

立法會
Legislative Council

LC Paper No. CB(4)1085/15-16
(These minutes have been seen
by the Administration)

Ref : CB4/PL/ITB/1

Panel on Information Technology and Broadcasting

Minutes of meeting
on Monday, 9 May 2016, at 2:30 pm
in Conference Room 3 of the Legislative Council Complex

Members present : Dr Hon Elizabeth QUAT, JP (Chairman)
Ir Dr Hon LO Wai-kwok, SBS, MH, JP (Deputy Chairman)
Hon CHAN Kam-lam, SBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Cyd HO Sau-lan, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon LEUNG Kwok-hung
Hon WONG Yuk-man
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
Hon YIU Si-wing, BBS
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon SIN Chung-kai, SBS, JP
Dr Hon CHIANG Lai-wan, JP
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
Hon Alvin YEUNG Ngok-kiu

Members absent : Hon Emily LAU Wai-hing, JP
Hon IP Kwok-him, GBS, JP
Hon NG Leung-sing, SBS, JP
Hon MA Fung-kwok, SBS, JP

Public officers attending : Agenda item IV

Innovation and Technology Bureau

Dr David CHUNG Wai-keung, JP
Under Secretary for Innovation and Technology

Mr Ricky CHONG Kwok-man
Principal Assistant Secretary for Innovation and
Technology

Ir Allen YEUNG Tak-bun
Government Chief Information Officer

Mr Davey CHUNG Pui-hong
Deputy Government Chief Information Officer
(Policy and Community)

Mr Damian LEE Kwok-hung
Assistant Government Chief Information Officer
(Strategy Development)

Agenda item V

Innovation and Technology Bureau

Dr David CHUNG Wai-keung, JP
Under Secretary for Innovation and Technology

Mr Ricky CHONG Kwok-man
Principal Assistant Secretary for Innovation and
Technology

Ir Allen YEUNG Tak-bun
Government Chief Information Officer

Mr Davey CHUNG Pui-hong
Deputy Government Chief Information Officer
(Policy and Community)

Mr Gary LAI Kin-wing
Assistant Government Chief Information Officer
(Industry Facilitation)

**Attendance by
invitation**

: Agenda item IV

Hong Kong Cyberport Management Company
Limited

Mr Herman LAM Heung-yeung
Chief Executive Officer

Ms Pagan WONG Mei-wan
Chief Financial Officer

Clerk in attendance

: Mr Daniel SIN
Chief Council Secretary (4)3

Staff in attendance

: Ms Anki NG
Council Secretary (4)3

Miss Mandy LAM
Legislative Assistant (4)3

Action

I. Confirmation of minutes of meeting

(LC Paper No. CB(4)931/15-16 -- Minutes of meeting held on
14 March 2016)

The minutes of the meeting held on 14 March 2016 were confirmed.

II. Information paper issued since the last meeting

(LC Paper No. CB(4)958/15-16(01) -- Administration's written response dated 6 May 2016 regarding supplementary information on technology crimes in 2015 and security incidents handled by the Hong Kong Computer Emergency Response Team Coordination Centre in 2015)

2. Members noted that the above paper had been issued for the Panel's information since the last regular meeting on 11 April 2016.

III. Date of next meeting and items for discussion

(LC Paper No. CB(4)926/15-16(01) -- List of outstanding items for discussion

LC Paper No. CB(4)926/15-16(02) -- List of follow-up actions)

Regular meeting on 13 June 2016

3. Members noted that the next regular Panel meeting would be held on Monday, 13 June 2016 at 2:30 pm to discuss the following items:

- (a) Development of Smart City; and
- (b) Innovation and Technology Fund for Better Living.

Regular meeting on 11 July 2016

4. The Chairman said that the Administration had indicated that the agenda item "Enhancement of e-Government services" to be discussed at the regular meeting in July 2016 would be an update on the measures for enhancement of e-Government services and could be submitted at a later stage, and hence no item had to be submitted for the Panel's deliberation in July. The Chairman consulted members on the cancellation of the regular Panel meeting originally scheduled for 11 July 2016 in order to vacate the time slot for the Council and Finance Committee to deal with the backlog of agenda prior to the prorogation of the Council on 16 July 2016.

