

立法會
Legislative Council

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by the Administration)

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Panel on Information Technology and Broadcasting

Minutes of meeting
on Monday, 12 March 2018, at 2:30 pm
in Conference Room 3 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 WONG Ting-kwong, GBS, JP
Hon CHAN Kin-por, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Claudia MO
Hon YIU Si-wing, BBS
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG
Dr Hon Junius HO Kwan-yiu, JP
Hon YUNG Hoi-yan
Hon CHAN Chun-ying
Hon HUI Chi-fung
- Members absent** : Hon Starry LEE Wai-king, SBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Michael TIEN Puk-sun, BBS, JP
Hon MA Fung-kwok, SBS, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon CHU Hoi-dick

**Public officers
attending**

: Agenda item IV

Innovation and Technology Bureau

Mr Nicholas YANG Wei-hsiung, GBS, JP
Secretary for Innovation and Technology

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

Office of the Government Chief Information Officer

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)

Mr Tony WONG Chi-kwong
Assistant Government Chief Information Officer
(Industry Development)

Agenda item V

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)

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

Mr Tony YIP
Principal Assistant Secretary for Commerce and
Economic Development (Communications and
Creative Industries) (Special Duties)

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. Confirmation of minutes of meeting

(LC Paper No. CB(4)699/17-18 -- Minutes of meeting held on
8 January 2018)

The minutes of the meeting held on 8 January 2018 were confirmed.

II. Information paper(s) issued since the last meeting

(LC Paper No. CB(4)690/17-18(01) -- Submission dated 1 March
2018 from a member of a
public regarding the public
consultation on the review
on Broadcasting Ordinance
and Telecommunications
Ordinance (Chinese version
only))

2. Members noted that the above paper(s) had been issued for the Panel's information.

III. Date of next meeting and items for discussion

(LC Paper No. CB(4)701/17-18(01) -- List of outstanding items for discussion

LC Paper No. CB(4)702/17-18(02) -- List of follow-up actions)

Regular meeting on 9 April 2018

3. Members noted that the next regular Panel meeting would be held on Monday, 9 April 2018 at 2:30 pm to discuss the following items:

- (a) Report on the public consultation on strengthening the regulation of person-to-person telemarketing calls;
- (b) Proposed re-grading of one directorate post in the Office of the Communications Authority; and
- (c) Building a Government Data Centre Complex.

4. The Chairman said that Hon Claudia MO and Hon Alvin YEUNG had submitted two letters on 9 March 2018 regarding recent media reports on the Administration's alleged intervention of editorial autonomy of the Radio Television of Hong Kong ("RTHK"). The two members requested that the matter be put on the agenda of the Panel meeting or a special meeting to be convened.

5. Ms Claudia MO said that the media reports suggested that the Administration had intervened and required RTHK to retrieve certain posts in its Facebook account that might be considered politically inappropriate. Ms MO considered that, if the allegation was true, the Administration's act would be an infringement of RTHK's editorial autonomy as a public broadcaster and the matter warranted the Panel's attention. Mr Alvin YEUNG shared Ms MO's concerns and requested that the Administration should clarify the matter.

6. The Chairman said that, while, according to Rule 79C of the Rules of Procedure, the agenda of a meeting of any committee should be determined by its Chairman, he would follow the normal practice of first seeking a written response from the Administration on Ms MO and Mr YEUNG's letters, and would, having considered other members' views, determine how the matter should be pursued. Given Ms MO's comments on the urgency of the issue, the Chairman said that he would request the Administration to provide a reply within one week.

7. Mr YIU Si-wing agreed with the Chairman's approach. The Deputy Chairman said that it was not feasible for the Panel to react to every media report or anonymous complainant. She agreed that the Administration should be invited to give a written response. However, the Panel's views should be sought before a decision was made on whether the matter should be included as an agenda item for discussion or whether a special meeting should be convened.

8. Dr Junius HO said that it was not appropriate for the Panel to act on hearsay. Anyone who felt aggrieved by an act of the Administration should lodge a complaint on his or her own, and the members who raised the issue should have ascertained the facts before asking the Panel to follow up.

9. Mr James TO said that, while he had no objection to seeking a written response from the Administration as a first step, the issues highlighted in the two members' letter were matters of public concern and warranted discussion by the Panel.

