

立法會
Legislative Council

LC Paper No. CB(1)882/18-19
(These minutes have been seen
by the Administration)

Ref : CB1/PL/ITB/1

Panel on Information Technology and Broadcasting

Minutes of meeting
held on Monday, 12 November 2018, at 2:30 pm
in Conference Room 3 of the Legislative Council Complex

- Members present** : Dr Hon Elizabeth QUAT, BBS, JP (Chairman)
Hon Charles Peter MOK, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon WONG Ting-kwong, GBS, JP
Hon CHAN Kin-por, GBS, JP
Hon Mrs Regina IP LAU Suk-yea, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Claudia MO
Hon YIU Si-wing, BBS
Hon CHAN Chi-chuen
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon Alvin YEUNG
Hon CHU Hoi-dick
Hon YUNG Hoi-yan
Hon CHAN Chun-ying
Hon HUI Chi-fung
- Members absent** : Hon MA Fung-kwok, SBS, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon CHUNG Kwok-pan

**Public officers
attending**

: Agenda item IV

Innovation and Technology Bureau

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

Ms Eva YAM Ya-ling
Principal Assistant Secretary for Innovation and
Technology (3)

Mr Victor LAM Wai-kiu, JP
Government Chief Information Officer

Miss Donna CHAN Fung-kwan
Deputy Government Chief Information Officer

Mr Gavin WAH Kwok-kee
Acting Assistant Government Chief Information
Officer (Governance & Resources)

Agenda item V

Commerce and Economic Development Bureau

Mr Clement LEUNG, JP
Permanent Secretary for Commerce and Economic
Development (Communications and Creative
Industries)

Office of the Communications Authority

Ms Elizabeth TAI, JP
Deputy Director-General (Broadcasting)

Mr Sanda CHEUK
Acting Deputy Director-General
(Telecommunications)/Assistant Director
(Regulatory)

Mr Sammy LI
Assistant Director (Support)

Ms Javy CHAN
Head, Finance

Agenda item VI

Commerce and Economic Development Bureau

Mr Clement LEUNG, JP
Permanent Secretary for Commerce and Economic
Development (Communications and Creative
Industries)

Mr Edward TO, JP
Deputy Secretary for Commerce and Economic
Development (Communications and Creative
Industries) (Special Duties)

Mr Tony YIP
Principal Assistant Secretary for Commerce and
Economic Development (Communications and
Creative Industries) (Special Duties)

Clerk in attendance : Mr Daniel SIN
Chief Council Secretary (4)3

Staff in attendance : Mr Ambrose LEUNG
Senior Council Secretary (4)3

Ms Peggy CHUNG
Council Secretary (4)3

Ms Cynthia TAM
Legislative Assistant (4)3

Action

I. Confirmation of minutes of meeting

(LC Paper No. CB(4)98/18-19 -- Minutes of meeting held on
11 October 2018)

The minutes of the meeting held on 11 October 2018 were confirmed.

II. Information paper(s) issued since the last meeting

- (LC Paper No. CB(4)49/18-19(01) -- Hon Tommy CHEUNG Yu-yan's letter dated 16 October 2018 on withdrawal of membership (Chinese version only)
- LC Paper No. CB(4)49/18-19(02) -- Hon Jeffrey LAM Kin-fung's letter dated 16 October 2018 on withdrawal of membership (Chinese version only)
- LC Paper No. CB(4)49/18-19(03) -- Hon Starry LEE Wai-king's letter dated 16 October 2018 on withdrawal of membership (Chinese version only)
- LC Paper No. CB(4)49/18-19(04) -- Joint letter dated 16 October 2018 from Hon Alice MAK Mei-kuen, Hon KWOK Wai-keung and Hon HO Kai-ming on withdrawal of membership (Chinese version only)
- LC Paper No. CB(4)49/18-19(05) -- Dr Hon Junius HO Kwan-jiu's letter dated 16 October 2018 on withdrawal of membership (Chinese version only)
- LC Paper No. CB(4)59/18-19(01) -- Hon LEUNG Che-cheung's letter dated 16 October 2018 on withdrawal of membership (Chinese version only)