5. Mr Charles Peter MOK commented that there were initiatives announced in the Policy Address and the Budget on which the Panel should be consulted. He said that the cancellation of the July meeting should not be taken to mean that the Panel was not giving the Administration the time to discuss those issues or proposals with members. The Chairman advised that according to the Administration, preparation work on launching the various programmes under the new innovation and technology initiatives was in progress and the Panel would be updated in due course. The Administration had also been informed that should any agenda items arise which required discussion by the Panel within the 2015-2016 session, they could make requests to the Chairman for inclusion of such items in the regular Panel meeting to be held in June 2016 or for appointing another time for the meeting. Mr TAM Yiu-chung agreed with the approach suggested by the Chairman. Dr CHIANG Lai-wan suggested that if members considered it necessary to discuss any agenda item, they might seek the Chairman's consent to include such item in the agenda of upcoming Panel meetings. The Chairman concluded that members agreed to cancel the meeting originally scheduled for 11 July 2016.

IV. Role of Cyberport in nurturing the Information and Communications Technology Ecosystem in Hong Kong

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| (LC Paper No. CB(4)926/15-16(03) | -- | Administration's paper on the role of Cyberport in nurturing the information and communications technology ecosystem in Hong Kong |
| LC Paper No. CB(4)926/15-16(04) | -- | Paper on Cyberport Project prepared by the Legislative Council Secretariat (Updated background brief) |
| LC Paper No. CB(4)943/15-16(01)
(Chinese version only)
(tabled at the meeting and subsequently issued via e-mail on 9 May 2016) | -- | Administration's paper on the role of Cyberport in nurturing the information and communications technology ecosystem in Hong Kong (power-point presentation materials)) |

Presentation by the Administration and the Hong Kong Cyberport Management Company Limited

6. At the invitation of the Chairman, Under Secretary for Innovation and Technology ("US for IT") briefed members on the role of Cyberport in nurturing the information and communications technology ("ICT") ecosystem in Hong Kong and the new initiatives to be taken to promote ICT development and support start-ups. Chief Executive Officer of the Hong Kong Cyberport Management Company Limited ("CEO/HKCMCL") then briefed members on the latest work progress of Cyberport by giving a power-point presentation. Details of the briefing and presentation were set out in the Administration's papers (LC Papers Nos. CB(4)926/15-16(03) and CB(4)943/15-16(01)).

Discussion

Nurturing start-ups

7. Noting that Cyberport would increase 50% of Smart-Space facilities in 2016 reaching a total floor area of 123 200 square feet, Mr CHAN Kam-lam enquired about the area of additional space available for further expansion of Smart-Space facilities and the average term of Smart-Space tenancies. He also enquired whether any co-operative projects or programmes had been arranged between Cyberport and other productivity enhancement organizations such as the Hong Kong Productivity Council, and the criteria for determining whether start-ups had developed into successful business and no longer required support from the Smart-Space service.

8. CEO/HKCMCL said that the total available floor space of Cyberport was about one million square feet, and the current occupancy rate of Cyberport was over 93%. Space available for Smart-Space facilities was about 60 000 to 70 000 square feet in total. The Smart-Space provided flexible ready-built units for renting on agreements from one to twelve months at an all-inclusive fixed price, with no limit on the ultimate length of stay. The Cyberport management would continue to explore opportunities for co-operation between Cyberport and other ICT enhancement organizations in nurturing start-ups. Although there were no definite criteria for determining that start-ups had turned into more mature business, some indications such as expansion to cover overseas markets, attraction of investment funding or participation in fund-raising accelerators might serve as references for their progress.

9. In response to Mr Paul TSE's enquiry about the monthly charge of Smart-Space, CEO/HKCMCL said that the monthly charge for a flexi-space was \$800, while that for a workstation was \$1,500. The monthly charge for a four-person office room could be as low as below \$10,000.

