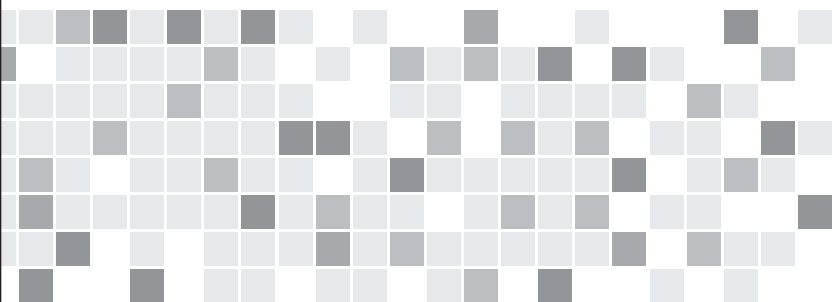


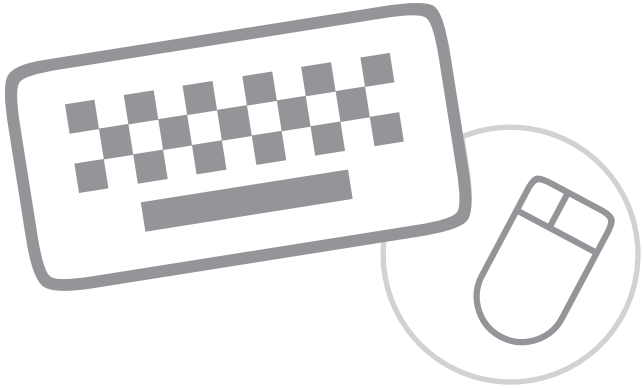
Proposal for Policy Address 2005/06

(IT and Telecommunications Policy)

Sin Chung Kai

Legislative Councillor (IT)





INTRODUCTION

1. Since 2001, I would submit an annual proposal on IT policy to the Chief Executive of HKSAR Government for the formulation of Policy Address. This booklet outlines my recommendations on policy areas of Information Technology (IT), Broadcasting and Telecommunications for the year 2005-06.
2. In a bid to formulate this proposal, I have launched a Company Visit Program this year to discuss with enterprises and IT professionals the needs and challenges facing our ICT industry. The initiatives covered in this booklet are the ones I consider to be practical to address these challenges, and to the benefits of future ICT development of Hong Kong. The list is neither exhaustive nor final. I would welcome your comments on improving this proposal. Please send your comments to cksin@sinchungkai.org.hk or reach me on 2509 3211. Together, our views will have an important bearing on the shape of future Government policy in this area.

ADVANCE INFORMATION INFRASTRUCTURE TO SUPPORT FUTURE TECHNOLOGIES

IPv6

3. Shifting to IPv6 will underpin future development of an information society. To this end, interest in the deployment of IPv6 technology has been increasing in recent years, particularly in Asian countries, including the Mainland, Japan and South Korea where their IPv4 address allocations have been depleting quickly as a result of growth in Internet penetration. To capture the opportunities that come with IPv6, the Government should monitor closely the Hong Kong Internet Registration Corporation (HKIRC) to ensure its IPv6 domain name service to be rolled out in 2006.
4. In the Mainland, the move to IPv6 is gathering momentum. The Government should also partner with the Mainland authorities, such as the China IPv6 Council, to establish trial networks to test technical and business aspect of

IPv6, from terminal equipment using IPv6 and wireless and mobile communication domain to the convergence of IPv6 and broadcasting as well as the overall network structure.

FOSTER INDUSTRY DEVELOPMENT

ICT Promotion Fund

5. One of the key factors behind the success of ICT industry in other advanced economies, such as Singapore, South Korea and Japan, is that these Governments have invested substantially in initiatives to upgrade infrastructure, support trial and pilot programs so that ICT applications and services can be widely adopted. In order to increase investment in promoting ICT industry, the Government is recommended to pool part of the revenue from spectrum auction and license fees into a special fund and using it to fund ICT-related promotion projects. This is to ensure that sufficient funding will be available to advance the infrastructure and promote further industry development in Hong Kong.

Digital Entertainment/Content Industry

6. After successfully working with the industry to implement the first phase of promotion for the digital entertainment industry, the Government should develop a plan for the second phase which is aligned our education and cultural policies with industry development and R&D policies in such a way that it will accelerate the production, distribution and marketing

of digital content applications in the local markets.

7. To help local digital content industry gain a foothold in overseas market, the Government should invite international digital entertainment companies to come and provide training programmes to local digital content start-ups in a bid to enhance their skills and knowledge as well as promote innovation across the sector.
8. The use of digital content in the public sector not only offers enormous business opportunities to the digital content industry, but also promotes deployment of digital content in the business sector. The Government should expand the use of public information by commissioning substantial digitization programmes and promoting digital creation, management and distribution of their content.
9. One of the ways to raise international awareness of our digital entertainment industry is to assist outstanding Hong Kong production to participate in international film award, such as Short Films Award by Academy of Motion Picture Arts and Science. In order to facilitate Hong Kong production fulfilling Award's requirements, the Government should work with the industry to promote the outstanding work in international film festivals and to scrutinize the inherent barriers impeding Hong Kong digital entertainment companies from entering these international competitions.

