立法會
Legislative Council

Ref : CB1/PL/ITB/1

Panel on Information Technology and Broadcasting

**Minutes of meeting
held on Monday, 12 January 2004, at 2:30 pm
in Conference Room A of the Legislative Council Building**

Members present	:	Hon SIN Chung-kai (Chairman)
		Hon Howard YOUNG, SBS, JP (Deputy Chairman)
		Dr Hon David CHU Yu-lin, JP
		Dr Hon Eric LI Ka-cheung, GBS, JP
		Hon CHAN Kwok-keung, JP
		Hon YEUNG Yiu-chung, BBS
		Hon Emily LAU Wai-hing, JP
		Hon Albert CHAN Wai-yip
		Hon MA Fung-kwok, JP

Members absent	:	Dr Hon Philip WONG Yu-hong, GBS
		Hon Timothy FOK Tsun-ting, SBS, JP
		Dr Hon LAW Chi-kwong, JP

Public officers attending	:	Agenda item IV
		Mrs Betty FUNG, JP
		Deputy Secretary for Commerce, Industry and Technology (Communications and Technology) 2
		Agenda item V
		Mr Robin C GILL, JP
		E-government Coordinator,
		Commerce, Industry and Technology Bureau
		Mr Stephen MAK, JP
		Deputy Director of Information Technology Services

Ms Joyce TAM
Principal Assistant Secretary for Commerce, Industry
and Technology (Communications and Technology) EG

Agenda item VI

Mrs Betty FUNG, JP
Deputy Secretary for Commerce, Industry and
Technology (Communications and Technology) 2

Miss Adeline WONG
Principal Assistant Secretary for Commerce, Industry
and Technology (Communications and Technology) D

Mr Stephen LEUNG Kwan-chi
Senior Statistician (Science and Technology)
Census and Statistics Department

Ms Rebecca SIU Wai-fun
Acting Senior Statistician (Social) Census and
Statistics Department

Agenda item VII

Mrs Marion LAI, JP
Deputy Secretary for Commerce, Industry and
Technology 1 (Communications and Technology)

Ms Lorna WONG
Commissioner for Television and Entertainment
Licensing

Attendance by   :   Agenda item IV
invitation

Mr Nicholas YANG
Chief Executive Officer
Hong Kong Cyberport Management Company Ltd.

Agenda item VII

Ms Eunice CHUEN
Research Director
MDR Technology Limited

Mr German TSANG
Research Executive
MDR Technology Limited

Clerk in attendance : Miss Polly YEUNG
Chief Council Secretary (1)3

Staff in attendance : Ms Debbie YAU
Senior Council Secretary (1)1

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<u>Action</u>

I Confirmation of minutes

LC Paper No. CB(1)712/03-04 -- Minutes of the Panel meeting
on 5 December 2003

The minutes of the Panel meeting on 5 December 2003 were confirmed.

II Date and items for discussion for next meeting

LC Paper No. CB(1)710/03-04(01) -- List of outstanding items for
discussion

LC Paper No. CB(1)710/03-04(02) -- List of follow-up actions

2. <u>Members</u> noted that there was no item which required immediate attention of the Panel in early February and agreed that to tie in with the consultation period for item (a) below, the February meeting would be re-scheduled to be held on Wednesday, 25 February 2004, at 8:30 am to discuss the following items:

(a) Second consultation paper on the review of the regulatory policy for Type II interconnection; and

(b) Reduction of licence fee for the carrier licences.

3. On 2(a), <u>members</u> also agreed that deputations which had submitted views in response to the first-round consultation would be invited to attend the meeting. A general notice inviting submissions from the public would also be posted on the website of the Council.

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> (*post-meeting note*: The Panel has posted a general notice on the web site of the Council on the Internet to invite submissions. It has also written to 11 organizations/ individuals and the 18 District Councils inviting them to provide written submissions and attend the meeting on 25 February 2004. Members have been informed of the arrangements and invited to propose other invitees vide LC Paper No. CB(1)797/03-04 issued on 16 January 2004.)

4.   Members also agreed to discuss the following items at its March meeting scheduled to be held on 8 March 2004:

(a) 2004 Digital 21 Strategy; and

(b) Measures to facilitate the development of film industry.

> (*post-meeting note:* The agenda of the meeting on 8 March 2004 has subsequently been revised vide LC Paper No. CB(1)805/03-04 following further consultation with the Panel Chairman.)

III   Information papers issued since last meeting

5.   Members noted that no information paper had been issued since last meeting.

IV   Progress of the Cyberport project

LC Paper No. CB(1)710/03-04(03)	-- Information paper provided by the Administration
LC Paper No. CB(1)581/03-04	-- Background brief on Cyberport prepared by the Secretariat

6.   The Chairman welcomed Mr Nicholas YANG, Chief Executive Officer, Hong Kong Cyberport Management Company Ltd (CEO/HKCMCL) to the meeting.