10. The Chairman concluded and directed the Clerk to write to the Administration requesting for a written response to the letters from Ms Claudia MO and Mr Alvin YEUNG to be provided within seven days.

(Post-meeting note: The Secretariat issued a letter to the Administration on 12 March 2018. The replies from the Director of Broadcasting and Secretary for Commerce and Economic Bureau dated 19 March 2018 were circulated to Panel members vide LC Paper Nos. CB(4)781/17-18(01) and (02) on 20 March 2018.)

IV. Key infrastructure projects for smart city development

(LC Paper No. CB(4)701/17-18(03) -- Administration's paper on the key infrastructure projects for smart city development

Presentation by the Administration

11. At the invitation of the Chairman, Secretary for Innovation and Technology ("S for IT") briefed members on the key infrastructure projects for smart city development. Details of the briefing were set out in the paper provided by the Administration (LC Paper No. CB(4)701/17-18(03)).

Discussion

eID

Protection of privacy

12. Ms Claudia MO noted that the public might access many types of public services electronically using eID, and the Administration was able to collect and hold a large amount of personal data. Ms MO expressed concerns whether the Administration would ensure protection of personal data privacy in the proposed eID system and prevent unauthorized use and transfer of personal data. S for IT said that eID could be viewed as an electronic key with which users could access online services. The eID system offered a means of verifying users' identity when accessing services and no personal information would be used in this process.

13. Mr Alvin YEUNG asked, if a user's eID was a key by which to access a service, whether the Administration would hold a "master key" with which it could then access users' personal data. S for IT said that the eID system worked in a way which allowed a service provider to authenticate the user's identity using his or her eID. Government Chief Information Officer ("GCIO") reiterated that user consent would be required in using eID to access any online services.

14. Ms YUNG Hoi-yan expressed concerned about the protection of personal data collected through the use of eID. She enquired about the kinds of personal data that would be used to characterize a person's identity in the proposed eID system. S for IT explained that an eID system might make use of biometric technology such as fingerprints, facial, retinal scans or voice records. These biometric recognitions which were unique to the individual would only be used to verify the user so that user's privacy could be protected.

Participation by the private sector

15. Mr CHAN Chun-ying noted that under the Administration's proposal, technical provisions and application programming interfaces ("API") would be introduced to support future services to be provided by public and private organizations. Mr CHAN asked whether the Administration would involve certain industries or companies to participate in the design and development of APIs in order to speed up the launch of services. He also said that the Administration should also earmark enough resources for the promotion of eID systems.

16. In response to Mr CHAN Chun-ying's comments, S for IT said that the success of eID would hinge on the active participation by the business sector in developing applications that made use of eID in accessing services. He said that the Administration was examining the detailed arrangements in collaboration with the relevant stakeholders. GCIO supplemented that in addition to Government departments, the Administration was also discussing with other public organizations on the introduction of more services utilizing eID system. These services could include the patient portal of the Hospital Authority, and the "Know-your-customer Utility" of the Hong Kong Monetary Authority ("HKMA").

Accessibility by the public

17. Mr Alvin YEUNG said that electronic certificates ("e-Certs") had been in use in Hong Kong for some time and he enquired about its difference with eID. He also asked whether the eID systems developed by the Administration could become outdated by the time they were in operation, given the rapid development pace in digital technology. S for IT said that the main difference between e-Cert and eID was that while a user had to use a physical carrying medium to store and use an e-Cert and had to pay a fee to the certification authority, eID could be used on mobile phones or computers and it would be provided free. As regards whether the technology would be outdated by the time it was launched, S for IT was of the view that if the development of eID would adapt to the latest technology trend, it would not become obsolete too quickly.

18. Mr CHAN Chi-chuen said that e-Certs had not been popular. In order to increase the popularity of eID in the community and to raise the level of utilization, the technology had to be simple to use and accessible. GCIO responded that a review of the e-Cert system was conducted in 2016-2017, and the Administration would draw reference from the relevant findings when designing and implementing the eID. Mr CHAN requested the Administration to provide information on the expenditure incurred in the development and implementation of e-Cert and the number of e-Cert users.

