立法會
Legislative Council

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Panel on Information Technology and Broadcasting

**Minutes of policy briefing
on Tuesday, 17 October 2017, at 8:30 am
in Conference Room 1 of the Legislative Council Complex**

Members present : Hon Charles Peter MOK, JP (Chairman)
Dr Hon Elizabeth QUAT, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Kin-por, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Claudia MO
Hon Michael TIEN Puk-sun, BBS, JP
Hon Steven HO Chun-yin, BBS
Hon YIU Si-wing, BBS
Hon MA Fung-kwok, SBS, JP
Hon CHAN Chi-chuen
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon Alvin YEUNG
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon Holden CHOW Ho-ding
Hon Wilson OR Chong-shing, MH

Hon YUNG Hoi-yan
Hon CHAN Chun-ying
Hon HUI Chi-fung
Hon Kenneth LAU Ip-keung, BBS, MH, JP

Members absent : Hon CHAN Han-pan, JP
Hon CHUNG Kwok-pan

Member attending : Hon WU Chi-wai, MH

Public officers attending : Agenda item I

Commerce and Economic Development Bureau

Mr Edward YAU, GBS, JP
Secretary for Commerce and Economic Development

Miss Eliza LEE, 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)

Mr Edward TO
Deputy Secretary for Commerce and Economic Development (Communications and Creative Industries) (Special Duties)

Office of the Communications Authority

Miss Agnes WONG, JP
Director-General of Communications

Mr Chaucer LEUNG Chung-yin
Deputy Director-General (Telecommunications)

Radio Television Hong Kong

Mr LEUNG Ka-wing, JP
Director of Broadcasting

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

Create Hong Kong

Ms Fiona LAM
Acting Head of Create Hong Kong

Mr Wellington FUNG
Acting Head of Create Hong Kong

Innovation and Technology Bureau

Mr Nicholas YANG, GBS, JP
Secretary for Innovation and Technology

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

Dr David CHUNG Wai-keung, JP
Under Secretary for Innovation and Technology

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

Ms Annie CHOI Suk-han, JP
Commissioner for Innovation and Technology

Ir Allen YEUNG, JP
Government Chief Information Officer

Mr Victor LAM Wai-kiu, JP
Deputy Government Chief Information Officer
(Infrastructure and Operations)

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

Clerk in attendance	:	Mr Daniel SIN Chief Council Secretary (4)3
Staff in attendance	:	Mr Ambrose LEUNG Senior Council Secretary (4)3
		Ms Peggy CHUNG Council Secretary (4)3
		Ms Cynthia TAM Legislative Assistant (4)3

Action

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)25/17-18(01)	--	Administration's paper on policy initiatives of Communications and Creative Industries Branch, Commerce and Economic Development Bureau
LC Paper No. CB(4)25/17-18(02)	--	Administration's paper on policy initiatives of Innovation and Technology Bureau
LC Paper No. CB(4)53/17-18(01) (received after the meeting and issued to members on 18 October 2017)	--	Speaking notes of the Secretary for Innovation and Technology (Chinese version only))

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 vide LC Paper No. CB(4)25/17-18(01).

Discussion on commerce and economic development issues

Promoting fashion design

2.   <u>Mr CHAN Chun-ying and Mr POON Siu-ping</u> enquired about how the promotion of the fashion design industry in Hong Kong. <u>Mr CHAN</u> asked if the Administration would consider fostering collaboration between the fashion design and tourism sectors to create synergy by, for example, having local designers in Sham Shui Po District to provide made-to-order fashion for tourists.

3.   <u>SCED</u> said that there was much room for development by combining design and industry, and in making full use of the traditional base for apparel and fabrics in Sham Shui Po District to create new synergy and new business opportunities. This could drive the local economy and enrich the tourism resources of the district. In response to Mr POON Siu-ping's enquiry, <u>SCED</u> explained that Sham Shui Po was well suited for developing the fashion industry as it was a traditional base for apparel and fabrics and located close to the Savannah College of Art and Design, a world renowned professional design institution. The Administration's objective was to scale up the fashion design industry in the area through talent nurturing, incubating fledgling design talents and thereby creating a hub of design activities.

