

**Presentation by Secretary for Information Technology and Broadcasting
at the Special Meeting of the Finance Committee
on Thursday, 22 March 2001**

Mr Chairman,

The policy responsibilities of the Information Technology & Broadcasting Bureau (ITBB) include promoting broadcasting and film services, enhancing the development of IT infrastructure and services, taking forward the Cyberport project and furthering the development of the telecommunications industry. The priority tasks of my Bureau in the coming year are set out below : -

BROADCASTING

2. With the full support of the Legislative Council and the broadcasting sector, we have put in place a transparent, pro-competition and business-friendly regulatory framework for the television industry under the technology-neutral Broadcasting Ordinance.

3. Regarding the introduction of innovative technologies, we issued a consultation paper on digital terrestrial broadcasting in Hong Kong at the end of last year. The consultation period ended at the end of last month, with a total of 23 submissions received. We are carefully examining the submissions with a view to formulating the policy framework for digital broadcasting services in Hong Kong. Our policy objectives are to widen programme choice for viewers, promote investment, ensure fair and effective competition in the market and enhance Hong Kong's position as a regional broadcasting hub.

4. On the liberalization of the television market, following the grant of new pay television licences at the end of last year, the new services are expected to be launched within this year or early next year. Although one of the operators has recently decided to withdraw, we believe that the domestic pay television market of Hong Kong still offers attractive possibilities for new entrants. Under the current broadcasting policy which encourages competition and provides for liberalisation of TV markets, interested operators may submit applications for domestic pay television programme service licences at any time. Meanwhile, the Broadcasting Authority (BA) issued, in November last year, the guidance note for those interested in applying for non-domestic television programme service licences in Hong Kong. As of today, three applications are being considered.

5. We understand that safeguarding fair competition is an important element of our market liberalization policy. To this end, we have already incorporated competition provisions in the Broadcasting Ordinance. With the promulgation of the competition guidelines by the BA on 16 February this year, the competition provisions

have come into operation from the same day. The Television and Entertainment Licensing Authority, as the executive arm of the BA, will strictly enforce the provisions to ensure fair and effective competition in the market.

FILM SERVICES

Entertainment Special Effects Regulatory System

6. The Entertainment Special Effects Ordinance governing the use of dangerous goods in the production of special effects in films, television programmes and theatrical performances came into effect on 16 March. We will keep in view the operation of the new system and conduct reviews from time to time to ensure that the operational needs of the film and entertainment industry are met.

Control of Obscene and Indecent Articles

7. After consulting the public on the policy proposals arising from the review of the Control of Obscene and Indecent Articles Ordinance that we published last year, we are now considering carefully the views received. We propose to increase staff resources to step up inspection, publicity and public education efforts in the next financial year.

INFORMATION TECHNOLOGY

Promotion of Electronic Commerce

8. We will continue with our efforts to promote electronic commerce in the business sector. Last year, we focused on the development of electronic commerce infrastructure, e.g. the enactment of the Electronic Transactions Ordinance and the establishment of a certification authority. In the coming year, we will strengthen the promotion of electronic commerce.

Review of Electronic Transactions Ordinance

9. The Electronic Transactions Ordinance which was passed by the Legislative Council in January 2000 provides a clear legal framework for the development of electronic commerce in Hong Kong, thereby increasing the confidence of the public and the business sector in conducting electronic transactions. In view of the rapid development of electronic commerce, we undertook during the Legislative Council's consideration of the Electronic Transactions Bill to conduct review 18 months after the commencement of the Ordinance. Hence, we will conduct the review in the middle of this year and seek the views of the LegCo Panel on Information Technology and Broadcasting.

“E-Government”

10. We will implement various information technology (IT) initiatives in order to develop e-government. In 2001-02, we will continue to implement the Electronic Service Delivery (ESD) scheme to provide the public with one-stop and diversified electronic public services. We will also introduce e-government forms to enable the public to fill in the forms electronically and submit them via the Internet. In addition, we will co-ordinate the implementation of a phased programme for adopting inter-departmental and intra-departmental electronic transactions to promote the wider use of IT within the Government. At the same time, we will also enhance the internal IT infrastructure to form a solid basis for the development of e-government.

