

立法會
Legislative Council

LC Paper No. CB(1)410/00-01

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seen by the Administration)

Ref : CB1/PL/ITB/1

Legislative Council
Panel on Information Technology and Broadcasting

Minutes of meeting
held on Monday, 11 December 2000, at 2:30 pm
in Conference Room A of the Legislative Council Building

- Members present** : Hon SIN Chung-kai (Chairman)
Hon Kenneth TING Woo-shou, JP
Hon David CHU Yu-lin
Hon CHAN Kwok-keung
Dr Hon Philip WONG Yu-hong
Hon YEUNG Yiu-chung
Hon Emily LAU Wai-hing, JP
Hon Timothy FOK Tsun-ting, SBS, JP
Hon LAW Chi-kwong, JP
- Members absent** : Hon Howard YOUNG, JP (Deputy Chairman)
Hon Eric LI Ka-cheung, JP
- Public officers attending** : For Items III, IV, V & VI

Mrs Carrie YAU
Secretary for Information Technology and Broadcasting
- For Item III

Miss Annie TAM
Deputy Secretary for Information Technology and
Broadcasting (3)
- Mr M T WONG
Chief Engineer (CP), Information Technology and
Broadcasting Bureau

For Item IV

Ms Eva CHENG
Deputy Secretary for Information Technology and
Broadcasting (1)

Mr M H AU
Acting Director-General of Telecommunications

Mr Eddie MAK
Principal Assistant Secretary for Information Technology
and Broadcasting (A)

For Item V

Mr K H LAU
Director of Information Technology Services

Mr Alan SIU
Deputy Secretary for Information Technology and
Broadcasting (2)

For Item VI

Mr Eddy CHAN
Commissioner for Television and Entertainment Licensing

Miss Helen TANG
Assistant Commissioner (Entertainment), Television and
Entertainment Licensing Authority

Miss Adeline WONG
Principal Assistant Secretary for Information Technology
and Broadcasting (B)

Mr IP Lup-ng
Principal Entertainment Standards Control Officer (Film),
Television and Entertainment Licensing Authority

Clerk in attendance : Miss Polly YEUNG
Chief Assistant Secretary (1)3

Staff in attendance : Ms Sarah YUEN
Senior Assistant Secretary (1)4

I Confirmation of minutes of meeting and matters arising
(LC Paper Nos.CB(1)218 and 275/00-01)

The minutes of the Panel meetings held on 2 and 13 November 2000 respectively were confirmed.

2. Members noted the Panel's list of follow-up actions.

II Date and items of discussion for next meeting

3. Members agreed to discuss at the next regular meeting of the Panel to be held on 8 January 2001 at 2:30 p.m. the item of 'software assets management in Government' proposed by the Administration. They also agreed that the other items to be included on the agenda of this meeting would be finalized later in consultation with the Chairman and the Administration. Members would be notified as soon as practicable.

Clerk

III Cyberport
(LC Paper No. CB(1)281/00-01(01))

4. The Deputy Secretary for Information Technology and Broadcasting (3) (DS/ITB(3)) briefed members on the progress of the Cyberport Project.

Tenancy matters

Tenants' nature of business

5. Noting that over 200 companies had registered interest in becoming tenants at the Cyberport, Mr Kenneth TING enquired about the number of companies which would set up their offices for the first time in Hong Kong. In reply, DS/ITB(3) reported that there were about 30 new companies and some of them planned to set up their regional headquarters in Hong Kong. Some interested companies which already had offices in Hong Kong indicated that they would concentrate on developing new, leading-edge applications of information technology (IT) at the Cyberport instead of simply relocating their existing business.

6. Miss Emily LAU considered that as the Government was to a certain extent subsidizing tenants of the Cyberport, she was keen to ensure that the Cyberport would be able to achieve its promulgated objective of attracting a strategic cluster of IT/information services (IS) companies instead of becoming another quality property development project. In response, DS/ITB(3) said that the preliminary proposals from many of the interested companies were consistent with the Cyberport vision. The tenancy details had yet to be finalized pending the establishment of a tenant selection committee.