Presentation by the Administration

7.   At the invitation of <u>the Chairman</u>, <u>the Deputy Secretary for Commerce, Industry and Technology (Communications and Technology)2 (DSCIT(CT)2)</u> updated members on the Cyberport project. She said that in the second half of 2003, the transitional arrangement for professional management of the Cyberport was completed. During this period, the Cyberport continued to spearhead the development of the digital media industry through establishing the Digital Media Centre (DMC) and to promote the development of services and applications for wireless and mobile communications through the Hong Kong Wireless Development Centre (HKWDC). The DMC was now scheduled to be opened in two phases - in January and March 2004. An Advisory Committee, comprising representatives from the industry, academia, relevant professional/trade bodies and the Government had been set up to steer the development of the DMC, review its performance and advise on collaboration with relevant parties. Funded by the Innovation and Technology Fund (ITF), the HKWDC was officially opened on 15 December 2003 and had received industry-wide support with sponsorship from over 30 industry players. On the ancillary residential development, <u>DSCIT(CT)2</u> confirmed that all 1,204 units in Phases R1A and R1B had been sold.

8.   On the latest tenancy position, <u>DSCIT(CT)2</u> reported that further to the Administration's paper, two more companies, which were newly established in Hong Kong, had committed to lease Cyberport offices. As a result, a total of 28 companies and organizations had leased or committed to lease Cyberport offices and the aggregate take-up rate for Phases CI, CIA and CIB was about 84% (and about 64% if Phase II was included).

Cyberport tenancy

9.   Noting that the Committee on Admission of Cyberport Office Tenants (CACOT) had so far considered 116 applications and rejected eight, <u>Mr Howard YOUNG</u> sought more information on the reasons for rejecting these applications. Apart from the 28 companies which had leased or committed to lease the Cyberport offices, he also enquired about the status of the remaining 80 approved applications.

10.   In reply, <u>DSCIT(CT)2</u> advised that the eight applications had been rejected mainly on the ground that their business profile did not fit in with the objective of the Cyberport. While the Administration could not disclose the details of the companies concerned, she informed members that these applications were received in response to Cyberport's first-round of invitation for tenancy application in 2001 and that most of them were companies providing legal, accounting or property agent services. She supplemented that it would be for the Board of Directors of HKCMCL to consider whether these supporting

services would be needed in the Cyberport in future. Regarding the status of the other applications approved by CACOT, <u>DSCIT(CT)2</u> said that following the bursting of the Internet bubble, some of the companies concerned had ceased operation or decided to defer their plan to lease Cyberport offices; while some of the successful applicants were still negotiating lease terms with the Cyberport management.

Supporting facilities

11.　Referring to the demonstration on the use of the facilities at the video conference suites during the Panel's visit to the Cyberport in July 2003, <u>Mr Howard YOUNG</u> enquired about the availability of such facilities at the Cyberport hotel and if yes, their compatibility with the system at the Cyberport.

12.　In reply, <u>CEO/HKCMCL</u> remarked that the Cyberport hotel would be operated and managed by Le Meridien Hotel Group and would certainly make available advanced audio-visual facilities and professional services for business meetings and conferences. <u>CEO/HKCMCL</u> also highlighted that the Cyberport tenants would be encouraged to use the state-of-the-art facilities of the Cyberport during occasions such as "Global ICT Summit 2004" to be held in the Cyberport in May 2004.

Intended objective of the Cyberport

13.　To assess how far the Cyberport could achieve its intended objective of achieving a strategic cluster of leading IT/IS companies, <u>Ms Emily LAU</u> sought information on the number of tenant companies which were setting up new business/offices in Hong Kong by becoming Cyberport tenants, as well as the number of new jobs created as a result. She also requested information on the current rental charges of the Cyberport so as to ascertain whether the Cyberport was in fact competing with other property developers in Hong Kong by offering office accommodation at highly attractive leasing terms.

14.　On the company profiles of Cyberport tenants, <u>DSCIT(CT)2</u> advised that out of the 28 companies and organizations that had leased or committed to lease Cyberport offices, six were companies new to Hong Kong and another six were newly established local companies. These 12 companies represented over 40% of all Cyberport tenants, as compared to only 20% in January 2003. As new businesses were conducted by these companies in the Cyberport, new job opportunities had been/would be created as a result. In addition, some of the remaining 16 tenants, which were existing companies in Hong Kong, also expanded or planned to expand their businesses after they had moved to the Cyberport. For example, Microsoft had leased one more floor in Cyberport 2 in addition to the existing two floors to cater for its expansion.

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15.	DSCIT(CT)2 further said that Cyberport's asking rental remained at HK$11 to $14 per square foot per month, which was the same as that announced in April 2001; whereas the rental charges for Grade A office premises in Hong Kong had dropped by some 70% over the past two years.	She nevertheless stressed that the main attraction of the Cyberport lay in its state-of-the-art infrastructure and the emerging cluster of quality companies specializing in IT, multi-media content creation and wireless applications.

