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**Panel on Information Technology and Broadcasting**

**Meeting on 17 July 2015**

**Updated background brief on facilitating a digital economy  
under the Digital 21 Strategy**

**Purpose**

This paper provides an update on facilitating a digital economy under the Digital 21 Strategy and summarizes the latest views and concerns expressed by Members on the subject.

**Background**

2. The Digital 21 Strategy is the blueprint for the development of information and communications technology ("ICT")<sup>1</sup> in Hong Kong. The Government first published the strategy in 1998 and updated it thrice in 2001, 2004 and 2008 to take into account technological advancement and changing needs of the society. The advent of wireless and multi-platform technologies, cloud computing, Internet of Things and big data in recent years has provided new impetus for social and economic developments. The Government is updating the Digital 21 Strategy so that it grows and evolves continuously in pace with global trends and aspirations of Hong Kong community.

3. According to the Administration, "Smarter Hong Kong, Smarter Living" is the theme of the proposed new strategy. It sets out the framework for Hong Kong to leverage on new technologies to propel

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<sup>1</sup> ICT refers to all technologies and applications that involve information processing and/or exchange over communication networks, including the Internet.

continuous economic and social development on various fronts. The new strategy contains an array of initiatives under four strategic thrusts:

- (a) empowering everyone to build platforms that enable the public and business to realize their aspirations;
- (b) igniting business innovation to enhance research and development, and provision of open data;
- (c) supporting a thriving ICT industry to recognize excellence and facilitate local ICT companies to gain foothold in the Mainland and overseas markets; and
- (d) transforming and integrating public services to develop intuitive, personalized and multi-platform e-services.

Public consultation on the new Digital 21 Strategy was held from 18 September to 30 November 2013. The Administration is finalizing the new Strategy and will promulgate it in due course.

4. The Government has been working closely with the local ICT industry and supporting organizations to drive the development of Hong Kong's digital economy and enhance its position as a regional ICT hub. An ICT Industry Coordination Working Group was also set up to coordinate ICT events to promote Hong Kong as a prominent ICT city and help local ICT industry to tap into the Mainland and overseas market. The major initiatives include:

- (a) data centre development;
- (b) ICT collaboration with the Mainland;
- (c) ICT manpower development;
- (d) development of ICT startups;
- (e) promoting adoption of ICT among small and medium enterprises ("SMEs"); and
- (f) International IT Fest 2014.

## **Previous discussions**

### Panel on Information Technology and Broadcasting

5. The Panel on Information Technology and Broadcasting ("the Panel") generally supported the development of the Digital 21 Strategy and received regular reports from the Administration on its implementation.

#### *Support for ICT among small and medium enterprises*

6. At the Panel meeting on 22 July 2014, some members noted that the ICT sector's contribution to gross domestic product remained low (6.2%) compared to other countries such as Israel, Finland and South Korea which had double-digit figures, and the public sector's investment in ICT also remained relatively low. These members urged the Administration to put forward initiatives to encourage investment in ICT by both the private and public sectors.

7. Some Panel members enquired about the reasons for the persistent low ICT adoption rate among SMEs. The Administration advised that according to the Report on Survey on Information Technology Usage and Penetration in the Business Sector for 2013, the major reason for SMEs not using computers, Internet, and not having webpage was the lack of practical use for a sound business case for adoption. In order to promote ICT adoption among SMEs, the Administration had organized a series of events under the brand name of "中小企和 IT 人有個約會" in 2014 featuring short one-on-one exchange sessions between small-scale IT companies and SMEs to discuss how ICT solutions could address SME's business needs.

8. Some Panel members said that they had attended an exchange session of "中小企和 IT 人有個約會" and opined that it was a good opportunity for local ICT companies to understand the business requirements of SMEs. These members also requested the Administration to provide information on the effectiveness of and the expenditure involved in organizing the series of events under the brand name of "中小企和 IT 人有個約會", as well as the follow up actions taken after the events. As advised by the Administration, over 120 participants from 40 SMEs and 46 ICT companies took part in the two sessions held in April and June 2014, with the latter one targeting the travel industry. The expenditure required for organizing one session was around \$13,000, which was mainly used for meeting facilities and refreshments for participants. According to post-event surveys, participants found the sessions useful and indicated that they would join again if the event would be repeated in future, and would recommend the event to other SMEs. The Administration would continue to organize the event regularly using a sector-specific approach to promote wider adoption of ICT among SMEs.