4.   <u>Mr Michael TIEN</u> also commented that Hong Kong lacked the talents, expertise and facilities for producing prototypes to support local fashion designers. <u>SCED</u> said that developing fashion and design industry in Sham Shui Po District would provide opportunities for upgrading the design and production chain, such as development of sample-making facilities for the fashion industry. The Clothing Industry Training Authority in Kowloon Bay had also set up sample-making facilities and provided training for relevant skills and expertise.

5.   <u>Mr MA Fung-kwok</u> commented that the Administration seemed to place disproportionate attention to the development of design industry. He said that printing, publishing, animation and games industries also relied on creativity and innovation and required government support for their development, but the Administration did not appear to have stepped up measures to support these industries. In particular, <u>Mr MA</u> queried how the Administration would safeguard intellectual property rights.

6.   <u>SCED</u> replied that the Administration's efforts in promoting the development of creative industry was not restricted to the design industry alone; in fact, many industries had design elements. Funds provided under the CreateSmart Initiative ("CSI") had been used to support market promotion activities and talent nurturing for different sectors of the creative industry other

than the design sector. As regards intellectual property protection, <u>SCED</u> said that the Administration would engage representatives of key stakeholders in dialogue to address issues of concern.

Broadband services in remote areas

7.　　<u>Ms Claudia MO</u> supported the Administration's initiative as announced in the Policy Address to encourage the extension of fibre-based network to villages in remote locations. She expressed concerns that many residents of older buildings in the urban areas still had difficulties accessing broadband Internet services. Where they had access, the cost tended to be much higher. Some service providers seemed to monopolize the services in those areas, while some service providers were unwilling to offer services to these customers as they considered not to be cost effective. <u>Ms MO</u> asked if the Administration would subsidize residents in older buildings to rent portable Wi-Fi devices.

8.　　<u>SCED</u> advised that the initiative would focus on the rural and remote areas which now lacked the most basic optical fibre-based network infrastructure. Most households in the urban areas had access to broadband Internet service although it remained a decision of service providers and the residents concerned on the provision of connection to individual households in older buildings. <u>Permanent Secretary for Commerce and Economic Development (Communications and Creative Industries)</u> ("PS(CCI)") added that unlike those in remote and rural areas, residents of older buildings in urban areas had the alternative option of subscribing mobile broadband services if they did not have fixed network access. She supplemented that operators might have difficulties in providing optical fibre network connection to individual households in older or tenement buildings where there were no commercial agreements between them and the incorporated owners/owners' corporations/property management companies of the buildings for the installation of fibre network equipment. <u>S for IT</u> supplemented that the multi-functional Smart Lampposts scheme may help provide free Wi-Fi connection for some residents in these buildings. He also added that the cost of renting a portable Wi-Fi device was already quite competitive.

9.　　<u>The Deputy Chairman</u> noted the Administration's proposal to subsidize telecommunications companies to extend optical fibre-based network to remote villages. She asked about the details of the subsidy scheme, the implementation timetable and the transmission standards to be adopted. <u>PS(CCI)</u> said that the required bandwidth should attain at least 25 Mbps and based on available information would cover about 380 remote villages in nine rural districts including outlying islands. The Administration would invite service providers to lay the cable through open tender. The Office of the Communications Authority

("OFCA") was working on the detailed proposal in consultation with the industry stakeholders and would consult the relevant District Councils. The Administration planned to seek funding approval from the Finance Committee ("FC") in around mid-2018. PS(CCI) added that the scheme might take up to five years to complete implementation as time would be needed for the associated road opening works.

10.   Mr Holden CHOW asked whether broadband Internet service providers needed to submit proposals or applications for laying optical fibre cables in remote areas or whether local residents should make the request to the Administration to initiate the projects. Mr CHOW also commented that the Administration should ensure that local villagers should be given a choice of broadband Internet service providers and were not obliged to subscribe to the service provided by the operator who laid the optical fibre cables. In response, SCED said that service providers would be invited to tender for the laying of optical fibre cables to remote villages. OFCA would impose suitable tender requirements to ensure that individual village households would have a choice over broadband service providers for Internet services subscription. The Administration would engage the respective District Councils in dialogue during the implementation process. Upon Mr CHOW's request, the Administration Admin undertook to provide a list of villages that were not currently covered by high-speed broadband network services when available.