Promotion of the use of IT in the community

11. One of the main objectives of our “Digital 21” IT strategy is to promote the use of IT in the community and enhance public awareness of IT. In the next financial year, we will continue with the community-based IT promotion programmes under the “IT Hong Kong” campaign, of which the “IT Awareness Programme” has so far offered 14 000 places to various sectors of the community, including housewives, the elderly, the disabled and new arrivals, etc. There will be some 3 000 more members of the public attending such courses in the coming month. In view of the good response, we plan to organize similar courses in the next financial year to promote the interest and awareness of the public in the use of IT. In order to improve the accessibility of IT, we have also installed some 2 250 computers at community centres, community halls and public libraries, etc. for use by the public free of charge. We will carry on with this project and aim to increase the number of public computers to 3 200 by the end of this year.

IT manpower supply

12. A Task Force on IT Manpower comprising representatives of the IT industry, chambers of commerce, universities and training institutions has been set up under ITBB to explore in detail the possible ways to address the shortage of IT manpower. We will consider inviting renowned overseas IT training institutions to come to Hong Kong to provide training programmes, encouraging the industry to participate in the provision of IT training, examining the provision of accreditation for non-degree IT courses, enhancing the IT content in vocational training curriculum and providing opportunities for local IT talents to receive overseas training so as to widen their perspective.

CYBERPORT

13. The Cyberport project is progressing well. As the Financial Secretary said in his Budget, the Cyberport will open in phases between 2002 and 2003. It will be able to accommodate 150 – 200 quality IT companies. To date over 270

companies have registered interest in becoming tenants. We have set up a committee, comprising local and international experts as well as industry members, to advise us on the selection of tenants process. I have just had the first meeting with members of the Committee yesterday. We will announce the application procedures in April. The first batch of tenants will move in early next year.

TELECOMMUNICATIONS

14. Third generation (3G) mobile communication services, being the next generation of mobile communication services, will bring enormous business opportunities in areas from network operation to content creation and service application. We will try our best to issue 3G licences as soon as possible so that Hong Kong would enjoy 3G services at the same time as other advanced economies and maintain our leading position in mobile communications.

15. We have decided to adopt the hybrid method of pre-qualification followed by spectrum auctioning to select four 3G service operators. Our priority task at present is to seek the support of the Legislative Council for the Telecommunications (Amendment) Bill 2001 and the subsidiary legislation on spectrum utilization fee of 3G services so that we can formally invite licence applications. The Bills Committee has already commenced its examination of the legislation concerned. We maintain our plan to issue the licences in mid-2001 in spite of the tight schedule.

16. Hong Kong's telecommunications market is one of the most open markets in the world. This is attributed to our long-standing policy of progressive liberalization of the telecommunications sector. To further liberalize the local fixed telecommunications market, we have, in the policy address published last year, undertaken to invite licence applications for the operation of wireline-based local fixed telecommunications network within this year. We are now examining the arrangements concerned so that invitation can be made later this year.

17. Upon the passage of the Telecommunication (Amendment) Ordinance 2000 by the Legislative Council in June last year, we have gradually implemented the measures stated therein, including rationalizing the licensing framework and enhancing the safeguards for fair competition in the industry. In January this year, we enacted the subsidiary legislation on the implementation of the carrier licence, which will subsequently come into force on 1 April. In 2001, we will further implement other streamlined licensing measures and gradually introduce new class licences in consultation with the public and the industry. Such arrangements will streamline the licensing procedures and will help promote further development of the telecommunications industry, thus making Hong Kong the telecommunications hub in the Asia Pacific region.

CONCLUSION

18. Mr Chairman, this concludes my opening remarks. If Members have any questions, my colleagues and I will be pleased to answer them.