

**Legislative Council
Panel on Information Technology and Broadcasting**

**Policy Initiatives of Communications and Technology Branch,
Commerce and Economic Development Bureau**

Introduction

This paper outlines the major initiatives related to the Communications and Technology Branch of the Commerce and Economic Development Bureau under the 2009 Policy Address and Policy Agenda.

Developing the Infrastructure for Economic Growth

Initiative : Introduce a Research and Development (R&D) Cash Rebate Scheme to encourage companies to increase their investment in R&D and to reinforce their collaboration with the local public research institutions.

2. Following the recommendations of the Task Force on Economic Challenges in June 2009 on further promoting innovation and technology in Hong Kong, the Administration undertook to explore actively the provision of financial and policy incentives to encourage more R&D investment in the private sector. The Government has planned to introduce an R&D Cash Rebate Scheme in 2010 to inculcate a research culture among enterprises and encourage enterprises to establish long-term partnerships with local public research institutions.

3. Under the Scheme, we will provide a 10% cash rebate on the technological R&D investment by local companies. It covers all R&D projects under the Innovation and Technology Fund (ITF) and non-ITF R&D projects where enterprises partner with or engage local designated research institutions¹ to undertake the R&D work. We will set aside

¹ The local designated research institutions refer to local universities, the R&D Centres under ITF and the Hong Kong Productivity Council.

\$200 million for launching the Scheme in April 2010, subject to the approval of the Finance Committee. We will conduct a review on the Schemes' effectiveness after three years.

Initiative : Assist the Hong Kong Council for Testing and Certification to draw up a three-year market driven industry development plan and promote the development of the testing and certification industry in Hong Kong.

4. Testing and certification is one of the six economic areas with good potential identified by the Task Force on Economic Challenges for support and development. The Government established the Hong Kong Council for Testing and Certification (HKCTC) to drive the development of the industry, to raise its professional standards, and to enhance the recognition of the industry in the international arena by building up a brand name for Hong Kong's testing and certification services. The priority task of HKCTC is to work with the industry to formulate a three-year market-driven development plan within six months of its establishment for submission to the Chief Executive.

5. HKCTC held its first meeting in late September and has drawn up its work schedule for formulating the development plan. It will look into a range of important issues, including enhancing the competitiveness of the testing and certification industry; increasing the support to the industry provided by the Hong Kong Accreditation Service; strengthening manpower training and upgrading professional standards, as well as promoting testing and certification services in Hong Kong, the Mainland and other places. The Government will fully support the work of the HKCTC.

Initiative : Consult the public on how best RTHK should operate to achieve its mission as a public service broadcaster, the programming direction it should take, the ways and means to evaluate its performance and enhance its accountability to the community.

6. Having regard to the report submitted by the independent Committee on Review of Public Service Broadcasting (PSB) and all relevant considerations, the Chief Executive in Council has decided on the way forward in developing PSB in Hong Kong. RTHK is to remain a Government department and will be tasked to take up the mission to serve

as the public service broadcaster, with safeguards and appropriate resources provided to allow it to do so effectively. We are conducting a public consultation exercise to gauge public views on how best the new RTHK should operate to achieve its mission as a public service broadcaster, the programming direction it should take, the ways and means to evaluate its performance and enhance its accountability to the community.

Initiative : Continuing to implement the 2008 Digital 21 Strategy and developing new action plans based on the key focus areas in the Strategy and the Statements of Desired Outcomes, so as to harness the benefits of IT for business and citizens and to strengthen Hong Kong's position as a leading digital city in the world.

7. The Digital 21 Strategy lays down the blueprint for Hong Kong's development in information and communications technology (ICT). The vision is to promote Hong Kong as a leading digital city.

8. To help us define goals and measure progress, we have developed Statements of Desired Outcomes for each of the key action areas of the 2008 Digital 21 Strategy. We have developed a list of key performance indicators and performance monitoring indicators for measuring progress towards these objectives and consulted the Digital 21 Strategy Advisory Committee. In coming months, we will set out the data collection plan and start collecting data.

9. Using the desired outcomes and progress measurement as our guide, we will regularly review the results of initiatives of the Strategy and consider refining the portfolio of the strategic programmes. We will update the Panel on the progress of initiatives under the Strategy.

Initiative : Upholding our information security policies and practices and developing a strong culture of data protection. Continuing to promote information security to the public on the proper use of computing facilities and ways to protect their computer resources and information assets.

