立法會
Legislative Council

Ref : CB1/PL/ITB/1

Panel on Information Technology and Broadcasting

Minutes of meeting
held on Thursday, 12 April 2012, at 4:30 pm
in Conference Room 3 of the Legislative Council Complex

Members present : Hon WONG Yuk-man (Chairman)
Dr Hon Samson TAM Wai-ho, JP (Deputy Chairman)
Hon CHAN Kam-lam, SBS, JP
Hon LAU Kong-wah, JP
Hon Emily LAU Wai-hing, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon Ronny TONG Ka-wah, SC
Hon Cyd HO Sau-lan
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP

Members absent : Hon Timothy FOK Tsun-ting, GBS, JP
Hon LEE Wing-tat
Hon WONG Ting-kwong, BBS, JP

Public officers : Agenda item IV
attending

Miss Elizabeth TSE, JP
Permanent Secretary for Commerce and Economic
Development (Communications and Technology)

Mr Daniel LAI, BBS, JP
Government Chief Information Officer

Miss Joey LAM Kam-ping, JP
Deputy Government Chief Information Officer
(Policy and Customer Service)

Agenda Item V

Miss Elizabeth TSE, JP
Permanent Secretary for Commerce and Economic
Development (Communications and Technology)

Mr Daniel LAI, BBS, JP
Government Chief Information Officer

Mr Victor LAM
Deputy Government Chief Information Officer
(Consulting and Operations)

Ms Chrissie NG
Senior Systems Manager (Business
Transformation)
Office of the Government Chief Information
Officer

Attendance by **:** Agenda Item IV
  invitation

Hong Kong Cyberport Management Company
Limited

Mr Herman LAM
Chief Executive Officer

Mr Mark CLIFT
Chief Operating Officer

Mr Cavan CHEUNG
Chief Financial Officer

Clerk in attendance :	Ms YUE Tin-po
	Chief Council Secretary (1)3
Staff in attendance :	Mr Joey LO
	Senior Council Secretary (1)3
	Ms May LEUNG
	Legislative Assistant (1)3

Action

I. Confirmation of minutes of meeting
  (LC Paper No. CB(1)1373/11-12   -- Minutes of meeting held on
                                          13 February 2012)

  The minutes of the meeting held on 13 February 2012 were confirmed.

II. Information paper issued since the last meeting

2. Members noted that no paper had been issued since the last meeting held on 12 March 2012.

III. Date of next meeting and items for discussion
  (LC Paper No. CB(1)1484/11-12(01) -- List of outstanding items
                                          for discussion

  LC Paper No. CB(1)1484/11-12(02)   -- List of follow-up actions)

3. Members noted that the next regular Panel meeting would be held on Monday, 14 May 2012 at 2:30 pm to discuss the following items:

  (a) Implementation of a Government Cloud Platform; and

  (b) Progress report on digital inclusion.

  (*Post-meeting note*:   At the request of the Administration and with the concurrence of the Chairman, the items "Review of Control of Obscene and Indecent Articles Ordinance – second round of public consultation" and "RTHK's Community Involvement Broadcasting

Service and the establishment of the Community Involvement Broadcasting Fund" were subsequently included in the agenda of the Panel meeting to be held on 14 May 2012.)

4. Ms Emily LAU opined that the Panel should follow up the incident of service disruption of SmarTone Mobile Communications Limited on 9 April 2012. The Chairman said that the newly established Office of the Communications Authority (OFCA) was looking into the matter. The Panel would request OFCA to provide a report on the incident. Depending on the findings of the report, the Panel would decide whether the issue should be followed up at a future meeting.

> (*Post-meeting note*: The Secretariat issued a letter to OFCA to request information on the matter on 13 April 2012. The information provided by OFCA was circulated to members on 9 May 2012 vide LC Paper No. CB(1)1806/11-12.)

5. Ms Cyd HO referred to a newspaper article relating to the implementation of the Internet Learning Support Programme (ILSP) dated 7 April 2012 and requested the Administration to address the concerns raised therein, in particular the discrepancy in performance between the two ILSP Implementers and the possible abuse of the cash subsidy by the families under the scheme. She enquired whether the Administration would follow up with the two Implementers to promote the utilization of the ILSP and introduce improvement measures to the scheme, such as by using cash coupons instead of depositing cash subsidy directly into the bank accounts of the needy families. The Chairman said that the ILSP would be one of the aspects to be discussed under agenda item (b) "Progress report on digital inclusion" at the next meeting. At Ms HO's request, the Secretariat would help request information on the matter from the Administration prior to the meeting to facilitate more focused discussion.

> (*Post-meeting note*: The relevant letter requesting information on the ILSP was issued to the Administration on 16 April 2012. The information provided by the Administration was circulated to members on 8 May 2012 vide LC Paper No. CB(1)1783/11-12(03).)