- LC Paper No. CB(4)62/18-19(01) -- Hon CHAN Han-pan's letter dated 16 October 2018 on withdrawal of membership (Chinese version only)
- LC Paper No. CB(4)62/18-19(02) -- Hon Kenneth LAU Ip-keung's letter dated 18 October 2018 on withdrawal of membership (Chinese version only)
- LC Paper No. CB(4)80/18-19(01) -- Hon CHAN Hak-kan's letter dated 22 October 2018 on withdrawal of membership (Chinese version only)
- LC Paper No. CB(4)80/18-19(02) -- Hon LAU Kwok-fan's letter dated 22 October 2018 on withdrawal of membership (Chinese version only)
- LC Paper No. CB(4)86/18-19(01) -- Hon SHIU Ka-fai's letter dated 22 October 2018 on withdrawal of membership (Chinese version only)
- LC Paper No. CB(4)97/18-19(01) -- Dr Hon Priscilla LEUNG Mei-fun's letter dated 22 October 2018 on withdrawal of membership (Chinese version only)
- LC Paper No. CB(4)122/18-19(01) -- Letter dated 25 October 2018 from Dr Hon Elizabeth QUAT to the Chairman of the Panel on Constitutional Affairs suggesting that a joint discussion with members of the Panel on Constitutional Affairs, Panel on Security and this Panel be held regarding the need for enhancing cyber security

arising from a recent incident involving the leakage of passengers' personal information by Cathay Pacific (Chinese version only)

LC Paper No. CB(4)166/18-19(01) -- Letter dated 2 November 2018 from Hon Charles Peter MOK, requesting Cathay Pacific Airways to give an account of certain technical issues relating to the leakage of passengers' personal information at the coming meeting of the joint panel to be held on 14 November 2018 (Chinese version only))

2. Members noted that the above paper(s) had been issued for the Panel's information.

III. Date of next meeting and items for discussion

(LC Paper No. CB(4)162/18-19(01) -- List of outstanding items for discussion

LC Paper No. CB(4)162/18-19(02) -- List of follow-up actions)

Regular meeting on 10 December 2018

3. Members noted that the next regular Panel meeting would be held on Monday, 10 December 2018 at 2:30 pm to discuss the following items:

- (a) Open data policy;
- (b) Review of Telecommunications Regulatory Framework; and
- (c) Review of Film Development Fund

IV. Capital Works Reserve Fund Head 710 Computerization Subhead A007GX (Block Allocation) – New administrative computer systems

(LC Paper No. CB(4)162/18-19(03) -- Administration's paper on Capital Works Reserve Fund Head 710 Computerization Subhead A007GX (Block Allocation) – New Administrative Computer Systems

LC Paper No. CB(4)162/18-19(04) -- Paper on Capital Works Reserve Fund Head 710 Computerization Subhead A007GX (Block Allocation) – New administrative computer systems prepared by the Legislative Council Secretariat (updated background brief))

Briefing by the Administration

4. At the invitation of the Chairman, Under Secretary for Innovation and Technology briefed members on the 2019-2020 funding proposal for implementing computerization projects under the Capital Works Reserve Fund Head 710 Computerization Subhead A007GX (Block Allocation) – New Administrative Computer Systems. Details of the funding proposal were set out in the paper provided by the Administration (LC Paper No. CB(4)162/18-19(03)).

