

## Feedback on “Public Consultation on Digital 21 Strategy”

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### 1. Convergence

The consultation paper highlights the Government’s response to the important trend of convergence by merging previously separate departments and offices into a new Communications Authority. While this is in line with a global trend, e.g. Australia, the important phenomenon of convergence which is one of the most fundamental changes in this millennium necessitates further actions.

In as much as telecommunication, broadcasting, and information technology will no longer be distinguishable, previously discrete knowledge domains are merging rapidly to form new domains in this digital convergence. In pioneering and developing DME, for example, it will be crucial to embrace creative arts (e.g. story-telling, visual art, music, design...) in addition to advanced digital technology and out-of-the-box commercial thinking in order to be able to drive ideas to success:

Arts + technology + commerce → digital culture consumption → digital economy

In this context, the Government’s current partitioning of technological functions via its CITB and cultural functions via its HAB necessitates a critical review. For example, the South Koreans are known for developing their digital content industry – including technology-intensive sectors like games – via its Ministry of Culture and Tourism. Singapore has formed a Ministry of Information, Communications and the Arts to drive its digital content industry<sup>i</sup> in collaboration with its Info-Communications Development Authority and Media Development Authority. As cultural consumption is destined to take up a larger and larger GDP percentage in a predominantly service-oriented economy like Hong Kong, losing Hong Kong’s current edge in cultural content creation in digital era will imply a long-term tumble in Hong Kong’s economic development as well as international stature.

### 2. Convergence and evolution of digital media and entertainment industries

Given the rapid pace of the digital revolution, the Government’s previous definition of digital entertainment (section 1.4, p.11; footnote 11, p.27; section 5.4, p.29) – one that includes game, animation and special effect – becomes limited and outdated now. For example, with the development of digital cinema, internet protocol/terrestrial digital television, mobile television...etc., it may now be the right time to expand the inclusion of these previously separate or non-existent sectors into an expanded scope of “digital media and entertainment” (DME), as they all share some similar sets of tools and processes in their production and distribution – albeit for different medias and purposes. Once defined, it will imply that various agencies, public and privatized arms of the Government and statutory bodies will also need to re-adjust in order to pursue and realize Hong Kong’s Digital 21 future.

### **3. Differentiation of broadcaster and producer**

Along with the trend of convergence and a single Communications Authority for regulatory control, new licensing of media “broadcasters” should mandate the division of a broadcaster’s role and a producer’s role. Apart from the promotion of fair competition between smaller production companies and major studios who also control the channels themselves, this will invigorate and help boom an independent media production sector akin to the revolution and advances brought about by the de-regulation of telecommunications since late 1990s. In fact, in many economies around the world (e.g. U.S.A., Taiwan...), division between broadcasting and producing has already been a de-facto practice for decades. It is unfortunate that the Hong Kong media sector, especially the television industry, still affixes to the old model, thus decreasing Hong Kong’s overall competitiveness in DME as gradually seen and felt in the last decade.

### **4. Differentiation of role of Cyberport and HK Science & Technology Park (HKSTP)**

The consultation paper refers to Cyberport and HKSTP as “*hubs for innovation and technology*” in a number of instances (section I, p.3; section III-I, p.4; section 8.2, p.56), but makes no further differentiation of the roles played by them. In order to create a greater synergy of these different infra-structures, their specific roles ought to be well defined in the light of developing a new digital economy and digital culture.

Pioneered as the world’s first functional digital town that incorporates commercial, retail, tourist and residential elements, Cyberport is well positioned and equipped to support and promote the research, creation, production, processing, distribution, trading and consumption of innovative digital contents, especially digital media & entertainment (DME) which is becoming increasingly important in the next decade, thereby developing an advanced digital economy and digital culture for Hong Kong. On the other hand, HKSTP is well equipped to support the development of various core technologies and hardware such as nano-technology and digital equipment.

Once this role differentiation is clear, the two “hubs” will each function more efficiently and with greater precision. For example, Cyberport will be able to focus in spearheading the experimentation, development, trading and consumption of innovative DME contents, thereby helping Hong Kong to build a competitive edge over other economies in the creative industry.

### **5. Digital asset bank and trading platform**

Hong Kong owed much of its past success in serving as a free trade port of physical goods. In the digital world where intellectual property (IP) right ownership, authenticity, security and IP right protection are important, a digital asset bank providing authorship certification, secure storage and distribution will serve in much the same way as a custom department and clearing house do for physical goods in a physical port.