10. Noting that Cyberport would allocate \$200 million in setting up the Cyberport Macro Fund ("CMF") for attracting more investment funding and the fund was expected to be rolled out in the second half of 2016, Mr Charles Peter MOK enquired whether additional manpower or professional consultants would be engaged by Cyberport to manage CMF and to accelerate its operation. He also enquired whether CMF would be open to application by corporations other than start-ups nurtured by Cyberport. Mr YIU Si-wing also enquired about the targets that Cyberport intended to achieve with the \$200 million CMF and the time period that CMF intended to cover. Ms Claudia MO requested for more operation details of CMF.

11. Government Chief Information Officer ("GCIO") said that subject to the approval by the Board of Directors of Cyberport, it was anticipated that professional venture capital staff would be recruited to manage CMF. The eligibility criteria for CMF applicants were under consideration by the Board of Directors of Cyberport. In addition, Cyberport management had been in consultation with the Hong Kong Science Park ("HKSP") management to work out the operation details of CMF, including the setting of key performance indicators to assess its performance. CEO/HKCMCL supplemented that CMF would be provided from Cyberport's internal operating fund subject to the approval by its Board of Directors, and the targets and operation details of CMF, including the time period that CMF intended to cover, were being worked out. Details of CMF would be provided to the Panel in due course.

12. Mr TAM Yiu-chung noted that as at March 2016, out of the 321 incubatees admitted under the Cyberport Incubation Programme ("CIP") since 2005, 231 were still in business, with 76% of them having survived for at least 1.5 years and 60% having survived for three or more years after graduation. He enquired whether Cyberport had analyzed the reasons of failures. CEO/HKCMCL said that there was no dominant reason for failures of start-ups. Some common reasons included differences in investment directions among partners and lack of business prospects, etc. According to experience, failure for a start-up often translated into useful experience that helped founders take off later.

13. In response to Mr YIU Si-wing's enquiry about CIP's average contribution to the employment rate of Hong Kong and the amount of CIP funding provided each year, CEO/HKCMCL said that due to the limited size of CIP incubatees, the number of employees of these start-ups only ranged from about 10 to 300 which might not be significant in terms of increasing the employment rate. Cyberport committed a total funding of \$300 million from 2010 to 2016 in conducting its public mission activities including CIP.

14. Noting the new initiative of increasing the number of CIP incubatees from 50 to 100 in 2016, Mr Paul TSE enquired about the timeframe for admitting the intended 321 incubatees under CIP. CEO/HKCMCL said that since its inception in 2005, CIP had already admitted 321 technology start-ups. The new initiative was to increase the number of new incubatees from 50 to 100 in 2016.

Inspiring the next generation

15. Mr TAM Yiu-chung enquired about the statistics showing the proportion of local tertiary institution graduates who started their ICT business and those who were employed by ICT corporations, and the measures taken by the Administration to resolve the problem on shortage of manpower in the ICT industry. He also enquired about the efforts made by Cyberport to provide more free accommodation to ICT start-ups to encourage them in launching their business at Cyberport.

16. CEO/HKCMCL said that according to a survey conducted by Cyberport, out of the 51 start-ups admitted as incubatees under CIP last year, about 60% were ICT business started by local tertiary institution graduates. Due to the booming atmosphere for starting ICT business, competition on ICT talents had increased. The Cyberport management would increase CIP quotas from 50 to 100 within 2016 and Cyberport would consider allocating more rent-free accommodation to incubatees.

17. Regarding shortage of ICT manpower, CEO/HKCMCL said that Cyberport had organized a series of Mainland/overseas internship programmes to provide young people with practical working experience in the ICT industry. Under the internship programmes, ICT students worked in ICT companies in Shanghai, Fuzhou and Silicon Valley. Cyberport had also put in place an internship programme that provided students with the opportunity to work with start-ups in the Cyberport community. Through this programme, participating students acquired experience of working in start-ups. This instilled in the students the interest and enthusiasm for entrepreneurship.