Discussion

Strengthening information security

5. Mr CHAN Chun-Ying noted that according to the Hong Kong Police Force ("HKPF"), there was a total of 5 567 computer-related crimes reported in 2017, involving \$13.9 billion. He queried whether the amount sought for information security-related projects was sufficient, in the light of the increasing number and complexity of cyber security threats. He sought information regarding the total actual amount of resources approved in the last financial year for the information security-related projects funded under Head 710

Computerization Subhead A007GX ("Block Allocation"). Government Chief Information Officer ("GCIO") responded that more than 40 projects (18% of the total) with a total commitment of more than \$140 million had been planned for the coming financial year for strengthening information technology ("IT") system security. The total cashflow required in 2019-2020 for the 230 new projects listed in Annex C to LC Paper No. CB(4)162/18-19(03) was estimated to be about \$198 million, whereas the total commitment for these projects was estimated to be \$1.25 billion.

6. Mr CHU Hoi-dick questioned the rationale for HKPF to implement eight separate projects costing a total of around \$40 million and to be funded under Block Allocation, while they were all related to strengthening information security in the Police Force. Mr CHU questioned whether the Administration had deliberately tried to implement smaller projects each costing less than \$10 million so as to circumvent the requirement of having to seek funding approval from the Finance Committee ("FC").

7. GCIO responded that the information security-related projects proposed by the Police Force involved separate computer systems which had to be upgraded individually with different timeframes. The Office of the Government Chief Information Officer ("OGCIO") would examine departments' submissions to avoid projects being unnecessarily broken down into smaller items.

8. The Deputy Chairman asked whether the Administration would increase manpower support to meet the likely increase in workload arising from the implementation of new projects to be funded under Block Allocation. GCIO replied that, while it was not anticipated that there would be an increase in the number of civil service posts to support the implementation of the new projects funded under Block Allocation, individual departments might, if necessary, employ contract staff to help implement the projects. GCIO added that about \$32 million had been earmarked in 2019-2020 for this purpose.

9. The Chairman noted that several departments had included items under Block Allocation to strengthen information security. She asked if OGCIO had an overall plan and policy on information security, or whether individual departments were responsible for designing and implementing their own systems. GCIO replied that the Administration attached great importance to the security of IT systems and data in Government. For example, through the projects with item no. 165 in Annex C of the Administration's paper (LC Paper No. CB(4)162/18-19(03)), "IT Security Risk Assessment and Audit for Critical and Departmental Services" and item no. 166 "Renewal of Network Equipment of Central Computer Centre Network Services", OGCIO would ensure that critical electronic services provided by the centre were up to the required IT

security standards. Under item no. 172 "Information Security Governance over all Bureaux and Departments", OGCIIO would assess whether the standards of IT security of various bureaux and departments ("B/Ds") complied with those prescribed by OGCIIO. Furthermore, OGCIIO provided training to and organized drills for all B/Ds last year to raise their awareness of phishing attacks. OGCIIO had also introduced a cyber risk information sharing platform to facilitate information exchange of cyber threat. B/Ds should conduct security risk assessment on their systems every two years and before launching a new system. Privacy impact assessment should also be conducted on systems handling personal data.

E-government and smart city development

10. Mr CHAN Chun-ying asked whether individual government departments would have to upgrade their own websites individually to enable public access of their services using Electronic Identity ("eID"). GCIIO said that OGCIIO would develop an application programming interface (API) for departments to enhance their websites that would allow the public to access public services using eID. This would speed up system development and lower development cost.

11. Mr CHAN Chi-chuen enquired about the progress of digitizing government forms. Mr CHAN noted that several departments planned to implement department-specific e-leave systems. He asked whether a centralized e-leave system should be operated by the Civil Service Bureau ("CSB") instead. Mr CHAN also asked if departments had different cycles in upgrading their e-leave systems.

12. GCIIO said that it was possible for about half of the government forms currently in use (i.e. about 1 500 out of a total of 3 100 forms) to be transacted electronically, and by mid-2019, some 99% of these 1 500 forms would have been fully digitized. He added that with the implementation of eID by mid-2020, it would then be possible for the vast majority of the 3 000-odd government forms to be transacted electronically. GCIIO expected that by mid-2021, all these government forms would be fully digitized.