16.	In response to Ms Emily LAU's query on whether the Administration had received complaints from property developers about the Cyberport competing for office tenants, DSCIT(CT)2 confirmed that during her secondment as the Cyberport Co-ordinator, there were only a few isolated complaints. CEO/HKCMCL remarked that so far, he had not received any such complaints.

17.	Regarding information on the number of staff employed by Cyberport tenants, DSCIT(CT)2 pointed out that while the tenants had indicated in their application forms the number of staff to be employed by them in Cyberport, some of them might start their initial operation on a smaller scale and plan to expand their activities later on, thereby increasing the number of staff engaged. They were not obliged to disclose the number of staff currently under their employment.	On Ms Emily LAU's suggestion of specifying the number of staff to be employed by each tenant in Annex A of the Administration's paper, CEO/HKCMCL said that individual Cyberport tenants, being commercial entities, might not be inclined to disclose such detailed corporate information. He also highlighted that as the IT-related sector comprised new, value-added business activities which were not necessarily manpower-intensive, the overall economic benefit of the Cyberport should not be evaluated solely in terms of the number of employees engaged.	The rate of business growth and the volume of new business activities generated in the Cyberport were also important

Admin	indicators.	As such, to address members' concern about whether the Cyberport could achieve its intended objective, CEO/HKCMCL would try to provide information on the new business activities conducted by the tenant companies in the Cyberport.

18.	While acknowledging the need to safeguard the commercial information of the tenant companies, the Chairman considered that the Panel should be in a position to evaluate the effectiveness or otherwise of the Cyberport.	As such, the Chairman suggested that the Administration or the Cyberport management should try to provide information on the number of employees employed by the tenant companies before and after they moved into the Cyberport, in particular

Admin	those companies which were already operating in Hong Kong.	The information could be provided on an aggregate basis, instead of on the basis of individual establishments.

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19.   Given that most of the building development work of the Cyberport Portion had been completed, over 80% of space in Phases CI, CIA and CIB had been taken up and nearly all residential units of Phases R1A and R1B had been sold, Mr Eric LI considered it timely to conduct an overall review on the Cyberport project vis-à-vis its originally promulgated objectives and anticipated benefits.   He also recapped that the Government's capital contribution to the project was the Residential Portion Land Value at $7.8 billion which included the cost of the basic infrastructural facilities.

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20.   DSCIT(CT)2 agreed with the need for an overall evaluation of the Cyberport project.   However, she pointed out that it would be more meaningful to conduct the review towards end 2004 when more information would be available on the Government's projected investment return based on its share of the surplus proceeds from the sale of the residential units and other income.   She undertook to provide a more comprehensive report on the Cyberport project by end 2004/early 2005.   In this regard, Mr Eric LI requested the Administration to include information on rental concession such as the length of rent-free period, if any, for office tenancy when reporting on the rental income of the Cyberport Portion.

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21.   Summing up, the Chairman suggested and members agreed that the Panel would pay a visit to the Cyberport in June or July 2004 to acquire first-hand information on its latest development.   He also suggested that members of the Panel on Commerce and Industry should also be invited to take part in the visit as the HKWDC and DMC had received funding support from the ITF.   The Chairman also requested the Administration to provide a comprehensive report on the review of the Cyberport project to the Panel for discussion in January 2005.   As the current term of the Legislative Council would end in July 2004, Ms Emily LAU considered it necessary for the Administration to report as much further information as practicable on the Cyberport project for the Panel's consideration before the end of the current term to address members' concerns. CEO/HKCMCL undertook to provide updated information to Members during the visit to Cyberport in June/July 2004.

V   Progress update on E-government programme

LC Paper No. CB(1)710/03-04(04)   -- Information   paper
                                            provided   by   the
                                            Administration

LC Paper No. CB(1)2385/02-03   -- Extract of minutes of the
                                            meeting held on 21 July
                                            2003 on "E-government
                                            Programme"

LC Paper No. CB(1)723/03-04	--	Information note on the Electronic Service Delivery Scheme prepared by the Secretariat
LC Paper No. CB(1)734/03-04(01)	--	Question on "ESD Life website containing information on unlicensed restaurants" raised at the Council meeting on 10 December 2003 and the Administration's reply (Chinese version only)
LC Paper No. CB(1)749/03-04(01)	--	Power-point presentation material on "Progress update on E-government programme" provided by the Administration

22.   With the aid of power-point presentation, the E-government Co-ordinator, Commerce, Industry and Technology Bureau (EGC/CITB) reported on the major E-government developments over the past six months and outlined future broad directions for the next wave of E-government.   He emphasized that while the provision of e-options had provided a solid foundation for the further exploitation of E-government, it was now necessary to focus on "joining up" Government departments using information and communication technologies (ICT), re-engineering Government operations and processes and making E-government services more customer-centric.