7. In this regard, the Chairman enquired about measures, such as by way of tenancy conditions, to ensure that the tenants of the future Cyberport would genuinely engage in the business as stated in their tenancy applications. Whilst he appreciated that a certain degree of flexibility might be necessary for the Cyberport tenants, he opined that the Administration should consider setting up an ongoing mechanism to monitor changes, if any, to the business nature of the tenant companies to ensure that the Cyberport would meet its intended objectives. Miss Emily LAU shared the Chairman's view. In response, DS/ITB(3) noted members' concerns and advised that in devising the necessary tenancy arrangements, all relevant factors would be taken into account and reference would also be made to the practices adopted by "cyberports" overseas. She undertook to report further progress to the Panel in due course.

Admin

The admission procedure

8. Miss Emily LAU noted that the total space requirements indicated by about one-third of the interested companies had already exceeded the total office space on offer at the Cyberport. She expressed concern about how the Cyberport could accommodate as many as over 150 companies as planned. In reply, DS/ITB(3) confirmed that to accommodate the 150 companies, the space allocated to each interested company might have to be smaller than their indicative space requirements. Notwithstanding, the actual allocation arrangement would be worked out with regard to the advice of the tenant selection committee and the applicants' business plans at the Cyberport.

9. The Chairman urged caution on determining the membership of the Cyberport's tenant selection committee about to be set up so as to avoid conflicts of interests and safeguard fair competition for entry into the Cyberport. In response, DS/ITB(3) assured members that in determining the size and composition of the Committee, the Administration would ensure that it would consist of both local and overseas experts. Members noted that members of the Committee would be appointed and announced in early 2001.

10. As to the party which would ultimately decide on the tenants to be admitted into the Cyberport, DS/ITB(3) and the Secretary for Information Technology and Broadcasting (SITB) explained that the tenant selection committee would advise on the admission criteria and the profile of the tenants and scrutinize the tenancy applications for the consideration of the Financial Secretary Incorporated (FSI) which would make the final decisions and authorize the conclusion of tenancy agreements. The Information Infrastructure Advisory Committee would also be consulted on the admission criteria.

Proposed conversion of residential developments in the Cyberport Portion into offices

11. Miss Emily LAU enquired about plans to convert residential units in the Cyberport Portion into office space to meet the strong demand. In reply, DS/ITB(3) reported that a revised Master Layout Plan to provide mainly for the conversion of the

planned 148 residential flats in the Cyberport Portion into offices as proposed by members in June 2000 had already been submitted to the Town Planning Board (TPB) for consideration. As to the other residential accommodation to be provided in the Cyberport Portion, namely, a hotel of 125 rooms and 50 serviced apartments, and 27 standalone houses, the Administration was of the view that the hotel should be retained to meet the accommodation needs of Cyberport tenants. On the 27 standalone houses, DS/ITB(3) explained that their conversion into office spaces would need to be carefully considered and might not be practicable, having regard to the following factors -

- (a) Many potential Cyberport tenants had indicated the accommodation needs of their senior expatriate executives working in the future Cyberport.
- (b) The 22 houses to be provided in the Residential Portion had to be planned in conjunction with the 27 in the Cyberport Portion due to planning and land use considerations. All these houses were located in the same subarea. If the latter was to be converted into offices, the feasibility of providing the former would be affected.
- (c) According to the land grant conditions of the site earmarked for the development of the houses, the land use would be for residential purposes only and any change would require TPB's approval.
- (d) There would be a need to conduct another traffic impact assessment even if just the 27 standalone houses were to be converted into offices in view of the greater traffic impact.

12. As to whether some of the units in the Residential Portion could be converted into offices, DS/ITB(3) advised in the negative as according to the land grant conditions and the Project Agreement with Pacific Century Group (PCG), the units were for sale and the surplus proceeds from the sale would be shared between PCG and the Government according to the terms of the Project Agreement. If the number of such units were to be reduced, the profit-sharing arrangement for the Government and PCG as stipulated in the Project Agreement would be affected.

13. The Chairman and Miss Emily LAU nevertheless pointed out that there was ample supply of standalone houses in the vicinity, such as in Pokfulam and Chung Hom Kok and they saw no compelling need for the 27 standalone houses in the Cyberport Portion.

14. The Chairman urged the Administration to review the tenancy situation in the second or third quarter of 2001, when the first round of tenant selection should have been completed, and to also review the need for the 27 standalone houses. DS/ITB(3) agreed to consider his views and would report back to the Panel by June or July 2001.

