivering services. He added that B/Ds would be consulted on the use of the next generation Smart ID Card in enhancing their services provided to the public.

24. Government Chief Information Officer ("GCIO") said that to facilitate the future development of e-ID and smart city development in Hong Kong, the Administration commissioned a consultancy study in December 2016 to review the use of electronic certificates and applications of e-ID in Hong Kong. The study would focus on the technology aspect in exploring different carrier options for electronic certificates, and would examine wider applications of e-ID besides government services. GCIO added that the study would also explore the relevant institutional arrangements. The study was expected to be completed in June 2017.

25. Ms Claudia MO enquired if the general public would be consulted on the privacy issues arising from the use of e-ID. Ms MO considered that the introduction of e-ID might be controversial. S for IT said that e-ID was different from the HKID card. A physical card could be one of the options for carrying electronic certificates and e-ID in future.

Development of the "Hong Kong-Shenzhen Innovation and Technology Park" in the Lok Ma Chau Loop

26. Ms Claudia MO enquired about the management of the "Hong Kong-Shenzhen Innovation and Technology Park" ("the Park") in the Lok Ma Chau Loop ("the Loop"). S for IT said that the land ownership of the Park within the Loop belonged to the Hong Kong SAR Government. The Park would be managed by a wholly-owned subsidiary company to be formed by the Hong Kong Science and Technology Parks Corporation. He added that the subsidiary company would be responsible for building the superstructure of the Park, as well as for its operation, maintenance and management. The Board of Directors of the subsidiary company would be appointed by the Hong Kong Science and Technology Parks Corporation, and 40% of the directors (including the chairman), would be nominated by Hong Kong, 30% by Shenzhen authorities, and the remaining 30% would be jointly nominated by both sides. S for IT added that the Park would be entirely under Hong Kong legal jurisdiction. According to the "Memorandum of Understanding on Jointly Developing the Lok Ma Chau Loop by Hong Kong and Shenzhen" signed by the Hong Kong SAR Government and the Shenzhen Municipal People's Government, all revenues made from the Park would be ploughed back into the Park. S for IT said that detailed information on the Loop's development would be provided at a joint panel meeting in early March 2017.

(Post-meeting note: The joint meeting of the Panel on Commerce and Industry and the Panel on Development to discuss the Hong Kong/Shenzhen Innovation and Technology Park at the Lok Ma Chau Loop was held on 6 March 2017.)

27. Responding to Ms Claudia MO's enquiry, S for IT said that the Development Bureau, instead of I&TB, would seek funding approval from LegCo for the advance works of the Loop's development.

Technology Voucher Programme

28. As regards the pilot Technology Voucher Programme ("TVP") which aimed to help small and medium enterprises ("SMEs") to enhance competitiveness through the use of technologies, Mr Charles Peter MOK noted that, although the Administration had received some 100 applications so far, none had been approved. Mr MOK considered the processing time for an application too long, and it might cause cash flow problems for applicants. Mr MOK enquired about the progress in processing the applications, and whether the vetting process could be expedited.

29. Deputy Commissioner for Innovation and Technology ("DCIT") said that the TVP Committee had completed vetting the first batch of applications, and would submit the applications to the Commissioner for Innovation and Technology for approval of funding. DCIT also advised that about 10 briefing sessions had been organized to introduce the TVP to SMEs and the technology sector. The Chairman said that the Panel on Commerce and Industry would be briefed on the matter at its meeting scheduled for 21 February 2017, and members of this Panel were invited to attend the meeting.

Innovation and Technology Fund for Better Living

30. As regards the \$500 million "Innovation and Technology Fund for Better Living" ("the Fund") for supporting innovation and technology projects which aimed to enhance the quality of the daily lives of Hong Kong people and address the needs of specific groups, Dr Fernando CHEUNG sought information on the vetting criteria, timeframe, scale of the proposed projects and the assistance that would be offered to specific groups and non-governmental organizations ("NGOs"). Dr CHEUNG also raised questions about the promotion of the products developed under the Fund.

31. PS(IT) said that NGOs, non-profit-making organizations, professional bodies, trade associations and public bodies were all eligible to apply for the Fund. He added that the maximum funding for each project was \$5 million, and each project was required to be completed within 12 months. A vetting committee comprising representatives from the trade, academia, relevant B/Ds, and community leaders would be set up to consider the applications.

Attracting innovation and technology talents

32. Mr Jeffrey LAM relayed the trade's concern that Hong Kong was lagging behind its neighbours in the development of innovation and technology. He commented that I&TB should expedite its work in promoting innovation and technology development. Mr LAM also enquired about the Administration's efforts in identifying the latest products/technologies which were beneficial for the development of Hong Kong, and its work in attracting talents to Hong Kong.

33. S for IT said that cooperation among the Government, industry, academia and the research sector was essential in the promotion of innovation and technology in Hong Kong. He added that Hong Kong had the competitive edge in attracting talents and research organizations, and we should focus on areas which Hong Kong had a competitive edge, e.g. robotics and researches on medical support for the ageing population. The development of smart city and FinTech in Hong Kong were also areas that would attract global talents.

II. Any other business

34. Members noted that the next meeting of the Panel would be held on Monday, 13 February 2017. There being no other business, the meeting ended at 5:59 pm.