Electronic road network and Global Positioning System

23.   Mr Eric LI was concerned that Hong Kong had lagged behind many countries and places in rolling out the Global Positioning System (GPS) in conjunction with the electronic road network/electronic map for Hong Kong. Besides guiding road users, an electronic map could also assist traders to keep a detailed location log and serve as the necessary infrastructure for the development of a postcode system. As he understood, Beijing and over 50 Mainland cities had already developed their own electronic maps and they planned to partner with the vehicle manufacturers to develop GPS for all vehicles later this year.   Mr LI also referred to reports that it took the Administration several years to come up with a tender specification for developing the platform for an electronic road network/electronic map.   He was therefore very concerned about the slow progress and urged the Administration to expedite the relevant work to ensure that Hong Kong could keep abreast of other places in the

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development of GPS and related applications.

24.   The Chairman and Ms Emily LAU echoed the view of Mr Eric LI that the electronic road network was an important information infrastructure.   Referring to the successful application of GPS in some crowded cities with many high-rise buildings, the Chairman did not consider the densely developed environment in Hong Kong necessarily an impediment to the development of GPS.   Noting that the Transport Department had already set up the Transport Information System and the Journey Time Indication System, the Chairman urged that the development of GPS in the context of electronic road network in Hong Kong should not be delayed.

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25.   In response, EGC/CITB noted that the private sector had developed downloadable electronic maps of Hong Kong to aid road users.   Nevertheless, he undertook to follow up the issue with the relevant departments.   The Deputy Director of Information Technology Services (DD/ITS) supplemented that the application of mobile and wireless technologies in the form of an electronic road network system was one of the key initiatives in the next wave of E-government. In fact, the Information Technology Services Department (ITSD) had already been studying the issue of developing an electronic road network in conjunction with other relevant departments including the Transport Department and the Highways Department.   He nevertheless stressed that the development of the infrastructure would need the support and input of the private sector in the provision of information content.   On the development of promotion and application of wireless and mobile technologies (including GPS), DD/ITS said that a task force under ITSD had been studying the matter with input from the private sector.   He undertook to convey members' concerns to the task force.

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Postcode system

26.   Referring to his past questions raised at the Council meetings on introducing a postcode system in Hong Kong, the Chairman was disappointed to note that the Hong Kong Post Office (HKPO), while considering that it was not suitable to introduce a postcode system for each of the 2.5 million postal addresses in Hong Kong for the time being, did not see the need for setting up location-based postcodes.   In fact, if a postcode system was in place, many value-added services could be developed and provided by the market.   In response, DD/ITS said that he would bring the matter to the attention of the Extensible Markup Language Co-ordination Group under ITSD and see if it could follow up on the issue of data standards with the departments concerned, including HKPO.

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27.   To follow up, the Chairman requested the Administration to co-ordinate with relevant departments on the development of the GPS and postcode system. He suggested and members agreed that the Panel would review the progress with the Administration in April/May 2004.

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Integrated Criminal Justice System

28.   In reply to Ms Emily LAU's enquiry about the Integrated Criminal Justice System (ICJS), EGC/CITB explained that ICJS was a large-scale joined-up Government to Government project which would greatly improve operational efficiency through improved intra- and inter-agency co-operation and information sharing. The Administration was now conducting an in-depth study on three selected areas, namely, arrest identification and charging, centralized warrant tracking system and dissemination of court case results. ICJS was primarily an information sharing system for about 10 different government departments/agencies, among which documents were currently transferred in paper form.

29.   Ms Emily LAU further enquired whether the Administration had examined the privacy implications of the system. In response, EGC/CITB advised that the privacy impact assessment study would be launched soon and would be completed by mid 2004. EGC/CITB confirmed that the Administration intended to brief the relevant panels, notably the Panel on Administration of Justice and Legal Services and the Panel on Security, when the Administration had completed the necessary studies.

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> (*Post-meeting note:* The Clerks to Panel on Administration of Justice and Legal Services and Panel on Security have been duly informed.)

Productivity gains

30.   Noting from the Administration's report that realizable recurrent savings and notional staff savings would be generated each year as a result of better management of the tree inventory system under the Leisure and Cultural Services Department (LCSD), Ms Emily LAU sought details of such savings, including the posts to be deleted, if any. In reply, EGC/CITB confirmed that the implementation of the system would result in manpower savings and the staff involved would be re-deployed to take up other duties in the same department. The Administration would provide further information on the savings achieved, including details of the posts involved, for this system.

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31.   Given that computerization could improve productivity and generate savings, Mr MA Fung-kwok sought information on the estimated realizable and notional benefits arising from individual E-government initiatives, as well as an overall estimation for all projects. In reply, DD/ITSD advised that when submitting bids for IT projects, each user department was required to provide information on estimated savings resulting from the projects. EGC/CITB referred members to the information on the realizable and notional benefits arising from the 86 new computerization projects recently approved by the Finance Committee for implementation in 2004-05 (vide PWSC(2003-04)54 and

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LC Paper No. PWSC29/03-04). To facilitate consideration by members, the Chairman requested the Administration to include information on realizable and notional benefits/savings resulting from E-government initiatives in future progress reports of E- government programmes submitted to the Panel.

