

**Opening Remarks by
Secretary for Commerce, Industry and Technology
at the Special Meeting of the Finance Committee
on 24 March 2003**

Mr. Chairman,

I would like to thank Members for their interest in the draft Estimates of the Commerce, Industry and Technology Bureau and its departments and for the questions they have raised. As we in Hong Kong are now facing severe challenges posed by economic restructuring, our mission and tasks are to enhance our economic viability and competitiveness, and better to leverage on what we have already achieved to provide further impetus to economic growth and create wealth, opportunities, employment and value.

Telecommunications

2. On telecommunications, we shall continue our efforts to maintain a fair and open telecommunications market and promote the development of the telecommunications industry. We want users to be able to enjoy even better quality telecommunications services at more competitive prices. In the 2003-04 financial year, our priorities are, upon the passage of the Telecommunications (Amendment) Bill 2002, to implement the regulatory framework for acquisitions and mergers in the telecommunications market to promote effective competition and assist investors to make informed decisions on acquisition and merger matters. Meanwhile, we shall also review Type II interconnection and consult the public on the issue.

Broadcasting

3. On broadcasting, we are now in the process of reviewing the broadcasting regulatory framework to facilitate media convergence and development of emerging media. We are also aiming at encouraging innovation and investment, reducing unnecessary regulation and further improving the business environment. Meanwhile, the Broadcasting Authority will also consider relaxing the regulatory restrictions on television commercials to tie in with the Government's policy to facilitate business.

Innovation and Technology

4. The technological infrastructures built by the Government over the years, such as the Science Park, the Applied Science and Technology Research Institute (ASTRI) and the Hong Kong Design Centre, together with the financial support provided by the Innovation and Technology Fund, will continue to promote innovation and technological upgrading of Hong Kong industry. For example, an integrated circuit design support centre will be set up shortly in the Science Park, which will provide tenants with assisted design tools and software and technical support. It will attract more companies engaged in integrated circuit design to become Science Park tenants. The synergy effect created will be conducive to the development of the integrated circuit design industry in Hong Kong.

5. On the other hand, we shall continue to create a favourable environment for technological development and promote the commercialization and transfer of technology to industry, in order to develop Hong Kong into an innovation and

high-tech design hub. I have already established a steering committee on innovation and design, which works together with industrialists with outstanding record of design excellence and design professionals, to help Hong Kong industry move up the value chain by promoting their upgrading from Original Equipment Manufacturing (OEM) mode to Original Design Manufacturing (ODM) mode.

Cyberport

6. To enhance the contribution of the Cyberport to industrial and technological development, we shall implement a series of measures in the 2003-04 financial year. These include establishing a Digital Media Centre (DMC) by the end of this year, with the aim of spearheading the development of the digital media industry through the provision of production and post-production facilities and technical support to industry players. In this regard, we wrote to the industry and related organizations early this month to invite submission of proposals to build the DMC, for which the selection exercise will be held in due course. We shall set up a Wireless Solutions Resource Centre at the Cyberport in the last quarter of this year, which will provide testing facilities, technical support, database and exhibition venues for use by industry players, especially the small- and medium-sized enterprises (SMEs). I am now seeking advice on specific proposals as well as sponsorship from the industry. We are pleased to note that the responses from the industry have been positive and supportive.

Information Technology

7. We shall continue actively to implement our “Digital

21” IT Strategy. We shall assist enterprises, especially the SMEs, in adopting IT in their operations. We will continue with the “IT Hong Kong” campaign to promote the wider use of IT in the community. We shall offer the public the choice of one year's free use of e-Cert, to be embedded on the new smart ID card to be issued, with a view to driving the adoption of e-business.

8. We are committed to promoting the development of the local IT industry. We shall continue to outsource Government IT projects to the private sector, actively help the IT industry explore Mainland and international markets, and enhance the quality and competitiveness of the IT industry.

E-government

9. We shall continue to make use of IT to improve the operational efficiency of the Government and the services it provides. The concept of business process re-engineering is now firmly embedded in the implementation of IT projects, so as to enhance the cost-effectiveness of the IT expenditure. Moreover, we expect to achieve two principal E-government targets by the end of this year: to provide an e-option for 90% of public services amenable to the electronic mode of service delivery and carry out 80% of government procurement tenders through electronic means.

Creative Industries

10. The industries and facets of technology I have just mentioned, such as product design, integrated circuit design, innovative and high technology products, movies, audio-visual products, multi-media and

digital entertainment and animation production, are all creative industries.

11. There are sufficient talents in our community who are creative and possess advanced technological know-how. Supported by world-class information infrastructure, Hong Kong is a highly open and free society where intellectual property rights are well protected. Such a favourable environment is conducive to the development of the local creative industries.

12. On film production, we shall continue to work closely with the local film industry so as to facilitate its development and to enhance Hong Kong's position as an international film production centre. Approval was already given by the Finance Committee of the Legislative Council in January to provide funding for the establishment of the \$50 million Film Guarantee Fund. The Fund, which will be open for applications in late April this year, will address the pressing film financing need and facilitate the establishment of a local film financing infrastructure.

13. The Film Development Fund will continue to provide financial support to projects that are conducive to the long-term and healthy development of the local film industry. This year, with the support of the Film Development Fund, the Hong Kong Film Awards Presentation Ceremony, together with the Hong Kong International Film Festival and the Hong Kong-Asian Film Financing Forum, will be held in April to enhance the momentum and create synergy. These major film-related activities, to be held in the same month for the first time, will also become a highlight for the film industry in the region. Meanwhile, the Symposium on Cross-media and Cross-business Development for Hong Kong Film Industry will also be held in April to facilitate media convergence between film

and other creative industries such as computer games and the merchandise industry. Through their participation in this Symposium, the related industries can seek cross-media collaboration and explore new business opportunities.

14. We shall also actively promote the development of the local digital entertainment industry. This year, we have worked together with various related industry bodies to organize the first Hong Kong Digital Entertainment Excellence Awards to recognize the best work produced in Hong Kong in the field of digital entertainment and to promote excellence and professionalism in the industry. We shall participate in E3 to be held in the United States in May this year and in the China Digital Entertainment Expo & Conference to be held in Beijing in July this year. We shall provide funding for the setting up of the Hong Kong Pavilion in these events to showcase the winning entries of the Hong Kong Digital Entertainment Excellence Awards and excellence in the local industry so as to raise Hong Kong's international profile in the field of digital entertainment and to help the local industry explore overseas and Mainland markets.

Conclusion

15. All in all, in the new financial year, we shall continue to promote and facilitate the industry to make further development in areas such as creative industries, innovation and technology, information technology, telecommunications and broadcasting by implementing various initiatives. We are also committed to improving the business environment and helping the industry explore new business opportunities.

16. Mr. Chairman, this concludes my opening remarks. If

Members have any questions, my colleagues and I will be pleased to answer them.