IV. Cyberport Project
(LC Paper No. CB(1)1484/11-12(03) -- Administration's paper on report on the Cyberport Project

| LC Paper No. CB(1)1484/11-12(04) | -- | Paper on Cyberport Project prepared by the Legislative Council Secretariat (updated background brief) |
| LC Paper No. CB(1)1533/11-12 *(Chinese version only)* *(tabled at the meeting and subsequently issued via e-mail on 13 April 2012)* | -- | Administration's paper on report on the Cyberport Project (power-point presentation material)) |

Presentation by the Administration

6.   At the invitation of the Chairman, <u>Permanent Secretary for Commerce and Economic Development (Communications and Technology) (PSCED(CT))</u> and <u>Chief Executive Officer of the Hong Kong Cyberport Management Company Limited</u> (CEO/HKCMCL) briefed members on the progress of the Cyberport Project. <u>CEO/HKCMCL</u> gave a power-point presentation on the major public mission activities delivered by the Cyberport in the past year.   Details of the briefing and presentation were set out in the Administration's papers (LC Paper Nos. CB(1)1484/11-12(03) and CB(1)1533/11-12 (Chinese version only).

Discussion

The Incubation Programme

7.   Noting that the incubatees under the Incubation Programme had a survival rate of around 69%, <u>Ms Cyd HO</u> enquired if the Cyberport had carried out any analyses on the reasons for success of the incubatees who were able to survive after graduation.

8.   <u>CEO/HKCMCL</u> advised that the Cyberport carried out on-going analyses on its incubatees in order to understand the factors leading to their success. The team members' persistence of turning their creative ideas into business undertakings or commercial products was among the important factors. In order to help the incubatees survive after graduation from the Incubation Programme, the Cyberport had established the Collaboration Centre which aimed at assisting small and medium enterprises (SMEs) in the Information and Communications Technology (ICT) sector to explore and capture emerging business opportunities in other markets such as the Mainland. For example, the Cyberport Shanghai representative office helped Hong Kong SMEs set up their businesses in the Mainland and operate

more effectively in the competitive ICT market in the Mainland, allowed Shanghai SMEs to use Cyberport's collaborative platform to enter Hong Kong and the global ICT market, and strengthened long-term business relationships between the ICT industries in both cities.

9.   Mr CHAN Kam-lam enquired whether the Administration had procured any products or services from the tenants or incubatees of the Cyberport as a form of support.

10.   Government Chief Information Officer (GCIO) advised that the Government would consider purchasing both local and overseas products and services during procurement as appropriate. The Information Technology Solution Center located at the Office of the Government Chief Information Officer's office at Cyberport also aimed at showcasing Hong Kong's ICT products and services. PSCED(CT) advised that Cyberport and other related organizations had provided a platform and network to support the ICT start-ups. Apart from Cyberport, CreateHK had been providing funding support to creative projects, while the Applied Science and Technology Research Institute (ASTRI) under the Innovation and Technology Commission had been promoting Research & Development (R&D) in Hong Kong. PSCED(CT) said that the Government had been adopting the R&D products developed by local companies where suitable. For example, some Government departments had considered using LED street lamps developed by a local company in ASTRI. However, some products of the tenants and incubatees of the Cyberport, such as computer games, were not targeted for Government use. PSCED(CT) advised that the procurement of products or services from the tenants or incubatees of the Cyberport by Government departments had to be conducted in an open and fair manner in accordance with the Government procurement policy.

Corporate governance

11.   Ms Emily LAU noted that the occupancy rate of the Cyberport's lettable office space was only 85.6%, and that according to a letter from an anonymous complainant, HKCMCL had been beset with management problems.   She opined that based on the short film shown in the presentation, it seemed that HKCMCL was desperate in seeking out tenants and incubatees. In this regard, she enquired whether the Administration was satisfied with the corporate governance of the Cyberport. She also sought information on Hong Kong's effort in promoting ICT as compared with other cities internationally.

12.   PSCED(CT) advised that since the Cyberport portion completed in 2004, the focus of Cyberport had shifted to implementation of public

missions. As the size of HKCMCL had increased gradually, more corporate governance measures had been introduced in a systematic manner. Last year, HKCMCL set up three committees, namely the Audit Committee, the Remuneration Committee and the Entrepreneurship Centre Committee under the Board to further enhance its corporate governance. To underline HKCMCL's commitment to adhere to the highest standards of probity and corporate governance, the Administration proposed to designate HKCMCL as a public body under the Prevention of Bribery Ordinance (Cap 201). The anonymous complaint had been brought to the attention of the Board of HKCMCL which decided that no follow up action was required.