18. In order to ease parents' concerns about opportunities available for their children in the ICT industry, the Chairman suggested that the Cyberport management might consider sponsoring regular family and school visits to Cyberport and arranging for the necessary supporting facilities, such as holding exhibitions and seminars at Cyberport on ICT development in Hong Kong. US for IT and CEO/HKCMCL welcomed the suggestions of the Chairman and would consider organizing relevant activities in collaboration with the relevant bureaux and departments. CEO/HKCMCL informed members that a renowned corporation, IngDan had launched the IngDan Experience Centre at Cyberport in

March 2016 with a 6 600 square feet multi-function experience hall. The facility was well-received by students and visitors.

Leaping on global ambition

19. Mr Christopher CHUNG acknowledged the work of Cyberport in nurturing start-ups in recent years. He urged the Administration to step up efforts in expanding partnership with renowned corporations in the Mainland with a view to strengthening collaboration in fostering the development of Hong Kong's ICT start-ups. He also enquired about the measures taken by the Cyberport management to bring renowned corporations into Hong Kong to facilitate start-ups in raising funding, developing their business beyond Hong Kong and attracting local talents to pursue a career in the ICT industry.

20. CEO/HKCMCL said that Cyberport management had been conducting regular review with the Administration on the work of Cyberport, and recognized the need to strengthen partnership with renowned corporations in the Mainland to help its start-ups germinate and nurture vital global connections. Following the Shanghai Representative Office, Cyberport established its second Mainland representative office in Guangzhou in January 2016. Currently, renowned corporations in the Mainland including Lenovo and IngDan, an intelligent hardware innovation platform, had launched in Cyberport to reinforce Hong Kong's position as a leading Internet of Things hub in the region.

21. US for IT added that the Administration had been in close contact with the management of Cyberport and HKSP to explore co-operative opportunities in the Mainland and overseas in nurturing the ICT ecosystem in Hong Kong. For example, Cyberport had partnered with Accenture, a fund-raising accelerator, in hosting the FinTech Innovation Lab – Asia Pacific ("the Lab") for two consecutive years with encouraging results, and Accenture would continue to host the Lab at Cyberport this year.

Use of available office space and occupancy rate

22. Ms Claudia MO enquired about the measures taken by Cyberport to make more efficient use of Cyberport's lettable office space, as supporting facilities such as video conference rooms had been underused for a period of time. CEO/HKCMCL said that the current occupancy rate of Cyberport's lettable office space was about 90%, and the video conference rooms were not as frequently used by tenants as in the past since technological advancement enabled more effective communications than video conferencing. Nevertheless, there was an increase in the use of conference rooms and function rooms as over 150 tech-related events, knowledge transfer and training sessions were held in Cyberport last year. Cyberport would continue to review the demand and usage

of its lettable office space.

23. Mr Paul TSE enquired about the reasons for the high percentage (about 30%) of Cyberport tenants with non-local origins. CEO/HKCMCL said that in order to encourage creativity and build partnership with industry leaders, the presence of tenants with diversified background and origin at Cyberport would be useful.

Financial issues

24. In response to Mr Paul TSE's enquiry, CEO/HKCMCL said that no operating profit of Cyberport had been generated from the residential portion of the Cyberport project last year.

Conclusion

25. The Chairman summarized members' views and requested the Administration and the Cyberport management to provide more free accommodation for start-ups and incubatees, and more details of CMF for the Panel's reference.

V. Development of digital economy

(LC Paper No. CB(4)926/15-16(05) -- Administration's paper on facilitating a digital economy

LC Paper No. CB(4)926/15-16(06) -- Paper on facilitating a digital economy under the Digital 21 Strategy prepared by the Legislative Council Secretariat (Updated background brief))

Presentation by the Administration

26. At the invitation of the Chairman, Under Secretary for Innovation and Technology ("US for IT") briefed members on measures for facilitating a digital economy. Details of the briefings were set out in the paper provided by the Administration (LC Paper No. CB(4)926/15-16(05)).

Discussion

Cyber crime

27. Mr WONG Ting-kwong commented that the threat of cyber crime was becoming more serious. Mr WONG noted that, according to the Police, there were more than 6 000 cases of computer crime involving more than \$1.8 billion in property loss. He asked what measures the Administration would introduce to safeguard digital security.

