

Speaking Notes for
the Secretary for Commerce and Economic Development
at the Special Meeting of the Finance Committee
on 30 March 2015

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 apart from handling the applications for renewal of free television programme service licences and the applications for new licences. We have reserved funding in 2015-16 for launching a new round of publicity for the promotion of digital audio broadcasting.

Review of the Control of Obscene and Indecent Articles Ordinance (COIAO)

- On the review of the COIAO, we have reported to the Panel on Information Technology and Broadcasting (the Panel) of the Legislative Council (LegCo) earlier. Preparation of the amendment bill is underway.

Telecommunications

- On telecommunications, the existing assignments of 198.6 MHz of the frequency spectrum in the 900 MHz and 1 800 MHz bands will expire between November 2020 and September 2021. We and the Communications Authority plan to make a decision on and announce the arrangements relating to the re-assignment before end of 2017. The relevant preparatory work has been kick-started.
- We plan to set up a new team in the second half of 2015-16 for a period of three years to review the Broadcasting Ordinance and the Telecommunications Ordinance. We will then brief the Panel on the proposed staffing arrangements and seek approval from the Finance Committee (FC) afterwards.
- On person-to-person telemarketing calls (P2P calls), we have commissioned a Consultant in January 2015 to conduct a survey (Survey) with a view to soliciting the views of various sectors of the community on the regulation of P2P calls, as well as the employment and business situations of the industry. We will report the latest progress to the relevant panel of LegCo in due course.

Creative Industries

- On creative industries, the Government will inject an additional \$400

million into the CreateSmart Initiative (CSI) to support creative industries other than film. The review on the CSI is expected to be completed in the middle of this year. We will report to LegCo in due course.

- In addition, some of the initiatives to promote the development of the fashion design sector as mentioned in the Budget Speech will also be funded by the CSI.
- On the film industry, the Government will continue to encourage more film productions and nurture talents through the Film Development Fund (FDF). We will introduce a new Film Production Grant Scheme and enhance the Film Production Financing Scheme. Moreover, we will re-launch the First Feature Film Initiative in 2015.
- The commitment of the FDF is expected to be exhausted in the middle of 2015. We propose injecting an additional \$200 million into the FDF.

Innovation and Technology Industry

- In this year's Policy Address, it is proposed to inject \$5 billion into the Innovation and Technology Fund (ITF) and subsume the

Research and Development Cash Rebate Scheme under the ITF. Funding of the proposal was approved by the FC earlier. I would like to thank Members again for their support.

- To enhance the funding support for technology companies in Hong Kong, and to encourage more private sector investment in research and development (R&D) activities, a new Enterprise Support Scheme was launched in March this year to replace the Small Entrepreneur Research Assistance Programme. The new scheme supports R&D conducted by companies of all sizes. The funding ceiling for each approved project has been increased from \$6 million to \$10 million. There is no recoupment requirement.
- The Financial Secretary has announced in the Budget that the Hong Kong Science and Technology Parks Corporation will establish a Corporate Venture Fund to help fill the funding gap in the early investment stage of technology start-ups in Hong Kong, and to encourage more private sector investment. The Corporation has earmarked \$50 million from its own resources and is drafting details for the establishment of the Fund. The Fund is expected to be rolled out around the middle of this year.
- On hardware support, Phase 3 development of the Science Park is progressing on schedule. Its first three buildings were opened in

September last year, while the remaining two buildings will be completed in 2016.

Nurturing Information Technology (IT) Manpower

- On IT, we will implement, on a pilot basis, a two-pronged Enriched IT Programme from 2015/16 school year to 2022/23 school year at a total funding of \$75 million to nurture talents. We expect that the Enriched IT Class will commence as scheduled in the new school year starting September this year.

Release of Public Sector Information

- Another important task is to make available all government information released online in digital formats by government bureau and departments from this year onwards. To complement this new initiative, we have revamped the PSI portal, Data.Gov.HK.

Innovation and Technology Bureau (ITB)

- Lastly, I would like to talk about the setting up of an ITB.
- To avoid time being spent on possible argument over certain technical legal issues, we will submit a fresh resolution for the transfer of relevant statutory functions and repeal the original

Resolution that was approved by LegCo on 29 October last year.

- In addition, we will submit another funding proposal to the FC to make changes to the Estimates of Expenditure for 2015-16 after the passage of the Appropriation Bill 2015. We sincerely hope that Members would stop filibustering the funding proposal.

Conclusion

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

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