Radio Television Hong Kong

11.   Mr CHAN Chi-chuen enquired about the progress in relation to the construction of the New Broadcasting House for the Radio Television Hong Kong ("RTHK"). SCED and Director of Broadcasting ("D of B") advised that in 2014, the Public Works Subcommittee did not recommend the proposal to be submitted to FC for funding approval as members had concerns on the cost-effectiveness of the project. The Administration had been trying to identify suitable departments to share the use of the site so as to achieve cost-effectiveness and optimize the site utilization.

12.   Mr Chan Chi-chuen expressed concerns that the Television Broadcasting Limited ("TVB") had gradually reduced the broadcasting of RTHK's programmes. He asked if TVB had fully fulfilled its obligations under the free television ("TV") licence. D of B explained that insofar as the broadcasting of RTHK programmes was concerned, TVB had fully met the requirements under the free TV programme licence. The corporation's decision not to allocate more of its airtime on top for airing RTHK's programmes was duly noted. As for RTHK, it would continue to utilize fully its own digital terrestrial television channels to broadcast its own TV productions.

Review on the Broadcasting Ordinance and the Telecommunications Ordinance

13.   Mr HUI Chi-fung noted that the Administration intended to review the broadcasting-related ordinances and to identify measures to maintain a balanced competitive environment for the broadcasting market. He also criticized that the Administration's policy to promote competition in the broadcasting market rather than to provide a balanced competitive environment would not benefit local audience.

14.   SCED explained that under the existing broadcasting licensing regime, free TV programme service licensees were subject to stringent regulation. However, operators providing broadcasting services through other media such as the Internet or mobile network were exempt from the licensing and regulatory regime.   There was thus an imbalance in statutory control between free TV service licensees and their Internet or mobile service counterparts. Against these considerations, the Administration considered it necessary to review the current regulatory regime on traditional media with a view to relaxing dated restrictions and providing a more level playing field.

Belt and Road Initiative

15.   Dr CHIANG Lai-wan said that many Hong Kong firms and enterprises were not familiar with the investment and business environment of the countries along the Belt and Road, and were worried about the commercial risks involved. She asked how the Administration would assess the business risks in those countries and allay the concerns of the business sector.

16.   SCED said that Hong Kong had always been an external-oriented economy and had competitive edges in external trade, professional services and foreign investment which might be useful in conducting business activities in countries along the Belt and Road.   In addressing the needs and concerns of local entrepreneurs, the Administration coorganized the Second Belt and Road Summit with the Hong Kong Trade Development Council ("TDC") in September 2017, in which more than 3 000 participants from more than 50 countries and regions attended, with many business matching activities carried out. SCED said that many professional bodies had started collaborative efforts with their counterparts in Belt and Road countries. TDC's Belt and Road Portal provided successful cases that illustrated the opportunities and risks for doing business in Belt and Road countries. The Administration would sign an arrangement with the Mainland authorities for Hong Kong's participation in and contribution to the Belt and Road Initiative.

Briefing by the Secretary for Innovation and Technology

17.   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 vide LC Paper No. CB(4)25/17-18(02) and S for IT's speaking notes vide LC Paper No. CB(4)53/17-18(01).

Discussion on innovation and technology issues

Technology talent scheme

18.   Mr CHAN Chun-ying noted that I&TB would launch a $500 million "Technology Talent Scheme" to, among other objectives, establish a "Postdoctoral Hub" programme which would provide funding support for enterprises to recruit postdoctoral talents for research and development ("R&D") work. He asked whether the Administration would incentivize overseas talents by, for example, providing short-term accommodations or arranging education services for their children. Mr Jeffrey LAM also commented that in order to develop Hong Kong into a smart city, it was necessary for the Administration to have comprehensive plans to train local technology talents.

