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Speaking Notes for

the Secretary for Commerce and Economic Development

at the Special Meeting of the Finance Committee

on 2 April 2014

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Introduction

- Chairperson, I will highlight the main points in the policy area of communications and technology.

Broadcasting

- On broadcasting, we will continue to promote the development of digital terrestrial television and digital audio broadcasting in Hong Kong. For television broadcasting licences, we will continue to assist in handling the remaining work relating to the two applications for domestic free TV licences and the applications for renewals of two domestic free TV licences. I understand that the Communications Authority is now actively discussing the details and requirements of the new licences with the two applicants whose applications for domestic free TV licences were granted approval-in-principle. In addition, although we are unable to commence the construction of RTHK's New Broadcasting House as scheduled, RTHK will still continue to implement various development projects to fulfill its mission as the public service broadcaster of Hong Kong.

Telecommunications

- On telecommunications, we are in the process of making new subsidiary legislation in accordance with the Telecommunications Ordinance to implement the 3G spectrum re-assignment arrangements. It is expected that the legislative amendments will be submitted to the Legislative Council (LegCo) for consideration within this legislative session. Upon the completion of the legislative process, the relevant spectrum auction will be conducted in the fourth quarter of this year.

Creative Industries

- On driving development of Hong Kong's creative industries, the Government will continue to provide support for the trade through the CreateSmart Initiative and the Film Development Fund. We will also continue to sponsor support programmes for start-ups, including the Design Incubation Programme.

- The Comix Home Base was opened last year while the PMQ will commence operation in the first half of this year. Create Hong Kong will assist in the promotion of both venues which are dedicated to creative industries and provide the trade with funding support where appropriate for organising activities therein, with a view to building up creative clusters.

Innovation and Technology Industry

- We are committed to creating an ecosystem suitable for the development of Hong Kong's innovation and technology industry. We will further encourage the application and commercialisation of research and development (R&D) results and the establishment of technology start-ups. Specific measures include -

(a) Setting up a new Enterprise Support Scheme to replace the existing Small Entrepreneur Research Assistance Programme to encourage R&D activities by companies. Upon implementation of the Scheme, all enterprises registered in Hong Kong will be eligible to apply for funding support, regardless of their size. The funding cap for each approved project will be raised to $10 million. The enterprises will be required to contribute no less than 50% of the total project cost and can retain the intellectual property rights;

(b) Providing an annual funding of up to $24 million to the six universities designated as local public research institutions to support technopreneurship activities. Teachers and students of these universities will be encouraged to start up their business and develop R&D projects with good commercialisation potentials; and

(c) Extending the funding scope of the Innovation and Technology

Fund to cover development work and system integration, industrial design, compliance testing and clinical trials, etc. in order to unleash the advantages of local industrial technologies. We expect that the proposed measure would encourage companies to make use of home-grown innovative technologies to upgrade their products/services, thus raising the overall innovation capability and competitiveness of the local industry.

We consulted the Panel on Commerce and Industry on these new initiatives on 18 March this year.

- On hardware support, Phase 3 development of the Science Park will be completed in stages from this year to 2016, increasing the gross floor area by some 50%. To meet the global trend in technological development and the demand of the local innovation and technology industry, the Corporation is now reviewing the current use and future development directions of the Science Park and Industrial Estates. Meanwhile, the Hong Kong Science and Technology Parks Corporation will continue to revitalise the three existing industrial estates.

Technology Start-ups

- On the other hand, we notice that technology start-ups in Hong Kong have been booming in recent years. Quite a number of such

start-ups have made achievements in business development and attracting investors, and have attracted local or even international attention.

- To further facilitate the continuous development of technology start-ups, we have just launched an iStartup portal to provide a comprehensive, interactive platform for information exchange.

Testing and Certification

- As regards the testing and certification industry, the Government has been in close collaboration with the Hong Kong Council for Testing and Certification to enlarge the scope of the accreditation service and focus efforts on six sectors with good potential for using testing and certification services (i.e. Chinese medicines, construction materials, food, jewellery, environmental protection, and information and communications technologies).

Digital 21 Strategy

- On information technology, the Digital 21 Strategy is the blueprint for IT development in Hong Kong. With rapid advances in technology, we have updated the Strategy for the fourth time. Under the new Strategy, we will facilitate public and private partnership with a view to increasing the number of free or partially free Wi-Fi hotspots significantly, and will also release all public

sector information available to the public in digital format in order to create more business opportunities. Moreover, the Government will increasingly adopt paperless mode in its operations and explore measures to improve the effectiveness of city management through the use of sensors and big data analysis technology. We will also examine the provision of digital identity to all citizens of Hong Kong to further promote various e-government services.

IT Manpower Training

- On the development of human resources, we hope to identify teenagers with good potential earlier so as to enable them to have more comprehensive and in-depth access to information technology as soon as possible. We plan to incorporate enriched classes in those secondary schools with outstanding performance in IT education so as to nurture more IT professionals to meet the development demand of a digital society.

Conclusion

- Chairperson, in his Policy Address delivered in January, the Chief Executive proposed to set up an Innovation and Technology Bureau. I hope to brief the relevant panels on the Government's proposal as soon as possible so as to proceed with the work in LegCo of setting up the new bureau.

- My colleagues and I stand ready to answer questions from Members on the Estimates.

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