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32.   On ways to deliver government services cost-effectively, EGC/CITB remarked that to enable departments to more effectively deploy their resources to serve their customers using different service delivery channels, the Administration would explore the feasibility of establishing a channel management strategy framework for use by departments.   The Administration intended to pilot channel management in a few selected areas in two to three departments before devising a comprehensive strategy and action plan for all departments.

Venue reservation

33.   Ms Emily LAU reiterated her concern which had been raised on past occasions about members of the public having to queue up overnight for reservation of venues at community halls.   She queried why despite the roll-out of an online booking system, such problems still persisted.   In this regard, DD/ITSD and EGC/CITB clarified that the Leisure Link under the Electronic Service Delivery Scheme was operated by the LCSD while the booking of community halls was under the purview of the Home Affairs Department (HAD).   Nevertheless, EGC/CITB would follow up members' concern with HAD.

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34.   While welcoming computerization, Mr Albert CHAN stated his concern that the online booking service for sport venues had been abused by certain people who would "re-sell" the venues they had reserved to genuine users at a much higher price.   He stressed that this malpractice was widely known among venue users.   Mr CHAN noted with concern that genuine venue users could not reserve the venues online either because they did not use computers at all or they could not login early enough to secure the booking.   Recalling that in the past, some popular time slots for using sport venues were assigned through drawing lots to ensure fairness, Mr CHAN urged the Administration to look into ways to curb the abuse arising from the allocation of venues through online booking.   In this connection, the Chairman remarked that the situation depicted by Mr Albert CHAN did not stem from computerization *per se*, but might be attributed to the current management and practice of assigning venues.   He opined that one option might be to maintain the practice of drawing lots online.   Users might register for the time slots they wished to reserve online or in-person at the counters.   LCSD could then draw lots from the registered list and allocate the venues accordingly.   The Administration undertook to look into the matter and revert to the Panel and the Panel on Home Affairs on possible improvements in due course.

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(*Post-meeting note:* The Clerk to Panel on Home Affairs has been duly informed.)

35. Noting members' concern, <u>EGC/CITB</u> said that at present, persons who had successfully booked the venues were required to present their Hong Kong identity card when they used the venue. Referring to the appointment system for replacement of Hong Kong identity cards, <u>EGC/CITB</u> recapped that approximately 70% of the time slots could be booked online while the remaining 30% would be reserved to cater for walk-in customers who chose not to use the e-option. Nevertheless, <u>EGC/CITB</u> took note of members' concern and suggestions and would follow up the matter with LCSD.

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Chief Information Officer

36. In response to <u>Ms Emily LAU's</u> concern about the establishment of a Chief Information Officer (CIO) function in the Government, <u>EGC/CITB</u> clarified that the Administration was considering whether there should be a CIO function, either in a person or an institution, within the Government whose responsibility might go wider than what was generally understood in the corporate world. In reply to Ms LAU, he assured members that the Administration's current intention was for the exercise to be cost-neutral.

VI 2003 Surveys on IT Usage and Penetration in the Household and Business Sectors

LC Paper No. CB(1)710/03-04(05)	--	Information paper provided by the Administration
LC Paper No. CB(1)645/03-04(01)	--	Report on 2003 Annual Survey on Information Technology Usage and Penetration in the Business Sector
LC Paper No. CB(1)645/03-04(02)	--	Thematic Household Survey Report No. 15
LC Paper No. CB(1)614/03-04	--	Information note on annual surveys and penetration in the household and business sectors prepared by the Secretariat

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	LC Paper No. CB(1)749/03-04(02) *(tabled and subsequently circulated to* *members on 13 January 2004)*	--	Power-point presentation material on "2003 Surveys on IT Usage and Penetration in the Household and Business Sectors " provided by the Administration

37.   With the aid of power-point presentation, the Principal Assistant Secretary for Commerce, Industry and Technology (Communications and Technology)D (PASCIT(CT)D) presented the major findings of the two Survey Reports.

Broadband Internet services

38.   Noting the prevalence of the provision of broadband Internet connection for new private buildings, Mr Eric LI urged the Administration to consider possible ways to enhance the penetration of personal computers (PCs) and the use of the Internet, such as by providing broadband Internet service for new public housing estates as well.   In this connection, the Chairman recalled that the Administration had reported to the Panel that the Housing Authority saw the merit of some operators' proposal of providing two in-building wiring systems instead of one in new public housing estates and had acceded to the proposal. The Chairman also informed members that a complaint against the bundling of fees for broadband Internet service into the management fees was currently being investigated by the Office of the Telecommunications Authority (OFTA).   In anticipation that such bundling service might prevail in the near future, the Chairman cautioned that this arrangement would restrict the choice of individual households over service providers.

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39.   In response, PASCIT(CT)D remarked that OFTA had implemented many new initiatives to promote the use of broadband Internet service and "intelligent homes".   PASCIT(CT)D undertook to provide further details on OFTA's work in this area after the meeting.