28. Government Chief Information Officer ("GCIO") said that the Administration would raise public awareness of cyber crimes and would disseminate information on precautions needed to prevent cyber attacks. The Office of the Government Chief Information Officer ("OGCIO") would co-ordinate with departments and organizations such as the Hong Kong Computer Emergency Response Team Coordination Centre of the Hong Kong Productivity Council to provide support to small and medium enterprises ("SMEs") in fending off cyber attacks. There is also a governmental computer emergency response team dedicated to the co-ordination of information and cyber security incidents within the Government. GCIO added that at government-to-government level, the Administration would work with other jurisdictions in exchanging information about cyber crime activities in different parts of the world.

Pilot Technology Voucher Programme

29. Mr CHAN Chi-chuen noted that the Administration would brief the Panel on Commerce and Industry shortly on the new initiatives to be implemented under the Innovation Technology Fund to promote the development of innovation and technology. These initiatives included the Pilot Technology Voucher Programme ("PTVP") which subsidized the use of technological services and solutions by local SMEs. Mr CHAN said that the Administration should consult the Panel on Information Technology and Broadcasting on PTVP as well.

30. Mr CHAN Chi-chuen noted that the Administration would earmark \$500 million for the implementation of PTVP for an initial period of three years; and funding up to \$200,000 for each SME would be provided on a matching basis. Mr CHAN said that many SMEs were concerned that the application requirements might be too restrictive and the application procedure too complicated that very few SMEs would be able to benefit from the pilot programme.

31. US for IT said that the Administration had also received comments from the SME sector on the proposed PTVP. US for IT assured members that the application procedure for PTVP would not be too complicated otherwise it would take up too many manpower resources just to process the applications. He said that the Administration would present details of PTVP in the paper for the Panel on Commerce and Industry and he invited interested members to participate in the discussion.

32. Mr CHAN Chi-chuen remarked that many SMEs might not have the incentive to continue to spend money on technological services and solutions after having exhausted the funding provided under PTVP. He suggested that the Administration should ensure the sustainability of the initiative.

Specific measures to facilitate a digital economy

33. Mr WONG Yuk-man commented that the Administration's paper on the progress of initiatives to facilitate a digital economy lacked concrete measures relevant to the Hong Kong's situation or that addressed local concerns. He said that the Administration should provide more data and statistics that illustrated how the various measures, such as the development of data centre, contributed to the development of a digital economy. Mr WONG added that the information technology ("IT") sector was concerned about the development of e-commerce, data centres and the supply of IT talents. In addition, Mr WONG said that the problem of the wide gap in remuneration among IT personnel at different levels should be addressed.

Admin 34. Mr WONG Yuk-man asked the Administration to provide relevant statistics on the issues mentioned above. GCIO undertook to provide the required information for reference of the Panel after the meeting.

Cross-boundary e-commerce

35. Mr Christopher CHUNG asked how the Administration would assist Hong Kong's SMEs to enter the e-commerce market in the Mainland, and what support the Administration would provide for SMEs in carrying out cross-boundary e-commerce activities. Mr CHUNG asked if the Administration would set up a help desk and provide information for interested SMEs on the steps to follow in building up cross-boundary e-commerce business with the Mainland, and to support SMEs having disputes with Mainland companies on matters related to e-commerce.

36. GCIO said that the Administration had been communicating with Mainland authorities in gathering information on the e-Commerce environment in the Mainland. To facilitate the development of cross-boundary e-commerce, the Administration and the Guangzhou Municipal Commission of Commerce had signed the Co-operation Agreement on Enhancing Cross-Boundary e-commerce in September 2015. GCIO also said that he had also led a delegation of representatives from local e-commerce trade associations to the Mainland to facilitate exchange and collaboration, and to strengthen local SMEs' understanding of the policies, taxation and customs requirement of cross-boundary e-commerce.

37. Mr Christopher CHUNG commented that the Administration should consider more down-to-earth and practical advice and support platform for local SMEs to facilitate cross-boundary e-commerce between Hong Kong and Mainland.