Wireless and mobile technology industry

10. The low adoption level of wireless technology, especially in the usage of wireless data applications in the business sector reflects that Government effort needs to be stepped up. To facilitate more wireless technology applications be further deployed in business sectors, the Government should collaborate with the industry to identify, develop and launch key projects with industry-wide impact in different industrial sectors, such as tourism, transport and logistics industry. The purpose of such sector-specific initiatives is to encourage industry players to collaborate with one another in the development of pilot and trial programmes for applications in meeting the needs of specific industrial sector and thereby, establishing the value of wireless technology to enterprises, especially in SMEs.

11. To accelerate the development of innovative wireless technology, the Government has a key role to play in getting different stakeholders on ICT projects in a way that such technologies can be widely deployed in the community. I suggest that the Government encourage such consortiums consisting of wired and wireless industry, The Hong Kong Applied Science and Technology Research Institute (ASTRI) and other industrial sectors be developed in its future wireless technology strategy so that more pilot wireless applications



and services can be tried out in the business sector.

Software industry

12. Recognizing the importance of raising the competitiveness of local software industry, Hong Kong Productivity Council (HKPC) has established a Software Industry Information Centre (SIIC) and a Software Engineering Unit to provide integrated support services to help the Hong Kong software industry improve the quality of its software products. I suggest that the functions of SIIC should be expanded to provide software quality testing services and develop technology for improving the software development process and generating further business opportunities.

Sector-specific e-business programmes

13. After the completion of first phase of sectoral e-business programmes in the field of tourism and private medical practitioner, the Government should evaluate the effectiveness this strategy and work with the ASTRI ICT R&D centre and trade associations to develop a plan for the next phase so that more sectoral ICT programmes be rolled out in different industrial sectors.

*PROMOTE HONG KONG AS A
LIVING ICT LAB TO
ENCOURAGE WIDESPREAD
DEVELOPMENT OF
APPLICATIONS FOR
EMERGING TECHNOLOGIES*

Research and development

14. R&D is one of the key drivers of productivity growth. International evidence suggests that high levels of R&D support strong and stable growth. There is also strong evidence that tax incentives can have a positive effect on R&D investment, in particular, as an additional attraction for multinational investment.¹ To achieve a significant rise in R&D in Hong Kong, the Government should offer tax credits for R&D to further stimulate enterprises to conduct R&D.

15. The Government should also closely monitor the governance of and evaluate the effectiveness of R&D programmes run by the ASTRI ICT R&D centre to ensure that local businesses, especially SMEs, have benefited from R&D results.

Digital Multimedia Broadcasting

16. Digital Multimedia Broadcasting (DMB), which offers high-quality music, data services, and various video outputs, as well as superior mobile receiving capabilities, promises a drastic change in the way broadcast media is consumed and operated. To harness potentials of DMB, I urge the Government to

expedite the re-provisioning of the new Broadcasting House so that RTHK will be able to upgrade its facilities to prepare for and accelerate implementation of DMB.

17. While RTHK is committed to review its operational efficiency, programming arrangements and the direction of its future services, it should consider holding open forums for the industry and public to air their views on the development of DMB.

18. To accelerate technological development and the commercialization of DMB, the Government should also promote co-operation between industry players of ICT and broadcasting sectors to develop pilot and trial schemes for DMB applications.

*STIMULATE WIDER ADOPTION
OF ICT APPLICATIONS IN THE
PUBLIC SECTOR*

Government procurement policy

19. Government procurement strategies are critical for efficient and effective technology deployments. It also generates enormous opportunities for the private sector, especially SMEs in participating Government projects. To foster local IT development, I urge the Government to follow international software assignment practice and relax the inherited barriers, including the Intellectual Property Right clauses and undue compliance on unlimited liability in Government procurement

contracts to further encourage SMEs in bidding public tender.

Intelligent Transport System (ITS)

20. Hong Kong is far behind other countries, such as Japan, Singapore and South Korea in the development of ITS. The Government should consult the industry on the future development of value-added information services for public transport to stimulate ITS in Hong Kong. I further recommend the Government to work with transport operators and the ICT industry to form a consortium in a bid to set ITS in place, providing citizens with access to traffic information and enhanced services at any time, anywhere.

Geospatial information

21. Geospatial information is all kinds of data with a location or geographical component. Such data is commonly used to support public administration, social welfare, environmental protection, economic activities, public health protection, transportation, land use, infrastructure development, law enforcement, etc. Currently, Lands Department has taken the first step in developing a Geospatial Information Hub (GIH) portal to integrate, distribute and share geospatial information within the Government. Whilst GIH has made a good start with 36 departments using it since its establishment in 2004, a clear policy on data sharing among the users and encouraging those departments that have not yet

joined the GIH will enable the full exploitation of the development potential of the GIH. The Government should formulate a data sharing policy to give a mandate in sharing of geospatial information among government departments.

