

## **Chapter VI : Information Technology and Broadcasting**

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6.1 At the Chairman's invitation, the Secretary for Commerce, Industry and Technology (SCIT), Mr Henry TANG, briefed members on the priority tasks of the Information Technology and Broadcasting Branch of his Bureau (Appendix V-5).

### **Radio Television Hong Kong**

6.2 Noting that the increase in the estimated unit cost for current affairs and documentary programmes in 2003-04 was mainly due to the higher cost needed for overseas filming, Mr Howard YOUNG enquired whether the Radio Television Hong Kong (RTHK) had plans to commission productions involving overseas filming and whether such arrangement would be more cost-effective.

6.3 In reply, the Director of Broadcasting (D of B) informed members that RTHK would continue its current practice of commissioning the production of up to five hours' programmes each year for its current affairs and documentary programmes and for its drama programmes respectively. D of B stressed that in assessing the cost-effectiveness of a programme, factors such as the quality of the programme as well as its level of acceptance by the audience should also be taken into consideration. As such, he considered it appropriate for RTHK to maintain its current level of commissioning programme production.

6.4 On the relaxation on the restrictions on advertising, SCIT confirmed that apart from making available quality RTHK programmes for sale on a cost-recovery basis, there was no plan at present to allow RTHK to generate advertising revenue. The Permanent Secretary for Commerce, Industry and Technology (Information Technology and Broadcasting) (PSITB) supplemented that in line with the Government's policy to provide an environment conducive to business development, the Broadcasting Authority was considering relaxing restrictions on domestic free TV stations so that they might generate more advertising revenue. For example, there would be relaxation on the restrictions on product placement (i.e. exposure of commercial products/references within a programme to achieve an advertising effect) and on sponsored programmes.

6.5 Mr SIN Chung-kai was concerned that notwithstanding a rise in the average daily hits on RTHK's website from 2 million at June 2000 to 8.2 million as at December 2002, and a further predicted rise to 10 million in the near future, the financial provision for the RTHK ON INTERNET service was reduced from \$15.1 million in 2002-03 to \$14.5 million in 2003-04. Given the growing importance of and demand for new media services locally and overseas, Mr SIN

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urged RTHK to redeploy resources from other programme areas to the programme area of "new media" to boost its development.

6.6 In this connection, D of B pointed out that the reduction in estimated expenditure for RTHK ON INTERNET service in 2003-04 was mainly due to the overall requirement on government departments to cut expenditure. He nevertheless assured members that the reduction was small and would unlikely cause any adverse impact on the development of new media service. On the other hand, the charges of broadband service had dropped over the last few years. This had enabled RTHK to obtain a higher international bandwidth consumption capacity at the current monthly charge of HK\$130,000 to cater for an increased number of visitors to RTHK's web service. On redeploying resources from other programme areas to "new media", D of B advised that as in 2002-03, 75% of RTHK's web content in 2003-04 would be uploaded from existing Radio and Television programmes. As such, the development of "new media" would, to a certain extent, depend on content support from other programme areas. Cutting resources for other programme areas might in turn affect the development of the "new media" service.

6.7 Noting that as at 1 March 2003, RTHK had employed 270 non-civil service contract staff while its civil service establishment was 622, Mr LEE Cheuk-yan enquired whether RTHK had any plan to convert the non-civil service contract posts into civil service posts if there was a continuous operational need for the contract posts. In response, D of B said that as a government department, RTHK's prevailing establishment policy was in line with that of the civil service. With a view to streamlining its staffing structure, the civil service establishment of RTHK would be reduced from 632 in 2002-03 to 622 in 2003-04. A further reduction to about 600 was anticipated following the second Voluntary Retirement (VR) Scheme. D of B confirmed that at present, RTHK had no plan to convert any of the contract posts into civil service posts. However, in case a civil service vacancy arose and was to be filled by open recruitment, eligible contract staff could also apply for the post.

6.8 Mr LEE Cheuk-yan questioned the underlying rationale if certain posts were deleted upon the departure of the officers under the VR Scheme while at the same time, contract staff were appointed to take up the duties previously performed by the retired post holders. In this connection, D of B said that notwithstanding RTHK's long-established practice of engaging non-civil service contract staff, it was anticipated that the number of contract staff in 2003-04 would be maintained at the current level although the emoluments to be paid to

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contract staff in 2003-04 would be slightly lower due to the knock-on effect of civil service salary adjustments. Nevertheless, he took note of Mr LEE's concern.

6.9 On the subject of school educational television (ETV) programmes, Ms Emily LAU sought clarification as to why the perceived usefulness of the ETV programmes by teachers of secondary schools would score 66.9 out of 100 while the utilization rate of these programmes for secondary schools was only 13.7%. She also recapped the concern of the Public Accounts Committee about the cost-effectiveness of the production of ETV programmes.