(Post-meeting notes: The Administration's supplementary information was circulated to members vide LC Paper No. CB(4)1051/17-18(01) by e-mail on 9 May 2018.)

Financial technology

19. Ir Dr LO Wai-kwok said that to complement the eID system, the Administration should develop electronic payment systems, to be linked to financial institutions in the Mainland, to facilitate daily transactions. In response, S for IT said that a Faster Payment System ("FPS") was being developed and would be launched later this year. FPS would provide full connectivity between banks and stored value facility operators, and would provide an additional option for consumers in Hong Kong other than credit cards.

Timeframe for commencement of operation

20. The Deputy Chairman said that under the Administration's proposal, tenders would be invited for the eID project in the second half of 2018, with an aim for the system to commence operation by mid-2020. She enquired whether the Administration could speed up the process. S for IT responded that the Administration accorded the project high priority and would proceed with the project as soon as the Finance Committee had given funding approval.

21. Ms YUNG Hoi-yan queried whether the Administration would have sufficient time to prepare for the launch of eID by 2020. S for IT responded that the target of introducing eID by 2020 should be achievable and the Administration expected that eID, when launched in 2020, could be used to access services currently available online. Other services provided by public bodies such as Hospital Authority and HKMA might also be considered. In response to queries from Dr Junius HO on ways for members of the public to apply for eID, S for IT said application might be made online.

Multi-functional Smart Lampposts

22. Mr YIU Si-wing said that for multi-functional smart lampposts ("smart lampposts") to be beneficial for members of the public and visitors to Hong Kong, the Administration should ensure that a wide variety of information would be provided for users through the smart lampposts. He asked whether the estimated expenditure of \$272 million for the smart lampposts project already covered the collecting and disseminating of information relevant to tourism and other services. He also asked why, given the importance of the project, the duration of the pilot scheme would only last three years. S for IT explained that a review of the project would be conducted after the conclusion of the first year of the three-year pilot scheme, where follow up actions would be mapped out. As regards the collection and disseminating of information, S for IT and GCIO said that, in line with the Administration's open data policy, real-time information such as local air quality data and traffic flow conditions would be

collected and disseminated through the open data portal. The Chairman requested the Administration to provide a list of data planned to be collected and disseminated in the scheme.

(Post-meeting notes: The Administration's supplementary information was circulated to members vide LC Paper No. CB(4)1051/17-18(01) by e-mail on 9 May 2018.)

23. The Deputy Chairman enquired whether the smart lampposts would help improve the accuracy of global positioning systems in the urban areas. The Deputy Chairman and Mr CHAN Han-pan both asked whether there would be more opportunities for the private sector to be involved in collecting and disseminating information via the smart lampposts, as only Government departments were included in the scheme. Mr CHAN also asked whether more smart lampposts would be used to support of the provision fifth-generation ("5G") wireless technology.

24. In response, S for IT said that microcell antennas could be installed in smart lampposts to support 5G telecommunications services and improve global positioning systems. The Administration would monitor the technology trend and utilize the latest technology for the long-term use of smart lampposts. As regards participation by the private sector, S for IT said that business organizations would be welcomed to collaborate with the Administration to use smart lampposts to deliver services if security and privacy issues could be addressed.

25. Dr LO Wai-kwok said that the smart lampposts should have more energy-saving features. S for IT said that the smart lampposts would feature LED rather than halogen bulbs as well as sensors to determine the level of brightness in accordance to background conditions. Both the Environmental Protection Department and the Highways Department would be involved in the smart lampposts project.

26. Dr Junius HO said that given the priority placed by the Administration in making Hong Kong a smart city, the target to complete installation of 350 smart lampposts by 2022 was too slow. S for IT explained that initially, 50 smart lampposts were planned to be installed by mid-2019, with a view to expanding the facilities to four selected regions in Hong Kong. He added that the Administration aimed to have the main urban areas of Hong Kong be covered by smart lampposts as infrastructure for a smart city.

Conclusion

27. The Chairman concluded that the Panel supported the funding proposals for key infrastructure projects for smart city development.