13. As regards the Government's e-leave systems, Deputy Government Chief Information Officer ("DGCIIO") replied that CSB had developed a core system for processing of leave applications. The items proposed for implementation under Block Allocation were servers and related software for handling leave applications in the respective departments. These systems needed to be upgraded periodically with new functionalities added every five to ten years.

14. The Chairman said there should be a centralized, civil service-wide e-leave system to ensure consistency in handling leave applications from civil servants working under five-day working week and those still under a six-day working week. In response, GCIO said that the core e-leave system had been developed by CSB, which was being run in various departments using their own servers. The various e-leave projects involved funding under Block Allocation would upgrade departments' servers. GCIO agreed to follow up with CSB on the Chairman's concerns.

15. The Chairman suggested that CSB should operate a centralized cloud-based e-leave system to alleviate the need for departments to duplicate efforts on upgrading individual systems. The Chairman added that OGCIIO should be more proactive in encouraging departments to better utilize the Government Cloud infrastructure. The Deputy Chairman made similar comments. GCIO agreed to follow up with CSB on the feasibility of implementing a cloud-based e-leave system for civil servants. He added that upon completion of the new Government Cloud infrastructure in 2020, more departments would be able to implement cloud-based systems.

16. In response to the Chairman's enquiry, GCIO said that the initiatives proposed to be launched under the Smart City Blueprint would take several years to implement. Funding had been sought for a few key projects. Smaller items that cost less than \$200,000 each would be approved internally in the Government under delegated authority and would not be reflected in the Block Allocation proposal. GCIO added that there was a prevailing mechanism which allowed departments to submit new project proposals funded under Block Allocation during a financial year.

Level of funding approval

17. The Deputy Chairman said that computerization projects costing \$10 million or more were subject to FC's approval. He said that the current \$10 million threshold was determined in the 1990s. There was a need to increase the ceiling to reflect the rising cost of technologies as well as to speed up upgrading of computer systems in various departments. GCIO undertook to take up the matter with the Financial Services and the Treasury Bureau.

Replacement of computers and network equipment for District Councils

18. The Deputy Chairman asked whether the item "Replacement of Computers and Network Equipment for District Councils" would include improvements to websites layouts and electronic services to facilitate public

access to documents and other information of District Councils. DGCIO said that the current project mainly involved upgrading of computer hardware and software for the District Council secretariats with a view to improving operational efficiency. The Deputy Chairman said that OGCIO should provide advice to the Home Affairs Department to facilitate open data policies in the District Councils. The Chairman concurred.

Administration's representatives to answer members' queries

19. Mr CHU Hoi-dick said that representatives from the relevant departments should be invited to attend the Panel meeting to answer members' enquiries on the projects to be implemented under Block Allocation. In particular, Mr CHU sought further information about the items "Upgrade of Fisheries Patrol and Enforcement System" and "Redevelopment of Plant and Pesticides Licensing System" under Agriculture, Fisheries and Conservation Department. The Administration agreed to provide supplementary information after the meeting. The Chairman said that members could, in future, make suggestions before the meeting on which departments should be invited to send representatives to the Panel meeting.

(Post-meeting note: The Administration's written response was circulated to members vide LC Paper No. CB(4)289/18-19(01) by e-mail on 6 December 2018.)

20. The Chairman concluded that the Panel supported in principle the funding proposal, and that the proposal should be presented to FC for approval.

V. Licence fees reduction for five types of licences issued under the Telecommunications Ordinance and introduction of a new fee component under Unified Carrier Licences

(LC Paper No. CB(4)162/18-19(05) -- Administration's paper on the licence fees reduction for five types of licences issued under the Telecommunications Ordinance and introduction of a new fee component under Unified Carrier Licences

LC Paper No. CB(4)162/18-19(06) -- Paper on licence fees under the Telecommunications Ordinance prepared by the Legislative Council Secretariat (updated background brief))

Briefing by the Administration

21. At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Communications and Creative Industries) ("PS(CCI)") briefed members on the licence fees reduction for five types of licences issued under the Telecommunications Ordinance (Cap. 106) and the introduction of a new fee component under Unified Carrier Licences ("UCL") for the provision of Wireless Internet of Things ("WiOT") services. Assistant Director (Support) of Office of the Communications Authority gave a power-point presentation on the subject. Details of the briefing were set out in the paper provided by the Administration (LC Paper No. CB(4)162/18-19(05)).