38. Mr Charles Peter MOK commented that there was certain risk in engaging in e-commerce in the Mainland. For example, the taxation policy might change rapidly that not even the Government could follow closely and provide timely and accurate information to SMEs. He said that it was difficult to expect the Government to provide detailed advice to SMEs in starting up e-commerce operations in the Mainland.

39. Mr Charles Peter MOK commented that one of the difficulties experienced by local SMEs was to secure office space to develop their e-commerce business. While the Administration had taken the initiative to launch a concessionary scheme to encourage the conversion of eligible industrial buildings for data centre use, Mr MOK commented that landlords are often required to go through cumbersome procedures to comply with myriad of regulations and technical requirements (such as fire safety requirements) from various government departments. He suggested that the Administration should facilitate and streamline the process by enhancing co-ordination among departments.

40. Mr Paul TSE noted that the Administration had devoted considerable efforts in maintaining close ties with authorities in Guangzhou and in Guangdong Province in developing e-commerce. He queried why the Administration focused its efforts on this small region only. GCIO responded that most of the co-operation and co-ordination in cross-boundary e-commerce development was related to custom clearance issues. He added that fostering co-operation with Guangzhou, Shenzhen and Guangdong authorities was the first step in promoting cross-boundary e-commerce with the Mainland. The Administration would continue to explore other areas for exchange and collaboration.

41. Mrs Regina IP commented that the information presented in the Administration's paper on promoting cross-boundary e-commerce in the Mainland was outdated. She said that e-commerce was not well developed in Hong Kong because the market was too small and many Hong Kong people preferred to shop in malls or large scale shopping centres. Promoting cross-boundary e-commerce with the Mainland would offer alternative business opportunities for Hong Kong's SMEs. However, many e-commerce operators encountered difficulties due to the recent changes in the Mainland taxation policies with the effect that many tax concessions previously available were cancelled. Mrs IP commented that the Administration should inform the Panel on how it would assist Hong Kong's e-commerce operators to deal with the situation, and advise them in participating in the development of logistics support service of e-commerce.

42. GCIO responded that he had led a delegation of representatives from local e-commerce trade associations to Guangzhou earlier this year. During the visit, delegates had had ample exchanges with Mainland authorities and were informed that there would be imminent changes in policies related to e-commerce operations. GCIO supplemented that the role the Administration would play was to gather information of latest policy changes and executive measures that would be introduced in the Mainland, and to disseminate the information to Hong Kong's e-commerce traders and operators so that they could plan their business operations accordingly. Furthermore, a dedicated team had been set up in OGCI to explore measures to help Hong Kong's traders in developing cross-boundary e-commerce.

Enriched IT Programme in Secondary Schools

43. Ms Claudia MO said that the introduction of the Enriched IT Programme in Secondary Schools, which selected secondary schools as partner schools for training of IT talents, was contrary to the basic principles of education as it created inequality among students.

Legal framework in developing e-commerce

44. Mr Paul TSE noted that Hong Kong's strength in developing e-commerce depended on its sound legal framework, including the intellectual properties protection regime. As the Administration had decided to let the Copyright (Amendment) Bill 2014 lapsed through this term of the Legislative Council, there would be no dedicated statutory provisions to regulate the distribution of intellectual properties through the Internet. Mr TSE queried whether Hong Kong could still claim to have a sound legal framework as the

Administration suggested. He asked what remedial measures the Administration would introduce. GCIO responded that he would continue to liaise with the Commerce and Economic Development Bureau on the way forward.

Hong Kong's role in the Belt and Road Initiative

45. Mr Paul TSE noted the Administration's intention to participate in the Belt and Road Initiative and to play the role as a "super connector". Mr TSE asked what concrete measures the Administration would introduce to achieve the objective and the related timeframe. GCIO said that the Administration was exploring the opportunities and he expected that specific measures would be available within a year.

