LegCo Panel on Commerce and Industry
"Promoting the Adoption of IT in the Business Community"

The Government is committed to promoting the adoption of information technology (IT) in the business community. Our objective is to facilitate the business sector to take advantage of IT to enhance their competitiveness in the Information Age, and to foster the development of the local IT industry. A four-pronged strategy is implemented to provide the business community, particularly the SMEs, with the necessary support and assistance in the adoption of IT.

A. Provision of the Necessary Infrastructure

2. The Government has established the necessary information infrastructure to support the adoption of IT. The Electronic Transactions Ordinance (ETO) enacted in January 2000 provides a clear legal framework for the conduct of electronic commerce (e-commerce) and gives electronic records and digital signatures the same legal status as their paper-based counterparts. A local public key infrastructure (PKI) has also been established through the Hongkong Post Certification Authority to provide public certification services for the conduct of secure electronic transactions. Hong Kong has one of the most open and liberalised telecommunications market in the world which provides quality, competitive and affordable services to the business community. Our telecommunications infrastructure is advanced by global standard. All these help provide certainty and security for the conduct of electronic transactions and drive down the cost for the use of IT in business operation.

3. In addition, the newly amended Copyright Ordinance plays a positive role in encouraging the use of legitimate software in enterprises, attracting software developers (including local enterprises) to devote resources in product development, and promoting market competition. We are glad that a number of new software products are now available on the market to provide the business community, especially SMEs, with more choice.

B. Enhancing Awareness in the Business Sector

4.　　　　IT adoption involves not just the learning of new skills and technology, but also a change of mind-set.　Through collaboration with industry support organisations and trade associations, such as Hong Kong Productivity Council (HKPC), Hong Kong Trade Development Council (HKTDC), Hong Kong Computer Society (HKCS), Hong Kong Information Technology Federation (HKITF), the Government has launched various publicity and promotional programmes to enhance the awareness of the business sector, especially SMEs, on the adoption of IT and e-commerce.　Major initiatives include :

(a)　organizing seminars and programmes for SMEs to enhance their awareness about IT and e-commerce.　Since January 2000, 18 free seminars have been organised by the Information Technology and Broadcasting Bureau (ITBB) and the Information Technology Services Department (ITSD) in collaboration with industry support organizations.　About 6,000 participants representing different local enterprises attended.　Apart from seminars, there are also special programmes in place to familiarize SMEs with the global trend in the adoption of IT.　For example, the Trade and Industry Department (TID), together with the Hong Kong Article Numbering Association, introduced a 12-month programmes titled "Global e-ID Campaign: SME Ambassador Programmes" in February this year.　The purpose is to encourage the participating SMEs to deploy Global e-ID in their global supply chain management.

(b)　promoting e-commerce through large scale exhibitions such as the Information Infrastructure Expo jointly organised by the HKTDC and the ITBB that recorded a total of 313,000 visitors for the last four years.　The ITBB also participated in other IT-related exhibitions and organised roving shows to publicize to the business sector and the general community the benefits and solutions of e-commerce adoption and the services and assistance available to SMEs.　Last year (2000-01) alone, a total of about 400 000 visitors participated in these events;

(c)   production of reference materials on e-commerce, such as success stories, guidelines and simulation software, for distribution to SMEs. A total of 260 000 CD-ROMs and 250 000 leaflets have been distributed by the ITBB; and

(d)   production of publicity materials (e.g. Announcement of Public Interest on e-commerce) for broadcast on television and in radio to promote e-commerce to the businesses and general public.

C. Provision of funding support and assistance

5.   At present, an immediate 100% tax depreciation is available to businesses for incurring capital expenditure in the procurement of IT equipment. The Government also facilitates IT adoption by providing funding support to relevant projects under the Innovation and Technology Fund. They are projects for developing an e-commerce management system for SMEs over the Internet, for increasing the awareness of our SMEs on the importance of "Global Digital Identification" which is essential to e-commerce, for organising IT Awards for business and for producing TV programmes called 'IT Files'.

6.   In addition to providing tax incentives and funding, the Government has also launched concrete programmes in collaboration with industry support organisations to provide businesses with support services and technical assistance.   These include:

(a)   development of practical and readily affordable e-commerce solutions by industry support organizations for use by SMEs. Over 40 000 local companies have utilised these e-commerce solutions provided by the HKTDC and the HKPC;

(b)   an Information Technology Entrepreneur Programme, launched in 1999, that provides cost-effective entrepreneurial training to help cultivate entrepreneurship for embracing the adoption of IT and technology;

(c)   a network of support and resource centres, e.g. the Digihall 21 of the HKPC, the SME Centre of the HKTDC, the Virtual SME Information Centre and Business Licence Information Service of the TID, the Digital Resource Enterprise Centre and Business Start-up Centre of the Vocational Training Council (VTC).   The operations of these centres are complementary to one another in providing advice, information and technical support to the business community, especially SMEs; and

(d)   a telephone enquiry hotline by the HKPC to answer questions related to adoption of e-commerce by SMEs and to provide information on the various support services available from the relevant industry support organizations.

D.   Government Leading by Example

7.   The Government is committed to leading by example in the adoption of IT.   Through developing E-Government, we aim to drive the adoption of IT in the business sector.   In the 2001 Digital 21 IT Strategy published in early May, Government leading by example was featured as a key result area of the strategy.   Apart from setting an overall target of providing e-option for 90% of the public services (including services provided to businesses) which are amenable to the electronic mode of delivery by end 2003, we will also proceed with flagship projects, with particular emphasis to those relating to Government-to-Business services. In this regard, the Government will actively pursue e-procurement for Government purchases and has set a target to carry out 80% of Government procurement tenders through electronic means by end 2003.

We are also developing an e-marketplace for lower value purchases which are currently conducted through quotations or direct purchases. These e-procurement initiatives would encourage the business sector to adopt IT in transacting businesses with the Government.

8.   Besides, the TID and other departments have been providing electronic data connection service since 1999.   Thanks to the service, businesses can choose to submit through electronic means their trade related applications, including the Restricted Textiles Export Licence, the Certificate of Hong Kong Origin and Production Notifications.

Conclusion

9.   The government is committed to facilitating the adoption of IT by the business community, especially SMEs.   We have been maintaining close contact with various associations representing the SMEs in our attempt to better understand and meet their needs.   In this connection, the Small and Medium Enterprises Committee will soon submit to the Chief Executive a package of concrete proposals on new initiatives to support the development of SMEs, including measures to facilitate the adoption of IT by SMEs.   We shall consider the SMEC's recommendations carefully.