Establishment survey

40.   Noting that there was a slight drop in the percentage of small establishments using PCs in 2003 (50%) as compared to that in 2002 (50.7%), as well as a similar trend for medium establishments in 2002 (76.6%) versus 2001 (79.2%), Mr Howard YOUNG sought explanation on the apparent decline.

41.   Ms Emily LAU observed that the percentage of large establishments with Internet connection seemed to have reached its peak in 2001 (86%) and levelled off thereafter.   Ms LAU also enquired about the reasons for the consistently low percentage of medium establishments having their own Web pages/sites over the years 2001 (29.1%), 2002 (31.6%) and 2003 (31.7%).

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42.   On the percentage of establishments using PCs, <u>the Senior Statistician (Science and Technology), Census and Statistics Department (SS(ST)/C&SD)</u> explained that the minor difference for small establishments as referred to by Mr YOUNG was in fact not statistically significant and could be interpreted as more or less the same as before.   <u>SS(ST)/C&SD</u> also noted that the percentages of large and medium establishments with Internet connection were relatively high and stable and he anticipated that the percentages would remain at the current level for some time.   He said that for those establishments not intending to have their own Web pages/sites, the reasons cited by most of them were "no business benefits to have Web page/site", and "lack of personnel familiar with maintaining/developing a Web page/site".

43.   In reply to <u>Ms Emily LAU</u>'s further enquiry on Hong Kong's performance on the international front, <u>SS(ST)/C&SD</u> pointed out that the PC and Internet penetration rates for large and medium establishments in Hong Kong compared well with those in other advanced economies.   However, the percentage of overseas firms having Web pages/sites was relatively higher than that in Hong Kong.   In this regard, <u>Ms LAU</u> opined that the Administration should make an effort to increase the awareness of large and medium establishments of the business benefits of having Web pages/sites, thereby driving up the rates of such adoption.   <u>The Administration</u> noted her views.

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44.   <u>DSCIT(CT)2</u> further referred to Annex D of the Administration's paper which compared IT Penetration in Hong Kong with other economies.   <u>Members</u> noted that the overall percentage of business firms with PCs in Hong Kong was 55%, which was lower than the percentages of firms with PCs in Australia (84%), Canada (82%) and the United Kingdom (64%).   <u>DSCIT/(CT)2</u> pointed out that 94.2% of the large establishments and 87.7% of the medium establishments in Hong Kong were using PCs, which were comparable of the figures of overseas countries.   The relatively low overall percentage of firms with PCs was partly attributed to the economic structure of Hong Kong whereby a large proporation of business establishments were small establishments (over 80% of the establishments covered in the survey were small establishments).   In reply to <u>the Chairman's</u> question on the scope of small establishments for the purpose of the survey, <u>SS(ST)/C&SD</u> confirmed that small retail shops and small eating/drinking outlets were covered in the survey.   He added that since the majority of establishments in Hong Kong were small-sized establishments and many of them did not use PCs due to the nature of their business, this had the effect of lowering the overall percentage of PC penetration among the business sector in Hong Kong.

45.   Notwithstanding that small establishments tended to use other convenient means of communication such as telephone to conduct their business, <u>DSCIT(CT)2</u> stressed that the Administration would strive to help these establishments to exploit the full potential and benefits of IT in advancing their

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business.   For example, the Administration would work in close collaboration with trade associations and industry support bodies to implement sector-specific programmes for selected sectors such as small travel agents to enhance their adoption of IT.

Digital Access Index

46.   Referring to the Digital Access Index (DAI) released by the International Telecommunication Union, <u>Mr Howard YOUNG</u> sought information on Hong Kong's ranking for each of the five categories (infrastructure, affordability, knowledge, quality and usage) under the DAI.

47.   In response, <u>DSCIT(CT)2</u> pointed out that DAI was a comprehensive and objective global index to rank information and communication technology (ICT) access.   It was very encouraging to note that overall, Hong Kong ranked seventh out of 178 economies, second in the Asia Pacific and topped other economies particularly in the areas of infrastructure and Internet affordability.   At members' request, <u>the Administration</u> would provide the Panel with a more detailed report of the DAI, including, where available, the rankings under individual categories.   <u>Mr Howard YOUNG</u> expressed his appreciation that Hong Kong had out-performed other economies in terms of infrastructure and affordability.

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48.   Despite Hong Kong's achievement in the aforesaid categories, <u>Ms Emily LAU</u> was concerned about Hong Kong's position on the category of knowledge level under the DAI since a considerable portion of Hong Kong's working population had only attained junior secondary education or below.

49.   In response, <u>PASCIT(CT)D</u> advised that the literacy rate of the population was one of the criteria used under the category of knowledge level of the DAI.   As literacy was the basic requirement for any person to read emails and to browse the information on the Internet, it was used as one of the indicators to measure the overall ability of individuals in different economies to access and use ICT.   In this connection, <u>PASCIT(CT)D</u> pointed out that the literacy rate of Hong Kong people did not compare unfavourably with that of the top 10 economies in the overall ranking.

