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Panel on Information Technology and Broadcasting

Meeting on 11 July 2011

**Updated background brief on facilitating a digital economy
under the Digital 21 Strategy**

Purpose

This paper provides an update on facilitating a digital economy under the Digital 21 Strategy and summarizes the latest views and concerns expressed by Members on the subject.

Background

2. The latest version of the Digital 21 Strategy was published in December 2007 and is a blueprint for the development of information and communication technology (ICT)¹ in Hong Kong. The focus of the Digital 21 Strategy is to advance Hong Kong's achievements, seize new opportunities and harness its advantage so as to strengthen its position as a leading digital city. The ultimate aim is to promote Hong Kong's economic development and to provide better services to citizens. The Statements of Desired Outcomes of the Five Action Areas under the Strategy are: facilitating a digital economy, promoting advanced technology and innovation, developing Hong Kong as a hub for technological cooperation and trade, enabling the next generation of public services, and building an inclusive, knowledge-based society.

3. According to the Administration, the desired outcome for the action area of facilitating a digital economy is: "*Hong Kong has the standards,*

¹ ICT refers to all technologies and applications that involve information processing and/or exchange over communication networks, including the internet.

infrastructure, legal framework and talent that are needed to facilitate a vibrant digital economy, and to enable our core industries to sustain and improve their competitive position. Our community, individuals and businesses are aware of the opportunities brought by a knowledge-based society and have confidence in their ability, skills and professionalism to take full advantage of the opportunities to enhance our economic prosperity and quality of life."

Previous discussions

4. The Panel on Information Technology and Broadcasting (the Panel) generally supported the development of the Digital 21 Strategy and received regular reports from the Administration on the implementation. Panel members' views and concerns in respect of the progress made in facilitating a digital economy were summarized in the ensuing paragraphs.

5. At the Panel meeting on 14 February 2011, members were concerned about the progress made since the signing of the Suggestions on the Framework for the Mutual Recognition of Electronic Signature Certificates Issued by Hong Kong and Guangdong (the Framework Suggestions) in June 2009. The Panel noted that up to January 2011, two pilot projects on the mutual recognition of electronic signature certificates had been approved for streamlining the cross-boundary electronic trade declaration and facilitating the rapid development of e-commerce in the two places. The pilot applications would be reviewed after a two-year period.

6. At the Panel meeting on 14 March 2011, the Administration briefed members on the progress of the Cyberport Project. Some members opined that the Hong Kong Cyberport Management Company Limited should help improve the image of Cyberport by achieving its public missions of creating a strategic technological cluster and spearheading the development of ICT industry in Hong Kong. Efforts should also be made in attracting large international companies to set up their offices at Cyberport. The Hong Kong Cyberport Management Company Limited advised that in pursuit of its public missions, Cyberport was committed to facilitating the development of the local economy as a whole through a three-pronged strategy, i.e. nurturing ICT industry start-ups and entrepreneurs to foster local talent, driving collaboration to pool resources and create business opportunities, and narrowing digital divide through strategic initiatives and partnerships. In support of the strategy, Cyberport had plans to invest HK\$100 million in Hong Kong's ICT industry over the next three years.

7. Some Panel members stressed the importance of cultivating small and medium enterprises (SMEs) in the digital media industry at Cyberport in fulfilment of its public mission. Other members considered the \$500,000 Cyberport Creative Micro Fund grossly insufficient, particularly when Hong Kong's neighbouring countries had invested substantially in the development of their ICT industry. In this connection, the Panel noted that the IncuTrain Centre had so far admitted a total of 122 companies as incubatees with 57 of them and 600 employees currently in incubation, and the Cyberport had plans to enhance the pilot scheme of the Creative Micro Fund to support 20 projects each year from 2011 to 2013.

8. At the special meeting of the Finance Committee on 21 March 2011, Dr Hon Samson TAM, Hon Mrs Regina IP, Hon Andrew LEUNG and Hon WONG Ting-kwong raised questions on the development of data centres in Hong Kong. The Administration advised that the Office of the Telecommunications Authority had been implementing a series of measures since April 2010 to help interested parties to install new submarine cable systems in Hong Kong to facilitate the development of high-end data centres here. The landing of two new submarine cable systems was expected to take place between 2012 and 2013. The Administration had also been working closely with the Hong Kong Science and Technology Parks Corporation (HKSTP) in granting land for developing data centres. In 2010, about 8 hectares of land in the Tseung Kwan O Industrial Estate were granted by HKSTP for developing high-end data centres.

Recent developments

9. At the Panel meeting on 9 May 2011, members noted that according to the Blue Book of Urban Competitiveness recently released by the Chinese Academy of Social Sciences, the development of innovation and technology in Hong Kong had lagged behind other major cities in the Mainland. Another recent report entitled "The Connected Harbour: How the Internet is Transforming Hong Kong's Economy" released by the Boston Consulting Group and Google had reaffirmed Hong Kong's position as a leading digital city in the world. Panel members requested that the Administration should put forth its views on the apparent discrepancies between the two reports when it briefed the Panel.

10. At the Panel meeting on 13 June 2011, members noted the plan of the Government to set up data centres and migrate to a Cloud Computing environment over the next five years. Some members opined that the Administration should enhance its own information security posture and assess data security and privacy issues before outsourcing the hosting infrastructure, and formulate a comprehensive strategy against attacks on

Government and other websites in the Cyberspace.

Latest position

11. The Administration will brief the Panel on 11 July 2011 on the progress made in facilitating a digital economy.

Relevant papers

Information paper provided by the Administration for the Information Technology and Broadcasting Panel meeting on 9 February 2009

<http://www.legco.gov.hk/yr08-09/english/panels/itb/papers/itb0209cb1-715-4-e.pdf>

Minutes of Information Technology and Broadcasting Panel meeting on 14 March 2011

<http://www.legco.gov.hk/yr10-11/english/panels/itb/minutes/itb20110314.pdf>

Minutes of Information Technology and Broadcasting Panel meeting on 9 May 2011

<http://www.legco.gov.hk/yr10-11/english/panels/itb/minutes/itb20110509.pdf>

Information paper provided by the Administration for the Information Technology and Broadcasting Panel special meeting on 7 June 2011

<http://www.legco.gov.hk/yr10-11/english/panels/itb/papers/itbcb1-2299-2-e.pdf>

Minutes of Information Technology and Broadcasting Panel special meeting on 7 June 2011

<http://www.legco.gov.hk/yr10-11/chinese/panels/itb/minutes/itb20110607.pdf>

Information paper provided by the Administration for the Information Technology and Broadcasting Panel meeting on 13 June 2011

<http://www.legco.gov.hk/yr10-11/english/panels/itb/papers/itb0613cb1-2407-3-e.pdf>

Minutes of Information Technology and Broadcasting Panel meeting on 13 June 2011

<http://www.legco.gov.hk/yr10-11/chinese/panels/itb/minutes/itb20110613.pdf>

Information paper provided by the Administration for the Information Technology and Broadcasting Panel meeting on 11 July 2011

<http://www.legco.gov.hk/yr10-11/english/panels/itb/papers/itb0711cb1-2646-3-e.pdf>

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