9. Some Panel members opined that the Administration should take the lead to use the products and services of the local ICT industry, implement measures to attract foreign investment and provide suitable land for the development of the local ICT industry. They also hoped that the Administration could provide more information in these three aspects in the information papers for future briefings.

#### *ICT manpower development*

10. At the Panel meeting on 14 April 2014, the Administration consulted the Panel on the proposal to establish a unified ICT professional recognition framework ("the proposed framework") in Hong Kong. Members expressed support in principle for the establishment of the proposed framework which had been advocated by the ICT industry for a long time. Some members considered that the proposed framework would be beneficial to the industry in the long run by raising the professional profile of the industry and paving the way for mutual recognition with comparable international frameworks. These members also urged the Administration to explore the possibility of mutual recognition of ICT professional qualifications with the Mainland as a matter of urgency.

11. The Panel noted that establishing a non-statutory Awarding Body incorporated under the Companies Ordinance (Cap. 622) without having to enact legislation could provide more flexibility and streamline the process of the operational arrangement under the proposed framework. Some members were in favour of establishing a statutory Awarding Body as in other professions, which would provide statutory backing and ensure the authorized professional status of the Awarding Body. The Administration advised that the establishment of a statutory Awarding Body in future in response to changing market needs had not been ruled out and would be subject to further study and consultation.

12. The Panel further held a special meeting on 17 May 2014 to receive views from members of the public and representatives of relevant stakeholders on the proposed framework. Although the majority of the deputations/individuals attending supported the proposal, many questioned the need for the hasty implementation of and lack of details about the proposal. Noting that the Administration would conduct a two-month public consultation on the proposed framework from May to June 2014, the Panel passed a motion urging the Government to extend the consultation period to make way for a more comprehensive and consultation exercise.

13. In response to the motion passed at the special meeting of the Panel on 17 May 2014, the Task Force on ICT Professional Development and

Recognition ("the Task Force") (set up by the Government under the Digital 21 Strategy Advisory Committee in November 2012 to examine the case of establishing the proposed framework) had made further deliberations and proceeded to form three working groups involving wider industry participation to examine three key areas in more details. These included the Working Group on Cross Recognition with Mainland and the World, the Working Group on Impacts to SMEs and the Working Group on Recognizing Practitioners/Technologists. The working groups had commenced their work in October 2014 and would deliver their respective recommendations to the Task Force within the first half of 2015. The Task Force would then suitably revise the proposed framework before conducting a more comprehensive and extensive industry and public consultation exercise. According to the Administration, the proposed framework would only be implemented when the industry and the public had reached a general consensus.

14. At the Panel meeting on 9 June 2014, the Panel discussed the proposed Enriched information technology ("IT") Programme ("the Programme") in Secondary Schools from school year 2015-2016 to 2022-2023. Members noted that the Programme would comprise enriched IT classes in up to eight selected secondary schools to provide intensive IT training to students who were interested and talented in IT, and enriched IT activities organized by other secondary schools to foster a pro-IT atmosphere in the school community. While members supported in principle the Administration's proposal, some members opined that the Programme would promote elitism by branding the eight selected partner schools as elite IT schools. These members also opined that in order to provide equal opportunities for all schools, the scope of the Programme should be extended to cover more than eight schools, and to cater for cross-district students and underprivileged students.

15. The Administration assured members that it would review the performance of the Programme two years after its implementation, and would consider extending the Programme to other schools. The Administration aimed at commencing the Programme in the 2015-2016 school year and would invite secondary schools to submit proposals to be partner schools.

#### *Development of data centres and cloud computing*

16. At the Panel meeting on 22 July 2014, some members pointed out from media reports that Google had shelved its plan to set up a data centre in Hong Kong on the grounds of lack of land available for future expansion. These members expressed concern that the lack of land could be a hindrance to the development of data centres in Hong Kong. The Administration advised that since 2001, the Hong Kong Science and Technology Parks

Corporation had provided some 19 hectares of land in industrial estates for data centre development. Over the years, more than 50 overseas enterprises had set up data centres in Hong Kong.