50.   Summing up, <u>the Chairman</u> said that the Panel supported the Administration's effort in conducting the two IT related surveys on an annual basis as their results would serve as useful reference for implementing relevant IT initiatives.

VII   Licence Renewal Exercise for the Domestic Pay Television Programme Service Licence of Hong Kong Cable Television Limited

LC Paper No. CB(1)710/03-04(06)   --   Information paper provided by the Administration

LC Paper No. CB(1)749/03-04(03)   --   Power-point presentation
(tabled and subsequently circulated to   material on "Survey on the
members on 13 January 2004)   Domestic Pay Television Programme Service of Hong Kong Cable Television Limited 2003" provided by the Administration

51.   At the invitation of the Chairman, the Research Director of MDR Technology Limited outlined the objectives, methodology and major findings of the survey on the domestic pay television (TV) programme service of Hong Kong Cable Television Limited (HKCTV).

Concerns on fees and provision of subtitling

52.   Members noted that in accordance with section 11(4) of the Broadcasting Ordinance (BO), the Broadcasting Authority (BA) had conducted a public hearing on 20 November 2003 to collect public views on the service provided by HKCTV.

53.   Having attended the public hearing, Ms Emily LAU pointed out that the survey commissioned by BA to collect subscribers' views on the service of HKCTV had not covered some of the major concerns raised at the public hearing, notably HKCTV's high subscription and installation fees and the lack of subtitles for its programmes.   Ms LAU queried the scope of the study covered in the survey.   In this connection, the Chairman asked whether only issues within BA's regulatory scope would be included in the survey.

54.   On the areas of study covered in the survey, the Commissioner for Television and Entertainment Licensing (C for T&EL) advised that they had been drawn up jointly by the Television and Entertainment Licensing Authority (TELA) and MDR Technology Limited with reference to the topics covered in the survey relating to the mid-term licence review of HKCTV.   The BA had also set up a working group to steer the survey.   She also highlighted that in determining the areas of study, the main purpose was to collect the opinions of HKCTV subscribers on the quality and acceptability of its broadcast, and to assess whether the existing licence conditions and provisions in the generic codes

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of practice governing HKCTV's service were in line with the aspirations of subscribers.

55.   Regarding the subscription and installation fees charged by HKCTV, C for T&EL advised that the level of fees was primarily a commercial decision of HKCTV.   Following the liberalization of the pay TV programme service market and the entry of new operators, individual licensees would inevitably have to take into consideration market competition in determining their level of fees charged on subscribers.   C for T&EL also believed that the senior management of HKCTV, who were present at the public hearing, had been aware of concerns about its charging schedules.

56.   Regarding the provision of subtitling for programmes, C for T&EL pointed out that two speakers at the public hearing had asked for the provision of Chinese subtitles for programmes for the benefit of the hearing-impaired.   She further informed members that when the two existing domestic free television programme service licensees renewed their licences in end 2002, a new licence condition had been added to require programmes broadcast on their Chinese channels (Jade channel of Television Broadcast Limited and Home channel of Asia Television Limited) from 7 pm to 11 pm to carry subtitles.   However, in the case of HKCTV, the provision of subtitles for all the channels might not be feasible, in view of its vast number of channels.   However, C for T&EL understood that HKCTV was looking into the request for Chinese subtitles for the popular channels to facilitate the hearing-impaired.   At Ms Emily LAU's request, the Administration would provide information on the number of persons with hearing impairment in Hong Kong so that members would be in a better position to consider the need for subtitling service for TV programmes.

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Community channel(s) and HKCTV's service coverage

57.   Mr Albert CHAN requested to put on record his objection to the renewal of the licence of HKCTV on the grounds that HKCTV did not make available any of its channels for the use of the public and that it still had not provided service in certain areas of Hong Kong.

58.   Referring to the allocation of channels to minority groups in overseas countries since a few decades ago, Mr Albert CHAN reiterated his request that the Administration should take prompt action in designating one or more channels for the use of the public.   The community and social groups could produce specific programmes or deliver community services for their groups via these channels.   He considered it unacceptable that the consortia which were in control of TV channels were using the public asset of frequency spectrum as their own private asset to make profit by providing pay TV programme service to those who could afford it.   He was gravely concerned that the minority groups, who might be less well off, had been deprived of a formal channel to express their views.   Mr CHAN criticized the Administration for failing to address the

needs of minority groups in society.

59.   While taking note of Mr CHAN's concerns, the Deputy Secretary for Commerce, Industry and Technology (Communications and Technology) 1 (DSCIT(CT)1) pointed out that the kind of public channels suggested might be justified in countries with a vast geographical area and a multi-ethnic population such as in the United States or Canada.   However, Hong Kong was a small and densely populated territory which was relatively less diversified in terms of its culture and language.   With the prevalence of information and communication technologies, the general public had made good use of the Internet, existing radio and TV channels to express their views.   As such, the Administration had no plan to allocate exclusive channels for community or minority groups at the present stage.   She also referred to the public views on programmes broadcast by HKCTV collected from the survey and pointed out that 78% of the viewers had considered the existing types of programmes provided by HKCTV sufficient and only 5% of viewers had expressed their desire for other types of programmes to be broadcast.   As such, the majority of the survey respondents were satisfied with the programme diversity offered by HKCTV and there was no compelling grounds that HKCTV should allocate a community channel for the use of certain sectors of the population.