22. To speed up the establishment of the GIH portal, the Government should also invest more resources and further transform the GIH portal created and maintained by Lands Department into a centralized geospatial information portal for Hong Kong, so that various kinds and sources of geospatial data can be systematically organized and accessed by business, academia, government and the public.

ICT applications in a health care setting

23. The Hospital Authority's (HA) Clinical Management System is a right move towards a paperless medical record system. To further enhance the accessibility of this system, the Government should make it possible for all hospitals in the public and private sectors, as well as private medical practitioners to share patient's record.

24. To keep pace with patients' expectations, HA is also recommended to transform its health care service portal into a one-stop service portal where citizens can access a range of personalized health care services, including access to medical dossiers and appointment scheduling.

ICT applications in public housing

25. The potential of wireless and ubiquitous technologies will become more and more important in improving citizen's quality of life. To ensure that citizens benefit from this technology, the Government should work with ASTRI ICT R&D centre to facilitate home networking solutions in data communications, automation and security be deployed in some of the public housing estates.
26. I also suggest that the Government transform some public housing estates into a WIMAX City – an initiative that has been widely developed in the United States, Europe and Taipei to showcase cutting-edge technologies and applications, and allow citizens to experience the future wireless life-style.

Technology Assessment in all important public projects

27. The wider adoption of ICT applications not only presents a perfect opportunity for the Government to raise the level of its efficiency and quality, but also to meet the increasing demands and needs of our citizens. I urge a technology assessment be conducted in all public projects, such as the forthcoming West Kowloon Cultural District Project to ensure the wider adoption of wireless technologies in the public sector.

NURTURE A WORKFORCE TO MEET THE REQUIREMENTS OF AN INFORMATION SOCIETY

Continuous investment in IT manpower

28. An adequate supply of quality ICT manpower is of great importance to sustain the long-term development of Hong Kong's ICT industry. Unfortunately, the number of students pursuing IT-related programs had declined substantially in recent years. The downward trend not only implied a shortfall of quality IT manpower but, more importantly, it will significantly stifle the healthy development of ICT industry where it is increasingly reliant on people with innovative and creative minds.
29. To address this challenge, the Government should collaborate with schools, universities and IT businesses to launch more IT career programmes, which will provide information on the role of IT professionals in a knowledge-based economy, encourage more and sufficient young people to take up technical education and careers and at the same time, raising the professional status of ICT industry.

Include all IT courses in the Continuing Education Fund (CEF)

30. With the termination of SME Training Fund managed by the Trade and Industry Department, there is no equivalent from other funding schemes to subsidize SMEs providing IT training, such as IT management and quality assurance training like CMM, Testing Methodologies, UML Modelling, etc, for their staff. To improve citizens' overall ICT competency and encourage them to

take part in IT training, I recommend that IT courses accredited by IT-related trade, professional or businesses associations as well as government-recognized educational institutions should be included in the CEF.

Digital inclusion

31. In view of proliferation of recent “phishing” scams, the Hong Kong Monetary Authority (HKMA) mandated the use of a two-factor authentication system for Internet banking this year. While the initiative is a step in right direction towards protecting citizens against security threats, such move also denies many visually impaired users from accessing online banking services because most of the two-factor authentication solutions are not designed for their needs. I urge the HKMA and the Hong Kong Association of Banks to examine ways to solve the accessibility problem of the two factor-authentication system to ensure that all citizens can benefit from online banking services in a secured environment.

EXPLORE NEW MARKETS FOR ICT INDUSTRIES

Assist local business in exploring overseas business opportunities

32. Faced with limited scale of local markets, opening up new markets is the key to the sustainable growth of Hong Kong’s ICT industries. To expand the reach of our industries, Trade Development Council and Economic Trade Offices have to accelerate their efforts to identify overseas tendering opportunities and develop business networks and distribution alliances for local ICT enterprises.

33. In addition, I also encourage Office of the Government Chief Information Officer to work with the above departments to share Hong Kong’s eGovernment experiences with the Mainland authorities to help local ICT industries participate in eGovernment projects in the Mainland.

Telecoms Special Zone

34. The establishment of a Telecoms Special Zone will enable local telecommunications operators to gain experience in exploring new markets in the Mainland. The Government should discuss this issue with Mainland authorities to accelerate the implementation of this project in the PRD region.

Eliminate restrictions in CEPA

35. To enable the ICT industry to enjoy genuine benefits that come with CEPA, the Government should negotiate with the Mainland authorities to allow ‘Hong Kong-Made Software’ to be categorized as national software. The Government should further lobby for lowering the restrictions on trade in digital game products to enable Hong Kong companies to accessing the Mainland market.

Footnote: 1. The Department of Trade and Industry of UK, (July 2005). Supporting growth in innovation: enhancing the R&D tax credit.

Address : Room 410, 4/F., West Wing, Central
Government Offices, 11 Ice House Street,
Central, Hong Kong

Tel : 2509 3211

Fax : 2537 1469

Email : cksin@sinchungkai.org.hk

Website : www.sinchungkai.org.hk