(Post-meeting note: The power-point presentation material provided by the Administration was issued to members vide LC Paper No. CB(4)177/18-19(01) (Chinese version only) on 12 November 2018.)

Discussion

22. The Deputy Chairman noted that the Administration proposed to introduce a new fee component of WiOT device fee under UCL in line with the cost recovery principle. The Deputy Chairman asked whether a device brought into Hong Kong and operated with roaming data from an overseas service provider would be subject to the WiOT licence fee. Acting Deputy Director-General (Telecommunications)/Assistant Director (Regulatory) of Office of the Communications Authority ("Acting DDG(T)") explained that in line with the prevailing customer connection fee under UCL, no licence fee would be charged on in-bound roaming WiOT devices used in Hong Kong. This was similar to the current practice where a mobile device would only be subject to a licence fee when the device owner had a subscription arrangement with the respective mobile network operator.

23. In response to the enquiry made by the Deputy Chairman, PS(CCI) informed the Panel that two WiOT licences had been issued. The Deputy Chairman said that the number of WiOT devices was expected to increase sharply following the launch of the fifth generation mobile services ("5G"). He queried whether the Administration would consider removing or drastically

reducing the WIoT licence fee as a gesture to encourage 5G development.

24. PS(CCI) responded that there was a need for the WIoT licence fees to be charged in order to recover the operating costs of administering the licensing and regulatory functions. As regards the level of the WIoT licence fee, PS(CCI) said that while the telecommunications sector anticipated the potential of a significant increase in the use of WIoT devices, the Administration assessed that a substantial increase in the number of these devices in the market in the immediate future would be unlikely. Nevertheless, the Administration would review the level of licence fees and the charging mechanisms from time to time in the light of market developments.

25. The Chairman commented that if the regulatory costs of WIoT services would not increase with the number of WIoT devices, the Administration should consider simplifying the licence fees by charging a fixed annual amount instead of according to the number of devices used. The Deputy Chairman echoed the Chairman's view and said that it would be impossible for the Administration's regulatory costs to be linearly proportional to the number of devices. He asked when the Administration would revise the method of calculating the WIoT licence fee, and how the adjustment of licence fee was administered in other overseas jurisdictions. Ms YUNG Hoi-yan made similar comments and said that the Administration should set out clearly the basis of the currently proposed licence fees, the cost of regulating WIoT services and consider whether the licence fee for WIoT could be further reduced.

26. PS(CCI) said the current proposal to set the licence fee at \$2 per device was significantly lower than that for other mobile devices, and was an incentive for promoting the use of WIoT. Deputy Director-General (Broadcasting) added that the basis of setting the WIoT device fee level under UCL should initially be aligned with that of the WIoT licence. This approach was supported by network operators during the consultation exercise. The Administration would review the licence fees and might adjust the charging mechanism in the light of the development of WIoT and the actual cost of carrying out the licensing and regulatory functions. PS(CCI) said that a Development Reserve had been set up in the Office of the Communications Authority Trading Fund to serve as a buffer against funding shortage and would be used for reducing the need for future fee increases. As to how licensed fees were being charged in other places, Acting DDG (T) noted that different overseas licensing authorities had different licence fee arrangements. Some overseas administrations charged licence fees based on the operator's annual gross turnover.

(Post-meeting note: The Administration's supplementary information was circulated to members vide LC Paper No. CB(1)404/18-19(01) by e-

mail on 2 January 2019.)

27. In view of the potential rapid development in WIoT services in the near future, the Chairman suggested that the Administration should evaluate how its licensing regime could be operated more efficiently and consider streamlining it if necessary.