V. Review of television and sound broadcasting regulatory regimes

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| (LC Paper No. CB(4)701/17-18(04) | -- Administration's paper on the review of television and sound broadcasting regulatory regimes |
| LC Paper No. CB(4)701/17-18(05) | -- Paper on the review of Broadcasting Ordinance (Cap. 562) and Telecommunications Ordinance (Cap. 106) prepared by the Legislative Council Secretariat (Background brief)) |
| LC Paper No. CB(4)702/17-18(01)
(tabled at the meeting and subsequently issued via e-mail on 12 March 2018) | -- Administration's paper on the review of television and sound broadcasting regulatory regimes (power-point presentation materials) (Chinese version only) |

Presentation by the Administration

28. At the invitation of the Chairman, Secretary for Commerce and Economic Development ("SCED") briefed members on the background to and key elements of the review of the television and sound broadcasting regulatory regimes. Details of the briefing were set out in the paper provided by the Administration (LC Paper No. CB(4)701/17-18(04)). Deputy Secretary for Commerce and Economic Development (Communications and Creative Industries) (Special Duties) ("DS(SD)") then gave a power-point presentation on the subject vide LC Paper No. CB(4)702/17-18(01).

Discussion

29. Ms Claudio MO agreed that the current regulatory regime on broadcasting should be reviewed. Ms MO commented that press and information freedom had been receding with the increasing dominance of "red capital" in local media. The free domestic TV service was still the main stream media which could reach every household. Ms MO queried whether the proposed minor refinement of the threshold percentages of foreign investments that were subject to prior approval of the Communications Authority ("CA") would turn out facilitating and encouraging more Mainland corporations to increase their ownership and control over Hong Kong's TV services.

30. DS(SD) said that from CA's operational experience, in many cases, foreign investors who participated in Hong Kong's domestic free television programme service ("free TV") market did so for pure investment purposes rather than for exercising control of the licensees. The proposed minor refinements pertained only to the threshold percentages of foreign investments that were subject to CA's prior approval. Once an investor had acquired an aggregate of 15% or more of the voting control, that investor would be subject to stringent scrutiny under the extant provisions in the Broadcasting Ordinance (Cap. 562). Permanent Secretary for Commerce and Economic Development (Communications and Creative Industries) ("PS(CCI)") supplemented that the underlying policy objective of the existing regulatory regime had always targeted foreign voting control of our domestic broadcasting licensees, rather than foreign ownership per se. She explained that the proposed minor adjustments aimed to reduce the compliance cost to facilitate foreign investment into our free TV market. The overall foreign control restrictions regime of our domestic broadcasting licensees would remain intact. PS(CCI) added that foreign investors intending to acquire more than 15% of the shareholding of free TV licensees would be subject to close scrutiny by CA as to their compliance with the disqualified person and "fit and proper" person requirements respectively under Cap. 562.

31. Mr CHAN Chi-chuen asked if the Administration would review the Generic Codes of Practice for Television, and in particular, the one on Advertising Standards ("the Standards") as he considered the codes outdated. Mr CHAN also queried whether the two-tier process (i.e. consideration of application by CA and the approval of the application by the Chief Executive in Council ("CE in C") upon consideration of CA's recommendations) for licence application on free TV was necessary. He also enquired about the current status of the free TV licence application of Hong Kong Television Network Limited ("HKTV") under Cap. 562.

32. PS(CCI) explained that the current consultation exercise was launched by the Government on relaxation proposals that would require legislative amendments to Cap. 562. CA was reviewing in parallel its codes of practice governing indirect advertising with a view to relaxing those requirements. CA had already completed industry consultation, and would proceed with public consultation shortly on the relaxation proposals. It was expected that the relaxation could come into operation by mid-2018.

33. As regards the licensing authority, PS(CCI) explained that traditional media was still highly pervasive, and hence the licensing process involved significant public interests considerations. For this reason, the review had concluded that the existing two-tier system with the statutory authority to approve domestic broadcasting licence-grant vested in CE in C was appropriate.

34. Mr HUI Chi-fung commented that, notwithstanding the Administration's assurance that free TV, domestic pay television programme service and sound broadcasting licensees were controlled by local investors, the public's impression was that foreign investors could in reality direct the companies' decisions and thereby affect information and press freedom. He asked whether the Administration could ensure that local TV services would be controlled by local people. SCED assured members that the overall framework of the existing foreign control restrictions on domestic broadcasters, which was working well to ensure that the control of the relevant licensees was vested in the hands of local people, would remain intact.