10. As recent cases have demonstrated, new risks constantly emerge that can lead to sensitive information being lost or leaked on the Internet. Such cases have arisen in both the public and private sectors. They affect

public confidence in e-government services and in the benefits of participation in the knowledge-based society. We have therefore been enhancing our efforts to promote information security. To strengthen the protection of Government data against the emerging security threats, we will continue to implement security enhancement programmes, paying particular attention to staff awareness and education, technical and procedural measures, security compliance checking and review of security regulations, policies and guidelines. We will also continue to advise and assist public organisations and regulatory bodies on ways to enhance the status of their information security or tightening their regulatory regimes.

11. To develop a secure and reliable e-community, we have reviewed the Computer Emergency Response Centre regime and will continue to promote information security to the public with a focus on the proper use of computing facilities and ways to protect their computer resources and information assets. We will make use of different publicity channels including providing reference resources in our one-stop information security portal and organising seminars and conferences on information security in collaboration with industry and professional bodies.

Initiative : Extending the coverage of Digital Terrestrial Television progressively with the building of 22 supplementary transmission stations from 2009 to 2011 and studying the feasibility of making use of this opportunity to improve television reception in certain remote and less populated areas; and closely monitoring the take-up situation, market and technology development of Digital Terrestrial Television.

12. Since the successful launch of Digital Terrestrial Television (DTT) at the end of 2007, the coverage of DTT services will be extended from 75% population as at present to 85% after five new DTT supplementary transmission stations are put into service by the end of this year. More people will be able to enjoy better quality pictures and enhanced audio-visual features, including high definition television and surround sound, with more programme choices from additional television channels and value-added services. DTT has been generally well-received by the public. According to a survey conducted in June this year, eighteen months after DTT was launched, about 40% of households (approximately 920 000) are watching DTT via DTT receivers (including set-top boxes or integrated digital television sets) or computers.

13. We will continue to work closely with the two domestic free television programme service licensees to progressively extend the DTT coverage by building 22 more supplementary transmitting stations from 2009 to 2011. The ultimate DTT coverage will be on a par with or better than that of the existing analogue television broadcasting. We will take this opportunity to study the feasibility of making use of the DTT implementation to improve television reception in those remote and less populated areas currently suffering from poor reception of analogue terrestrial television.

Initiative : Introducing the legislative proposal for the establishment of a new Communications Authority to enhance regulatory co-ordination and efficiency and facilitate further development of the electronic communications industry.

14. We consulted the public earlier on a proposal to merge the Telecommunications Authority (TA) and the Broadcasting Authority (BA) to create a new Communications Authority (CA). The CA will be a unified regulator for the entire communications industry. The public in general was supportive of the merger of the TA and BA. We are at present finalising the legislative proposal to establish the CA for introduction into the Legislative Council as soon as possible.

Quality City And Quality Life

Initiative : Commence the mid-term review of two commercial sound broadcasting service licences with a view to gauging the public feedback on the radio services provided by the incumbent licensees.

15. The BA will commence the mid-term review of the two commercial sound broadcasting service licences, namely, Hong Kong Commercial Broadcasting Company Limited and Metro Broadcasting Corporation Limited. The current sound broadcasting licences of the two companies run from 26 August 2004 to 25 August 2016. The BA will take into account public feedback on the radio services provided by the two licensees before making recommendations to the Chief Executive in Council in the second half of 2010. We will brief this Panel on the conduct of the review.

Initiative : Provide support to local creative industries through the establishment of the Create Hong Kong and the \$300 million CreateSmart Initiative

16. The Task force on Economic Challenges has identified creative industries as one of the six economic areas with good potential for support and development. We set up the Create Hong Kong Office (CreateHK) to provide one-stop support to local creative industries in June this year. We also sought the Legislative Council's approval to establish the \$300 million CreateSmart Initiative (CSI) to provide funding support to projects and initiatives that are conducive to the development of creative industries in Hong Kong.

17. The CSI is administered by CreateHK. A vetting committee comprising members from the creative industries, academics and other relevant professions has been set up to assess funding applications and there has been positive response from the industries to apply for funding support. We have received 30 applications. Nine applications have been approved with total funding support of \$15 million.

Initiative : Work with creative industries sector to develop creative industries cluster.

18. Some areas in Hong Kong are characterised by a particularly active presence of cultural and creative activities. The grouping of these creative establishments has resulted in benefits from the so-called clustering effect. Through the synergy of different activities, all those involved benefit. We aim to build on our existing strength and establish similar clusters to become the focal points of the creative economy.