13. CEO/HKCMCL supplemented that it had never been a problem for the Cyberport to attract enough ICT start-ups to enroll in the Incubation Programme. HKCMCL would continue to strive for improvements in the tenancy rate. GCIO added that the Cyberport was a leading player in the Asia Pacific region. Every year, Hong Kong would send elite companies to participate in contests staged in the region. Some of them were companies from Cyberport or relating to Cyberport. Last year, Hong Kong companies won five major awards and nine certificates of merit in the Asia Pacific ICT Awards among participants from 16 economies. CEO/HKCMCL added that the Cyberport had already planned to organize exchanges and seminars with entrepreneurs from the Silicon Valley in the United States in 2012.

Public missions

14. The Chairman opined that the Cyberport had not yet managed to achieve some of its public missions, such as "to create a strategic cluster of quality IT and IT related companies critical to the development of Hong Kong into a leading digital city in the region". He opined that apart from fostering IT exchanges with the Mainland, Hong Kong should also step up exchanges with other countries in the Asia Pacific region such as Korea and Taiwan. Sharing a similar view, Ms Cyd HO opined that apart from developing software applications, effort should also be made to develop ICT hardware by leveraging on the successful experience of other countries such as the Hsinchu Science Park in Taiwan and Apple Incorporated in the United States. She also opined that the Cyberport should be provided with adequate public transport facilities to boost the number of visitors.

15. CEO/HKCMCL noted members' suggestions and advised that helping ICT companies tap into the vast Mainland market was an important task for the Cyberport. He added that at present, there were around 5 000 persons working in the Cyberport. A number of ICT and cultural activities were also held at the Cyberport regularly, some of which attracted thousands of visitors. PSCED(CT) supplemented that in pursuit of its public missions, the

Cyberport announced in 2011 its plans to invest HK$100 million in Hong Kong's ICT over a period of three years.

Financial performance

16.   In response to Ms Cyd Ho's enquiry, <u>CEO/HKCMCL</u> advised that the rental income of the Cyberport had rebounded in the aftermath of the financial tsunami of 2008.   At present, the Cyberport had maintained a sound financial position.   Project income from the residential development would not be deployed for the performance of the Cyberport's public mission activities.

V.   Review on the pilot e-Procurement programme
        (LC Paper No. CB(1)1484/11-12(05) -- Administration's paper on review on the pilot e-Procurement programme

        LC Paper No. CB(1)1484/11-12(06) -- Paper on implementation of the pilot e-Procurement programme prepared by the Legislative Council Secretariat (background brief))

<u>Presentation by the Administration</u>

17.   At the invitation of the Chairman, <u>Permanent Secretary for Commerce and Economic Development (Communications and Technology)</u> (PSCED(CT)) briefed members on the progress of the pilot e-Procurement programme.   <u>Government Chief Information Officer</u> (GCIO) then briefed members on the findings of the review on the pilot programme, and the Administration's proposal on the wider rollout of e-Procurement in Government.   Details of the briefing were set out in the Administration's paper (LC Paper No. CB(1)1484/11-12(05)).

<u>Discussion</u>

Government's plan on wider rollout of e-Procurement

18.   Noting that e-Procurement was one of the priority initiatives announced in the 2005 Policy Agenda, and that the pilot programme had been implemented since 2007, <u>the Chairman</u> opined that the Administration had

taken too long to implement the system.   In this regard, he enquired why full system functionality would not be made available for use by all bureaux and departments (B/Ds) until the end of 2013.

19.   GCIO advised that in order to achieve economy of scale, the wider rollout of the e-Procurement would be in the form of a shared service riding on the Government cloud platform (GovCloud).   The Administration would consult the Panel in May 2012 on the proposed GovCloud before seeking funding approval from the Finance Committee in June 2012.   If funding was approved, the tendering exercise could start by July 2012 with a view to commencing the development of the GovCloud by end of 2012.   Meanwhile, the development of the e-invoice system and enabling the existing e-Procurement system to be sharable among B/Ds would involve adjustments to the existing programmes and systems to make them compatible with the GovCloud.   With suitable enhancement to the system, acquisition and installation of hardware and software, and the provision of training for users, the Administration expected that the necessary system functions could be made available for use by all B/Ds by end of 2013.

20.   In response to Mrs Regina IP's enquiry whether local ICT SMEs would be able to benefit from the rollout of e-Procurement, PSCED(CT) advised that under e-Procurement, the purchase authority of low-value purchases of goods and non-construction services not exceeding HK$1.43 million had been delegated to B/Ds.   Such procurements did not exceed the contract value requirements under the WTO GPA and therefore would not be bound by it.

21.   Deputy Government Chief Information Officer (Consulting and Operations) (DGCIO) added that the Administration launched in February 2012 a request for information (RFI) exercise inviting submissions from IT service providers on the provision of public cloud services to B/Ds. Response from local ICT SMEs to the RFI was enthusiastic.

VI.   Any other business

22.   There being no other business, the meeting ended at 5:47pm.

Council Business Division 1
Legislative Council Secretariat
10 May 2012