6.10 In response, D of B informed members that during 2003-04, RTHK would continue to work with the Education and Manpower Bureau (EMB) on a review of the effectiveness and future direction of the school ETV service. The financial provision for school ETV productions would shrink by 3.5% from \$48.9 million in 2002-03 (revised estimate) to \$47.2 million in 2003-04. To facilitate the review, EMB had commissioned outside organizations to carry out a survey on school ETV programmes. The survey on the usefulness of the programmes by teachers was conducted on those teachers who had watched the programmes. D of B explained that a major reason for the low utilization rate of ETV programmes for secondary schools might be the practical difficulties on the part of the schools to tie in their teaching timetables with the real-time broadcast of ETV programmes. Therefore, after consulting the education sector, EMB had decided not to broadcast ETV programmes for secondary schools via the two local terrestrial television stations starting from September 2003. Instead, the schools could view the programmes on video compact discs produced by RTHK. D of B said that while the phasing out of ETV programmes for secondary schools in one to two years was currently under review, RTHK would continue to produce ETV programmes for secondary schools according to the reduced target plan.

### **Film services**

6.11 Noting that in the past three years, the subsidy received by each participant of the 11 training programmes sponsored by the Film Development Fund (FDF) ranged from \$40,000 to \$70,000, Ms Cyd HO expressed concern about the cost-effectiveness of the training programmes and how they would benefit the film industry in Hong Kong.

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6.12 In reply, the Commissioner for Television and Entertainment Licensing advised that the cost-effectiveness of the training programmes had been assessed by the FDF Projects Vetting Committee when it considered the applications for sponsorship. At the request of Ms HO, she agreed to provide information on the number of local film productions which had made use of digital technology acquired by practitioners from the training programmes sponsored by FDF from 2000-01 to 2002-03; and the percentage of such productions vis-à-vis the overall local film productions during the three-year period.

### **Information technology**

6.13 Members noted that the Administration would work with the Hong Kong Productivity Council (HKPC) and the Trade Development Council (TDC) to provide local information technology (IT) companies with focused trade matching services in the Pearl River Delta (PRD) in order to help the IT industry explore the Mainland market. In this regard, Ms Emily LAU enquired about the implementation of the relevant measures, the problems faced by the local IT industry, as well as the responses of the IT industry and the relevant authorities in the Mainland.

6.14 In reply, PSITB advised that in the past two years, the Government had provided the necessary official recognition to local IT industry bodies to enable them to set up commercial network and consultation channels with their counterparts in the Mainland, in particular the PRD. Specifically, the Administration would explore with officials from the relevant Mainland authorities on initiatives such as assisting local IT companies to obtain system integration (SI) certification in the Mainland. The Administration had also requested the Ministry of Information Industry to take into account the business nature and turnover of local software development companies when assessing their eligibility in bidding for high-valued IT projects.

6.15 In reply to Ms Emily LAU's further enquiry about the comprehensive data bank of local IT companies, the Deputy Secretary for Commerce, Industry and Technology (Information Technology and Broadcasting)<sup>2</sup> (DS(ITB)<sup>2</sup>) confirmed that the comprehensive data bank, which contained information on local IT companies for reference by Mainland enterprises interested in forming business partnership with Hong Kong companies, was being set up by HKPC and would be ready in a few months. To facilitate trade matching, TDC would actively collect information on the IT market in the

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PRD, look for Mainland enterprises interested in seeking business partners and select suitable local IT companies from the comprehensive data bank for matching purposes.

### **E-government programme**

6.16 Regarding Mr SIN Chung-kai's enquiry about details of the recurrent expenditure for the Electronic Service Delivery (ESD) Scheme, the E-government Coordinator (E-govt Coordinator) advised that the recurrent expenditure would cover the general expenses for promoting and taking forward the ESD Scheme, including the financial service charges for transactions payable to the ESD service provider, the provision of e-Certificates and other promotional expenses. It also included \$19 million for maintenance and other services in relation to the ESD infrastructure. The financial provision for 2003-04 stood at \$45 million which was the same as the original estimate for 2002-03. However, it was expected that some savings could be achieved in 2002-03 due to the lower usage of some services.

6.17 Mr SIN Chung-kai took the view that in the long run, the transaction costs under the ESD Scheme should be charged to the relevant departments whose services/transactions could be conducted through the Scheme. For example, the charges on booking venues through the ESD Scheme should be borne by the Leisure and Cultural Services Department. In response, E-govt Coordinator pointed out that the current practice for the Branch to absorb the expenditure for transaction charges during the initial years of implementation was to kick-start the programme and encourage service departments to join the Scheme. The current arrangement would be reviewed three years after implementation.

### **Innovation and technology**

6.18 Notwithstanding that the Innovation and Technology Commission (ITC) had recovered \$16.9 million from grantees under the Innovation and Technology Fund (ITF), Mr YEUNG Yiu-chung was concerned whether there were still outstanding amounts to be recovered.

6.19 The Commissioner for Innovation and Technology highlighted that in response to the Director of Audit's Report No. 38, ITC had strengthened its initiatives for monitoring ITF. Under such initiatives, auditors of the recipient organizations were required to submit audited accounts of the funded projects to provide an assurance that the conditions of the grant had been met. Moreover,

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the ITC had also set up an on-site inspection team to conduct expenditure inspection checks on recipient organizations. She also confirmed that the \$16.9 million had been recovered and at present, there was no outstanding amount to be recovered from grantees under the ITF.