19. In view of the encouraging response to the revitalisation of the original site of the Central School as a creative and cultural landmark, the Government has drawn up a plan for the renovation of the two former police quarters blocks, and will in the next few months invite interested organisations and enterprises to submit proposals for operating creative industries.

Initiative: Showcase the achievements of Hong Kong's creative industries outside Hong Kong.

20. We will actively support our creative industries to showcase their achievements outside Hong Kong, so as to introduce our creative industries to the international markets. For example, we are supporting the local publication industry to participate in the Frankfurt Book Fair to be held in October this year and promote the accomplishments of the sector at one of the most prestigious international events of the industry. We are also working with the Hong Kong Trade Development Council in organising a series of seminars in the Pearl River Delta area to introduce the concept of design and branding to enterprises in the area, so as to boost demand for Hong Kong's design sector.

21. Hong Kong has a large pool of creative talent whose creative work has reached international standards. We will introduce measures to support Hong Kong creative talent to participate in overseas events and competitions so as to gain further recognition for Hong Kong's creativity internationally.

Initiative : Work with our creative industries to organize activities in Shanghai during the 2010 Shanghai Expo.

22. The coming World Expo will be held in Shanghai from 1 May to 31 October next year under the theme of "Better City, Better Life". More than 240 countries and international organisations have confirmed their participation in the event, which is expected to attract more than 70 million visitors. The event provides an excellent opportunity to showcase Hong Kong as a city of quality living and creativity as well as the accomplishments of our creative industries. We will work with our creative sectors to organise a series of events during the six-month period of the Shanghai Expo to showcase the creativity of Hong Kong as well as to explore new business opportunities for our creative sectors in the Mainland and overseas.

Initiative : Introduce trainee and internship programmes to help train new blood for the creative sectors.

23. The continued growth of our creative sectors hinges on the availability of high quality new talent. To help train new blood for our creative industries, we will work with our creative sectors to introduce trainee and internship programmes that allow students and graduates to gain first hand experience in creative workplaces.

Initiative : Continuing with the mid-term review of the domestic free television programme service licences with a view to gauging public feedback on the analogue and digital services provided by the licensees.

24. The BA is carrying out the mid-term review of the domestic free television programme service licencees, namely, Asia Television Limited and Television Broadcasts Limited. It is expected to submit its recommendations to the Chief Executive in Council by the end of 2009. The BA recently carried out a public consultation exercise and received 237 written submissions on the review. The BA will give careful consideration to the public views received in making its recommendations to the Chief Executive in Council. We will brief the Panel on the outcome of the review.

Initiative : Continuing with the review of the operation of the Film Development Fund aiming to implement improvement measures in 2010.

25. Following the injection of \$300 million by the Government into the Film Development Fund (FDF) and the expansion of its scope to finance small-to-medium film production in July 2007, we have undertaken to consult the film industry to review the effectiveness, operation and procedures of the FDF. The Film Development Council (FDC) has recently sought the views of the film industry on the operation of the film production financing scheme. The Government would consider the FDC's recommendations, and will submit the review findings and recommendations to the Panel in the coming few months. We expect that the improvement measures will be implemented in early 2010.

Initiative : Supporting, through the Film Development Fund, the production of teaching kits to incorporate elements of film and animation in the new secondary school curriculum of visual arts to cultivate students' appreciation of creativity.

26. With the joint efforts of the Hong Kong Comics and Animation Federation, the Hong Kong Digital Entertainment Industry Support Centre of the Hong Kong Productivity Council, and the Curriculum Development Institute of the Education Bureau, we have produced a set of course materials for the higher secondary schools. The teaching kits will help

enhance Hong Kong students' understanding of the animation film culture and develop their art appreciation and interests in animation film. In the long run, it is hoped that this project will help nurture talent for the local creative industries. The teaching kits will be made available to all secondary schools in Hong Kong by September 2010.

27. We will also explore to incorporate other creative industries elements such as design and architecture into the secondary school curriculum to further develop students' appreciation of and interest in creativity.

Initiative : Supporting, through the Film Development Fund, the Hong Kong Baptist University for the launching of a Film Academy in 2009.

28. To cope with the demand for film talent, the Hong Kong Baptist University (HKBU) has established a Film Academy. From September this year, the Academy commenced to offer four professional higher diploma programmes in film. All of the programmes blend theoretical knowledge with hands-on training in order to enable students to readily apply what they have learnt when they work in the industry. Through the FDF, we have subsidised the HKBU to procure start-up equipment required for these programmes.

Investing for a Caring Society

Initiative : Carry out a one-year Internet education campaign to teach Internet users, especially young students, how to use the Internet appropriately and safely. This programme can also create about 500 temporary jobs.