17. The Administration further advised that since 2009, the Government had implemented a number of facilitation measures for the development of data centres, including introducing a time-limited scheme (until 31 March 2016) to encourage the development of data centres in existing industrial buildings and industrial lots. Under the scheme, waiver fees for changing part(s) of eligible industrial buildings into data centre use would be exempted, and the premium for lease modification of industrial lots for development of high-tier data centres would be assessed on the basis of actual development intensity and high-tier data centre use. Responses from the industry had been encouraging with a total of 12 applications received. The Government had also set aside about two hectares of land in Tseung Kwan O for high-tier data centre use.

18. At the policy briefing of the Panel on 19 January 2015, the Panel noted that the Administration had issued in December 2014 the "Hong Kong/Guangdong Practice Guide for Procuring Cloud Services" through the collaboration of the Hong Kong and Guangdong governments and experts of the two places. The two governments were also working together with the cloud industry players to conduct a pilot testing over the cloud security assessment guidelines and evaluation schemes that would be applicable to both places. The Administration would continue to promote the development and adoption of cloud computing through workshops, expert group meetings and the cloud computing portal that enhanced the awareness of various stakeholders on cloud computing services and security standards.

*City-wide Wi-Fi for the public and visitors and International Information Technology Fest*

19. At the policy briefing of the Panel on 19 January 2015, the Panel noted that the Administration had launched Hong Kong's common Wi-Fi brand (Wi-Fi.HK) in August 2014 to promote the Wi-Fi services, which were offered by the public and private sectors completely free of charge or free for a certain period of time to make it easier for the public and visitors to search and access the free public Wi-Fi.HK hotspots in Hong Kong. At present, there were over 10,000 hotspots under the Wi-Fi.HK brand. The Administration would continue to promote Wi-Fi.HK to add more free hotspots under the brand. For the free Government Wi-Fi ("GovWi-Fi") service, the Panel noted that the Administration would continue to extend the coverage which was currently provided at some 450 Government premises with 2,300 hotspots. By 2015, the service would extend to 600 Government premises with 3,000 hotspots.

20. The Panel also noted that the Administration had organized the second International IT Fest in April 2014, featuring 38 events to showcase Hong Kong's ICT achievements and promote Hong Kong's image as a leading ICT hub in the Asia Pacific region. The Administration subsequently organized IT Fest 2015 from 9 to 23 April 2015. Some 50 events by 44 organizations were held during the Fest, focusing on IT education for youngsters, startups, e-commerce, smart city and cyber security.

### Finance Committee

21. At the special meeting of the Finance Committee to examine the Estimates of Expenditure 2015-2016 on 30 March 2015, Hon Charles Peter MOK enquired about the work for preparing the proposals on development of the awarding body for professional recognition framework, the initiatives involved and the manpower and expenditure required for promoting the proposed framework to the industry and the public. Hon WONG Yuk-man also enquired, inter alia, about the industrial buildings or industrial lots that the Government considered suitable for developing high-tier data centres.

22. The Administration advised that it would deploy internal resources to meet the manpower and expenditure requirements in 2015-2016 for preparing proposals on the development of the professional recognition framework for the local ICT profession. The Task Force would make proposals to develop and promote the proposed framework for the local ICT profession and the related initiatives.

23. On identifying suitable industrial buildings and industrial lots for developing high-tier data centres, the Administration advised that it was unable to provide a suitable list as the identification involved commercial decisions for the developers which hinged on a number of factors including location, electricity and water supply, telecommunications networks, target users, scale and design of data centre and conversion works required. To assist the industry to identify suitable industrial buildings or industrial lots for data centre development, the Data Centre Facilitation Unit of the Office of the Government Chief Information Officer provided information to interested data centre developers.

### **Latest position**

24. The Administration will brief the Panel on 17 July 2015 on the progress made in facilitating a digital economy under the Digital 21 Strategy.

## **Relevant papers**

25. A list of the relevant papers with their hyperlinks is at:

[http://www.legco.gov.hk/yr15-16/english/panels/itb/papers/itb\\_eb.htm](http://www.legco.gov.hk/yr15-16/english/panels/itb/papers/itb_eb.htm)

[http://www.legco.gov.hk/yr14-15/english/fc/fc/w\\_q/cedb-ct-e.pdf](http://www.legco.gov.hk/yr14-15/english/fc/fc/w_q/cedb-ct-e.pdf)

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