19.   S for IT responded that the development and retention of technology talents was one of the key foci in the Policy Address. The Technology Talent Scheme would provide more opportunities for the 8 000 STEM graduates in Hong Kong each year to remain in the relevant fields. S for IT added that other schemes, such as the matching fund for local enterprises to train their staff on advanced manufacturing technologies, especially those related to Industry 4.0, and the proposed expansion of the Internship Programme for technology-related graduates, would also help train and retain local talents as well as attract overseas talents. S for IT added that the Administration would introduce measures to attract to Hong Kong talents from top universities and research institutions overseas. I&TB would also examine, in collaboration with other bureaux (including the Security Bureau), measures to facilitate entry of overseas talents into Hong Kong.

Supporting Research and Development

20.   Mr Jeffrey LAM and Ir Dr LO Wai-kwok welcomed the proposed enhanced tax deduction for expenditure incurred by enterprises on qualified R&D activities as announced in the Policy Address. They commented that the proposal would provide incentives for businesses to retain innovation and

technology ("I&T") talents. In the Policy Address, the Chief Executive had set a goal to double the Gross Domestic Expenditure on R&D ("GERD") as a percentage of the Gross Domestic Product ("GDP") from 0.73% to 1.5% by the end of the current Government's five-year term of office. Ir Dr LO asked whether the Administration would consider raising the target to around 2.5% of GDP, which would bring Hong Kong's expenditure level on par with international competitors. He said that the information of participating enterprises in the tax reduction scheme collected by the Administration could be used in policy planning.

21.   In response, S for IT said that the long-term goal for GERD as a percentage of the GDP would be higher than 1.5%. However, as Hong Kong was a service-based economy where the public sector had much greater level of investment in R&D than the private sector, more efforts would be required to raise the private sector's spending to boost the overall percentage.

Development of smart city

22.   Mr Wilson OR and Dr CHIANG Lai-wan asked if the Administration had specific plans and timetable for the implementation of smart city. S for IT responded that the Administration was consulting the community on the development of smart city and would publish the smart city blueprint within 2017. S for IT supplemented that the smart city blueprint would implement through cross-bureaux collaboration. Government Chief Information Officer ("GCIO") said that the Administration would push ahead with three key smart city-related infrastructure projects, including provision of electronic identity ("eID") in 2020, multi-functional Smart Lampposts to be in operation starting from 2019 and e-Government systems reform in 2020. S for IT added that the Financial Secretary had earmarked $10 billion for the promotion of I&T, and $700 million would be used to implement three of the 19 pilot projects under the smart city blueprint.

23.   Mr YIU Si-wing supported the development of multi-functional Smart Lamppost project and asked whether the Administration would collaborate with the business sector to disseminate information to tourists through this new installations. S for IT responded that the potential sites for the Smart Lampposts Pilot Scheme would likely be Tsim Sha Tsui; Central/Admiralty; Wanchai/Causeway Bay; and Kwun Tong. In response to Mr POON Siu-ping regarding the location choice of the Smart Lampposts, S for IT said that factors such as pedestrian flow, whether they are popular tourist spots, and the feasibility of installing relevant equipment would be taken into account. Consideration would also be given to promoting smart tourism, by making reference to overseas experiences. Where appropriate, the private sector would be invited to participate.

Wi-Fi Connected City

24.	Mr YIU Si-wing supported the expansion of the free "Wi-Fi.HK" service in Hong Kong under the "Wi-Fi Connected City" programme. However, he expressed concerns that, despite the increase in the number of hotspots in Hong Kong over the past several months, there had been reports that connectivity of many of these hotspots remained unsatisfactory. Mr YIU said that the Administration should improve the connectivity before installing new hotspots.

25.	Mr Wilson OR commented that there had been complaints that uploading and downloading speed of the Wi-Fi hotspots were too slow, and the service was not user-friendly. Mr OR noted that the Administration was identifying a third party to survey various Wi-Fi hotspots to assess their performance. Mr OR asked the Administration how and when it would release the survey findings and how the Administration would engage the private sector in the implementation and provision of Wi-Fi services to the public.

26.	S for IT said that Wi-Fi technology was constantly improving and Wi-Fi-related equipment required regular upgrading. The Administration had engaged a third party expert to conduct tests to monitor the quality of connection. GCIO said that the Administration had set up hotlines for the public to seek assistance and advice should they face any issue regarding hotspot connectivity. According to the third party survey findings, most of the transmission speed in existing Wi-Fi hotspots could achieve a rate of 3-4 Mbps. The survey on hotspots in Government venues would be conducted in early 2018 and the survey findings would be available in the first quarter of 2018.