29. The Government has allocated \$63 million to conduct a one-year Internet education campaign to promote the proper and safe use of the Internet among primary and junior secondary students as well as their parents and teachers.

30. The Office of the Government Chief Information Officer has engaged 14 youth-related non-government organisations to conduct various territory-wide, district and school-level promotional and

educational activities of the Campaign, which include large-scale promotional events, roving exhibitions, training courses, school talks and inter-school activities, and home visits in the coming year. Technical support and enquiry hotline services will also be provided. The Campaign has just started and some 500 temporary jobs have been created to support its execution.

Initiative : Co-ordinate the setting up of a dedicated portal for the elderly to provide one-stop information service on elderly services and the silver hair market. We hope that through this portal and various computer courses offered by the elder academies, the elderly will enhance their computer knowledge and ability to use digital services, thereby expanding their circles of life through the Internet.

31. The Internet is becoming an integral part of our daily life. The elderly can, in particular, benefit from the vast range of experience and opportunities offered by the Internet. The Financial Secretary announced in his Budget Speech 2009-10 the setting up of a dedicated portal for the elderly to provide one-stop information services for the target group. Through this new portal, the elderly will enhance their computer knowledge and ability to use digital services, as well as extend their circles of contacts through the Internet.

32. The Office of the Government Chief Information Officer conducted an expression of interest exercise to invite elderly related organisations to provide feasible implementation proposals for the portal. We are now conducting detailed analysis of the various proposals submitted with a view to commence the implementation work on the portal soon.

Initiative : Continuing with the implementation of the District Cyber Centres pilot scheme, to extend the support service to more affiliated centres with a view to enabling children from low income families and other needy local residents in more districts to gain access to the rich pool of information and knowledge in the cyber space.

33. The District Cyber Centres pilot scheme is implemented by a District Cyber Centres Alliance (DCCA) formed by the Hong Kong

Cyberport Management Company Limited, the Hong Kong Council of Social Service and the Internet Professional Association. It seeks to enhance the capacity of district-based cyber centres through strengthening the co-ordination and support network for the provision of more effective and quality services. The initial phase of the pilot commenced in February 2009 with 14 district centres engaged as the affiliated centres participating in the related support services implemented by the DCCA.

34. About 200 computers and related facilities were provided to the 14 affiliated centres. A Laptop Library was also established to provide about 190 laptop computers for loan to the affiliated centres and their users.

35. Following the successful implementation of the initial pilot, the DCCA recently commissioned the phase 2 pilot service expansion and engaged an additional 19 affiliated centres through its second batch centre recruitment exercise in August 2009. We will continue with the implementation of the pilot scheme, evaluate the scheme in light of experience and determine the way forward.

Developing Democracy And Enhancing Governance

Initiative : Enhance the transparency and legal certainty of the existing licensing regime for sound broadcasting service by introducing an amendment bill to stipulate a set of clear licensing criteria under the Telecommunications Ordinance.

36. To enhance the transparency and legal certainty of the existing licensing regime for sound broadcasting service, the Administration promulgated on 7 July 2009 a set of licensing criteria for the grant of sound broadcasting licences. This set of licensing criteria is based on local experience in considering broadcasting licence applications as well as international best practices. The Administration will introduce the Telecommunications (Amendment) Bill 2009 which seeks to prescribe the set of licensing criteria in the law. We briefed the Panel on the proposal on 5 October and would introduce the Bill into the Legislative Council on 21 October.

Initiative : Continuing with the review of the provisions of the Control of Obscene and Indecent Articles Ordinance and the public engagement exercise to map out future options for improvement.

37. We completed the first round of public consultation on the operation of the Control of Obscene and Indecent Articles Ordinance earlier this year. The consultation report was published in July 2009. Three issues covered in the consultation exercise were of particular concern to the public: the definitions of ‘obscenity’ and ‘indecent’ under the law, the operation of the Obscene Articles Tribunal as well as the handling of the Internet and new forms of media. Views collected in the consultation are very diverse.

38. In regulating the publication of articles, our policy objectives are to strike a proper balance between preserving the free flow of information and safeguarding freedom of expression on the one hand, while reflecting the moral standard of the society so as to protect our young people from the harmful effect of indecent and obscene articles on the other. We are now consolidating and analysing the public views received, and preparing more concrete proposals for the second round of public consultation to be conducted by the end of the year.

**Communications and Technology Branch
Commerce and Economic Development Bureau
October 2009**