VI. Retention of two supernumerary directorate posts in the Communications and Creative Industries Branch of the Commerce and Economic Development Bureau

(LC Paper No. CB(4)162/18-19(07) -- Administration's paper on retention of two supernumerary directorate posts in the Communications and Creative Industries Branch of the Commerce and Economic Development Bureau

LC Paper No. CB(4)162/18-19(08) -- Paper on retention of two supernumerary directorate posts in the Commerce and Economic Development Bureau for review of Broadcasting Ordinance (Cap.562) and Telecommunications Ordinance (Cap. 106) prepared by the Legislative Council Secretariat (updated background brief))

Briefing by the Administration

28. At the invitation of the Chairman, PS(CCI) briefed members on the retention of two supernumerary directorate posts in the Communications and Creative Industries Branch of the Commerce and Economic Development Bureau. Details of the briefing were set out in the paper provided by the Administration (LC Paper No. CB(4)162/18-19(07)).

Discussion

29. The Deputy Chairman expressed support for the Administration's proposal to retain the two supernumerary directorate posts. He asked whether it was necessary to retain the posts for three years and whether the present incumbents would continue to fill the positions. The Deputy Chairman commented that the post-holders might need to prioritize those tasks which required to be completed within the remaining term of the current Legislative Council ("LegCo"), which would last less than two years. The Chairman made a similar comment.

30. PS(CCI) replied that the deployment of civil servants to fill the subject supernumerary posts was within the Civil Service Bureau's purview. Having the incumbent officers to continue to carry out the tasks would have the benefits of maintaining continuity in view of the complexity of the legislative amendment exercises. As regards the tenure of the two supernumerary directorate posts, PS(CCI) said that the proposed period of three years should be appropriate taking into account the current progress in reviewing the Broadcasting Ordinance (Cap. 562) and Telecommunications Ordinance (Cap. 106), and in formulating the legislative proposals to regulate person-to-person telemarketing calls ("P2P calls"). While the Administration intended to complete these legislative exercises within the current term of LegCo, the proposed retention period of three years could also cater for the situation if the Administration had to introduce the legislation to LegCo in the following term if the exercises took longer than envisaged.

31. Ir Dr LO Wai-kwok supported the proposal and commented that the Administration should consider members' earlier suggestion of transferring the policy portfolio of creative industries to the Innovation and Technology Bureau. PS(CCI) responded that the workload of the Communication and Creative Industries Branch justified the retention of the two supernumerary directorate posts in the Commerce and Economic Development Bureau.

32. The Chairman said that the telecommunications sector had criticized the current regulatory regimes under Cap. 106 and Cap. 562 as not being conducive to the development of innovation and technology in Hong Kong. In particular, the Chairman pointed out that network operators were not allowed to release anonymous data while such restriction was already relaxed in other jurisdictions such as Singapore. The Chairman asked if the Administration would cover the issue in the review of Cap. 106. PS(CCI) replied that there were suggestions that anonymous data of mobile telecommunications service users should be opened up and the Administration would explore the feasibility of any sector-specific proposal if raised in the coming public consultation exercise.

33. Mr CHAN Chi-chuen and the Chairman expressed concerns on the progress of the various legislative exercises related to Cap. 106, Cap. 562 and P2P calls. PS(CCI) replied that public consultation on television and sound broadcasting regulatory framework had been completed, and the Administration aimed at introducing the amendment bill to LegCo in early 2019. As regards the review of telecommunications regulatory framework, PS(CCI) said that the public consultation would commence in end-2018 and the Administration aimed at introducing the bill to LegCo in the second half of 2019. PS(CCI) added that public consultation on strengthening the regulation of P2P calls had been completed, and the Administration expected that the bill would be ready for introduction to LegCo by late 2019 or early 2020.

34. The Chairman concluded that the Panel supported the Administration's staffing proposal and agreed that it be submitted to the Establishment Subcommittee and the Finance Committee for consideration and approval.

VII. Any other business

35. There being no other business, the meeting ended at 4:19 pm.