35. In response to Mr CHAN's enquiry, PSCED informed the Panel that in September 2016, CE in C, after considering CA's recommendations on the application for a free TV licence submitted by HKTV in April 2014, had requested HKTV to provide further information required by CA in order to facilitate the processing of the application. HKTV did not submit the required information to CA until a year later in September 2017. In view of the announcement of HKTV that the company would review the viability of its media business, CA enquired and HKTV confirmed its request for CA to resurrect the processing of its licence application. Due to the lapse of time since 2014 when it submitted its licence application and supporting documents, CA invited HKTV to provide updated information on, for example, its shareholding structure and financial information to support its application. CA had, as per HKTV's request, extended the submission deadlines and the latest indication from HKTV was that it would respond to CA by 27 March 2018.

(Post meeting note: HKTV announced on 27 March 2018 that it would withdraw its free TV licence application.)

36. Based on the Administration's analyses of market shares of advertising revenue of different media, Dr Junius HO commented that the market of traditional TV service was shrinking and was being gradually taken up by digital media. While supporting the Administration's objective of promoting competition in the broadcasting market, Dr HO suggested that the Administration might consider encouraging investors to invest in those existing 55 licences/channels, rather than issuing new TV licences. Dr HO further queried the justification of maintaining foreign control restrictions on traditional media when there was no similar regulatory regimes on digital media.

37. SCED responded that while the business outlook of the free TV market in recent years was challenging, the Administration considered that there was still room for the industry to develop and sustain its operation, and hence relaxation measures were proposed with a view to energizing the market and creating a better business environment to existing and potential future operators.

38. Mr YIU Si-wing agreed that the regulatory regimes should be reviewed in view of the changing circumstances faced by the traditional media. Mr YIU commented that the various restrictions under Cap. 562 were introduced to prevent monopolizing of information by certain media company. He said that, as other media developed, companies which owned various information channels might also control information flow. Mr YIU asked if the Administration would consider regulating the alternative media and whether references could be drawn from overseas jurisdictions.

39. PS(CCI) advised that in most advanced overseas jurisdictions no regulatory regime with licensing requirements as imposed on traditional media was made applicable to Internet TV and radio programme services. Rather, most jurisdictions adopted the similar regime in place in Hong Kong to restrict the publishing of obscene and indecent materials on the internet through a separate piece of legislation such as the Control of Obscene and Indecent Articles Ordinance (Cap. 390). She added that in the regulation of internet contents, other jurisdictions also found it challenging to overcome enforcement difficulties, making tightening regulation of Internet TV and radio programme services not a practicable option. The Administration aimed at facilitating the operation and development of the traditional broadcasting sector, instead of imposing regulatory control on the Internet media.

40. Mr HUI Chi-fung commented that the current process of approving a free TV licence through CE in C was not transparent and this would affect investor's confidence in the free TV market in Hong Kong. SCED responded that in reviewing the licensing system, the Administration should balance the investors' interest on the one hand, and the policy objectives on the other. He

said that the existing licensing system had been working effectively in general, in that in granting the new licences over the past few years, CE in C had taken into account a host of relevant factors including the public interest consideration. SCED added that while there was exit from the free TV market, there were also new licensees/investors entering the broadcasting market.

41. The Chairman asked if the Administration would still consider the earlier plan of merging Cap. 562 and the Telecommunications Ordinance (Cap. 106) to remove inconsistencies in the operations and regulation of the broadcasting and telecommunication sectors under the two ordinances.

42. PS(CCI) responded that the Administration was conscious of the need to expedite the implementation of the priority relaxation measures, so that the broadcasting industry could benefit from them as soon as possible. In the next phase of the review, the Administration would update the telecommunications regulatory regime to cope with the advancement of telecommunications technologies including the imminent arrival of the fifth generation mobile communications services. The longer term question on whether the Administration should devote resources to embark upon a massive exercise of merging Cap. 562 and Cap. 106 when the existing arrangements were working reasonably well could be addressed after all the more urgent relaxation measures had been implemented, and in light of the then prevailing market circumstances. The Chairman noted and commented that the Administration should explain the policy at the appropriate time.

VI. Any other business

43. There being no other business, the meeting ended at 4:43 pm.