Cloud computing

46. Mrs Regina IP asked what role the Administration would play in the adoption of cloud computing, and what opportunities were available for Hong Kong. GCIO said that cloud experts from Hong Kong had participated in formulating standards and practices on cloud computing, and in the publication of the Hong Kong/Guangdong Practice Guide for Procuring Cloud Services. The Practice Guide was submitted to the Standardization Administration of the People's Republic of China to seek approval for creation of a project in formulating related national standards on cloud computing. GCIO added that by participating in the process, the concerned sector would be able to gain first-hand understanding of the direction of cloud computing development in the Mainland so that operators could plan their business accordingly.

Supply of IT talents

47. Mr Charles Peter MOK echoed Mr WONG Yuk-man's earlier comments about the supply of IT talents and the issue of income disparity in the profession. Mr MOK suggested that the Administration should step up training of IT talents. As regards income disparity among IT practitioners, Mr MOK attributed the problem to the widespread practice of sub-contracting of IT support services. As a result, salaries of frontline technical personnel remained persistently at a low level which had discouraged young people from pursuing a career in IT. He suggested that the Administration should take the lead to review the policy of contracting out IT support services and set an example in improving the conditions of service of IT practitioners in Government.

48. Ms Cyd HO commented that she had received feedback from the IT sector that it was difficult to recruit qualified talents, especially on cloud computing application. Some companies had brought in technical personnel

from the Mainland, but they usually stayed for a brief duration and their mid-point salary was lower than their local counterparts. She asked how the Administration would improve the manpower supply situation.

49. GCIO said that it was necessary to raise the awareness of companies' management that IT personnel did not only provide supporting service in the organization's operation, they also contributed positively towards increasing the corporation's competitiveness. Corporations should be encouraged to provide better conditions of service and career opportunities to encourage young people to pursue a career in IT.

50. GCIO added that through organizing various activities, competition and internship programmes, the Administration encouraged secondary school students and university students to opt for training in IT and related studies. The Administration would try to put across the message that the IT sector offered favourable career opportunities. The Administration might also explore with organizations such as the Science Park and Cyberport and encourage them to provide more internship programmes.

Concluding remarks

51. The Chairman said that the Administration's discussion paper was rather broad brush. Some of the issues required more in-depth discussion in the Panel. She said that the Panel would be concerned about the proposed PTVP scheme, and the Administration should also seek the Panel's views on the matter.

52. The Chairman said that the Administration should provide further details on the following issues for discussion with the Panel in future:

- (a) "Enriched IT Programme in Secondary Schools" — Panel members had commented that the scale of the programme was too small and had expressed concern about its effectiveness. The Administration should explain the future plan on scouting and cultivating IT talents in schools;
- (b) legal framework for developing digital economy — the Administration should provide analysis on whether the current legal framework in Hong Kong could catch up with the latest development in various aspects of digital economy in the areas of, for example, finance or in a sharing economy. The Administration should inform the Panel whether it was reviewing the legislation that required amendment and whether any consultation on the statutory requirements to support

development in digital economy was being conducted;

- (c) cross-boundary e-commerce — as members had pointed out, local e-commerce traders had encountered difficulties arising from the latest change in taxation policy in the Mainland. The Administration should provide immediate response to assist the sector; and
- (d) supply of IT talents — the Administration should introduce more thorough measures to improve the supply of IT talents. For example, the Administration should review its practice of contracting-out IT support service. When selecting contractors in a tendering exercise, the Administration should give more emphasis on the quality of services required rather than the contract price of the tender bids. Unless the remuneration of IT personnel could improve, it was difficult to achieve any significant improvement in the supply of IT talents.

53. US for IT responded that some of the issues highlighted by the Chairman such as the development of sharing economy would be addressed in the Administration's paper on development of Smart City to be submitted for discussion at the next Panel meeting scheduled for 13 June 2016.

54. GCIO supplemented that for issues such as the review of existing legal framework, further discussions with other bureaux and departments would be necessary in developing concrete measures for implementation. The Administration would bring the issues to the Panel for discussion once specific initiatives had been formulated.

VI. Any other business

55. There being no other business, the meeting ended at 4:22 pm.