While Singapore has responded to this opportunity of growth through a national strategy of developing a digital vault, digital key and digital courier system in its Digital Assets

Marketplace Programme<sup>ii</sup> (cf. p.6 & p.27 of the reference), the consultation paper refers to only some fragmented and unclear references in “...*the development of an ICT-enabled common platform and a virtual marketplace...*” (section 2.4, p.13) to “...*give further impetus to the... exchange of digital content and information...*” (section 2.5, p.13), and in “...*promot(ing) Hong Kong as a technology marketplace*” (section 5.6, p.30). The lack of a high-level consolidation into pioneering projects risk the loss of a window of opportunity to place Hong Kong in the forefront of this race to digital economy.

Given the superb IT infra-structure and some pioneering projects, e.g. an open Digital Rights Management (DRM) platform, already built in Cyberport, Hong Kong has unmatched conditions to take the drive to the next level. The establishment of a digital asset bank and clearing-house where users can deposit and certify their creative-level assets/ideas and finalized digital products, thereby securing their digital asset ownership and facilitating their trading and distribution of digital assets, will place Hong Kong at the centre of this new digital economy. Some initial beneficiaries of such pioneering efforts may include the DME users whose digital assets such as a digital film may have great commercial value. The value chain will expand exponentially if Hong Kong can serve the needs of digital asset trade for the Asia-Pacific Region including Mainland China, and will then make Hong Kong truly “...*a hub for technological cooperation and trade among local, Mainland and overseas enterprises*” in digital terms.

## **6. Digital productivity & competitiveness**

The consultation has rightly addressed the shift “*from purely cost considerations to selection based on quality and usability...*” (section 2.1, p.12) in digital economy, but lacks a strategy or actions to address this change or assist the predominantly SMEs of Hong Kong to face up to this new challenge. In the light of driving towards a digital economy and establishing a lead over neighboring regions through a prestigious digital culture, the government should implement or facilitate the development of various support infra-structures such as R&D lab. of original DME contents, quality assurance and usability improvement centres to improve Hong Kong’s competitiveness and creative edge in digital content production.

## **7. Next-generation network and territory-wide Wi-Fi coverage**

While Hong Kong is leading the world in broadband penetration and mobile network, she risks falling behind (e.g. Taipei...) in newer areas of infra-structural development including next-generation network and territory-wide WiFi network. Part of the reason is at least economical. While mobile operators are in possession of the technology to deploy newer Wi-Fi or WiMax networks, obstacle arises from their delayed reward from previous investment e.g. 3G mobile network. In order to sustain Hong Kong’s edge in digital economy, the Government must design and deploy commercial incentives to drive operators to adopt new technologies for the greater benefit of Hong Kong.

## **8. Workforce competency & IT+ certification**

It is enlightening that the consultation paper has addressed the pressing need of “... *ICT workforce... (to) be equipped with necessary knowledge to work with their clients...*” (section

5.7, p.30), especially as “*Creative content: with increasing media convergence and rising public demand for value-added services with multi-media content...*” is calling for “...*ICT workforce (to) be properly equipped*” (section 5.7, p.31) in previously unknown areas.

In addition to relying on “*The Education and Manpower Bureau... (in) developing a Qualifications Framework (QF)*” (section 5.8, p.31), the Digital 21 Strategy can lead the professional development of ICT workforce by specifying and adopting a new “IT+” qualification in their professional practice. For example, when practicing in DME areas, an ICT professional should have studied a relevant percentage of creative arts and media subjects or acquired equivalence through appropriate professional practice or public certification. This applies to other major areas of ICT applications such as healthcare, finance, and management, and will help to reflect the increasing integration of ICT functions with trades and industries while retaining the unique specialization of ICT as a profession. Hopefully this will help to increase the competitiveness of Hong Kong’s workforce in the long-run.

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<sup>i</sup> [http://www.mica.gov.sg/mica\\_business/b\\_creative.html](http://www.mica.gov.sg/mica_business/b_creative.html).

<sup>ii</sup> InfoComm Development Authority of Singapore, Digital Marketplace For Global Media & Entertainment – Report by the iN2015 Digital Media & Entertainment Sub-Committee, Singapore, June 2006.