Electronic Identity

27.	The Deputy Chairman said that she supported the Administration in developing Hong Kong into a smart city, and enquired whether the Administration had a clear timetable for implementing a digital personal identification authentication platform to provide eID for Hong Kong residents.

28.	S for IT replied that under the proposed eID platform, people in Hong Kong might use a single digital identity as authentication to conduct government and commercial transactions online. Apart from facilitating the public to use e-Government services, the application of eID could be expanded to cover private companies and the Administration was also discussing with the Hong Kong Monetary Authority ("HKMA") over implementation details. This cloud-based platform was expected to be completed in about two years.

29.   Dr Junius HO asked whether the eID scheme would include electronic filing and registration of court documents. He said that such systems was well developed and widely used in Singapore. He suggested that the Administration should assist the Judiciary to provide more services electronically. S for IT said that as a key component of Hong Kong's smart city development, the eID scheme would cover all government services, and would give due consideration to those offered by the Judiciary.

Hong Kong-Shenzhen Innovation and Technology Park

30.   Dr Junius HO suggested that as a way to develop Hong Kong into a dispute resolution hub which could offer fully digitalized services, a new dispute resolution centre should be set up in the Hong Kong-Shenzhen Innovation and Technology Park ("the Park") in the Lok Ma Chau Loop. S for IT said that any major developments in the Lok Ma Chau Loop would be considered in consultation with the Shenzhen authorities.

Development of financial technologies

31.   Mr LEUNG Che-cheung said that the Administration should develop electronic payment systems to benefit businesses and the general public. Mr LEUNG said the Steering Committee on Innovation and Technology ("SCIT"), chaired by the Chief Executive, should consider speeding up the development of financial technology ("Fintech"). S for IT replied that, while at present, electronic payment in Hong Kong was mostly transacted using credit cards, other forms of electronic payment were also being developed. HKMA had issued 13 more Stored Value Facility licences since last year to meet the needs of the public. He added that SCIT would be a suitable platform to promote the development of economic payment systems through cross-bureaux collaboration.

32.   Mr CHEUNG Wah-fung said that Hong Kong lagged behind other countries in its Fintech development. He said the Administration should speed up eID development for benefit of local and overseas investors. S for IT said that the Administration would keep in contact with HKMA and the Securities and Futures Commission ("SFC") on how eID could help fulfil online trading requirements such as Know-your-customer Utility requirement.

33.   Mr WU Chi-wai asked whether the Administration could apply the concept of sandbox to other creative industries, in the light of the introduction by SFC and the Insurance Authority of the Supervisory Sandbox in September to facilitate the launch of new Fintech products and services in the market. S for IT said that the concept of sandbox was to enable products to be tested

under specific conditions and duration without the need to achieve full compliance with the usual supervisory requirements. It was mainly used in the financial services industry which was strictly regulated. However, many creative industries were not under stringent regulation at present. S for IT said that it was important for the Administration to first review and revise the outdated legislation to facilitate the development of these industries.

Government's procurement policies

34.   Ir Dr LO Wai-kwok said that the Administration's current procurement policy had placed a lot of hurdles for start-ups wishing to become Government suppliers as they might not be able to satisfy requirements such as track records and lower price. S for IT said that as announced in the Policy Address, the Administration would explore incorporating I&T as one of the criteria for tender requirements for Government projects, in order to encourage more local technology companies to bid Government projects.

35.   Mr Michael TIEN Puk-sun welcomed the Administration's initiative to review the procurement policy and commented that allowing large corporations to monopolize the market might stifle Hong Kong's long-term development. He said it was necessary to promote the growth of micro-enterprises, by allowing selected micro-enterprises to bid for certain government tenders. SCED responded that government procurement should conform to the requirements under the World Trade Organization, but the Administration would consider measures to facilitate the introduction of new I&T without breaching the relevant requirements.

II.   Any other business

36.   There being no other business, the meeting ended at 10:13 am.

Council Business Division 4
Legislative Council Secretariat
28 December 2017