60.   Unconvinced of the Administration's response, Mr Albert CHAN considered that the Administration had taken side with HKCTV instead of acting in the interest of the public.   He considered that it was inappropriate for the Administration to use the majority view obtained from the survey as a reason for not addressing the needs of certain minority groups in society.   He noted with regret that in depriving the disadvantaged groups of a formal community channel, they would continue to be marginalized and their views would remain unheard.

61.   On the service provided by HKCTV, Mr Albert CHAN referred to the unavailability of HKCTV's service in South Lantau and Mui Wo and considered it unacceptable that HKCTV chose not to provide service for these less profitable areas.   Mr CHAN urged the Administration to take the opportunity of licence renewal to require HKCTV to provide services to households in these areas.   Ms Emily LAU also reflected the complaint about the lack of HKCTV's service coverage in Tuen Mun.

62.   In response, DSCIT(CT)1 advised that the Administration had monitored the service of pay TV programme licensees by, inter alia, ensuring that they complied with the relevant licence condition on coverage requirement in terms of the number of premises passed by the transmission network.   In the case of HKCTV, it was required by its licence to provide service covering not less than 1.769 million premises by May 2005. At present, HKCTV had already exceeded its licence requirement as its network had passed 2.1 million premises, which was about 95% of all residential households in Hong Kong.   DSCIT(CT)1 noted from press reports that HKCTV was exploring other means of transmission, e.g.

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satellite transmission, in order to extend its service coverage to more remote areas. Regarding the unavailability of service in certain areas in Hong Kong, DSCIT(CT)1 said that HKCTV, being a domestic pay TV programme service licensee, was not subject to the "universal coverage" obligation as in the case of the free television programme service licensees. The extent of the provision of service would primarily be a business decision on the part of HKCTV.

63. Mr Albert CHAN considered that the Administration had perceived the role of pay TV programme service licensees purely from the commercial angle and requested to put on record his strong disappointment. He also reiterated his objection to the renewal of HKCTV's licence.

The way forward

64. Members noted that the BA would consider the community views collected at the public hearing and the findings in the survey and formulate its recommendations on the licence renewal of HKCTV for submission to the Chief Executive in Council (CE in C) before end-May 2004.

65. In this regard, Ms Emily LAU considered that the Administration had failed to arrange an appropriate timing for the public hearing since it was held three days before the District Council Elections. She also pointed out that both the Chairman of the BA and the senior management of HKCTV had not taken the opportunity of the public hearing to respond to the concerns of the public. Ms LAU referred to public hearings conducted by overseas regulatory bodies, during which explanation or even debates on services provided by the licensees took place. It was also the practice of the regulatory bodies to provide a detailed response to the views expressed at public hearings through proper channels. In her view, it was certainly not the legislative intent of BO for public hearings to be conducted in the present manner in which the public's concerns were not addressed in an open manner. As such, Ms LAU urged that the Administration and HKCTV should provide a detailed response to the views expressed at the public hearing and in the survey. To maintain accountability, she considered that the BA should also keep the Panel and members of the public informed of its recommendation on the licence renewal of HKCTV before submitting it to CE in C in May 2004. Sharing Ms LAU's view, Mr Albert CHAN also opined that the Administration had merely conducted the public hearing as a matter of formality and that HKCTV was not prepared to take heed of public views.

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66. The Chairman opined that to increase transparency, the BA should actively consider making available the video of the public hearing and HKCTV's official response to the public's views, such as by uploading the information onto the web.

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67.   In reply to the Chairman on the statutory and procedural requirements on licence renewal, C for T&EL advised that the Administration had followed the statutory procedures stipulated under BO in processing the renewal of HKCTV's licence by conducting the public hearing and commissioning the survey. In case some members of the public were unable to attend the public hearing, they could provide their views in writing to the BA for consideration. The BA would carefully consider the community views collected, the findings of the survey as well as the past performance of HKCTV, and discuss with HKCTV on the licence conditions, with a view to concluding its recommendations on the licence renewal for submission to the CE in C via the Bureau. However, taking note of members' concerns, DSCIT(CT)1 and C for T&EL agreed to consider members' request and would seek to provide, through an appropriate channel, a

Admin   more detailed report on the public hearing together with the response to the views expressed on HKCTV's service.

Summing up

Admin   68.   Summing up, the Chairman requested the Administration to take note of members' views and follow up their requests.

VIII   Any other business

69.   There being no other business, the meeting ended on 5:00 pm.

Council Business Division 1
Legislative Council Secretariat
24 February 2004