IV Digital broadcasting

(LC Paper No. CB(1)256/00-01(01) and a set of power-point presentation material tabled at the meeting and circulated thereafter vide LC Paper No. CB(1)313/00-01(01))

15. SITB informed members that a consultation paper entitled 'Digital Terrestrial Broadcasting in Hong Kong' had been published on 1 December 2000 for a three-month public consultation. With the aid of power-point presentation, the Principal Assistant Secretary for Information Technology and Broadcasting (A) briefed members on the key policy proposals set out in the Consultation Paper.

Allocation of multiplexes

16. The Chairman asked why in implementing simulcast, the Administration would prefer reserving guaranteed slots on a multiplex for the carriage of the existing analogue services of the two existing terrestrial television broadcasters (referred to as option (b) in the paper) to allocating a whole multiplex to each of them (referred to as option (a) in the paper). In reply, the Deputy Secretary for Information Technology and Broadcasting (1) (DS/ITB(1)) elaborated that in option (a), the two existing broadcasters would each be automatically assigned a whole multiplex without having to apply for the relevant licence. As such, they would be allocated additional frequencies to provide new television services and/or additional services such as multi-media and interactive services without having to go through a licence selection process. In option (b) however, an open and competitive licence selection process would be implemented for all multiplexes available, and the two broadcasters would only be given guaranteed slots on two different multiplexes for the carriage of their existing analogue services. Option (b) was therefore better because it could ensure fair competition while the services of the existing terrestrial television broadcasters would be able to continue on the digital platform. Moreover, if option (b) was adopted, the two existing terrestrial television broadcasters might choose to compete for a multiplex licence themselves so as to secure spare capacity to provide additional services.

17. In this connection, Mr LAW Chi-kwong enquired if the introduction of the more spectrum-consuming High Definition Television (HDTV) would be affected by the adoption of the guaranteed slots option because after reserving guaranteed slots for the existing terrestrial television broadcasters, the remaining slots on the two relevant multiplexes might hardly be sufficient to support HDTV. In reply, DS/ITB(1) assured members that if the digital terrestrial television (DTT) standard of DVB-T was adopted, the maximum number of multiplexes available would at most be six. As such, the other four unshared multiplexes could be used to introduce HDTV service. Mr LAW was however concerned that the obligation on the two relevant multiplex licensees sharing slots with the terrestrial broadcasters might unfairly prevent them from introducing HDTV service. In response, DS/ITB(1) said that since interested parties could apply for two multiplexes, the multiplex licensees bound by the guaranteed slot requirement could apply for an additional multiplex if they wished to provide HDTV service. Alternatively, services could also be lined up

flexibly to make available capacity for the provision of HDTV service.

18. As to the criteria for deciding whether to award two multiplexes to one applicant, DS/ITB(1) advised that a number of factors would need to be taken into account. For example, the potential licensee's service rollout plan, committed investments, and business plans to promote DTT take-up rate would all be considered.

19. Noting that the licensing of multiplexes would be by way of selection on merits, Miss Emily LAU questioned why the auctioning element had not been incorporated as in the case of licensing for third generation (3G) services to ensure fair competition. In reply, DS/ITB(1) explained that 3G licensing needed to be supplemented by auctioning because the future operating environment for 3G services was fraught with uncertainties and as such, attempts to select operators on the basis of applicants' business plans alone might be highly subjective. However, in the case of digital broadcasting, there was greater certainty to facilitate the preparation of a meaningful business plan for proper merit assessment. Moreover, a merit selection approach taking into account a potential licensee's business plan of DTT take-up rate might also help to achieve the policy objective of promoting DTT penetration. DS/ITB(1) further assured members that the merit assessment criteria would be announced to provide greater transparency. In reply to Miss LAU, DS/ITB(1) advised that the Netherlands was the only country known to have allocated multiplexes by auctioning.

Transition from analogue to digital broadcasting

20. Mr YEUNG Yiu-chung noted that a review on whether and when a switch-off date should be set for analogue broadcast would be undertaken in five years following commencement of simulcast or when the penetration of digital terrestrial television reached 50% of all television households, whichever was the earlier. He enquired which of the above two factors would weigh heavier in making the switch-off decision. In reply, DS/ITB(1) confirmed that the 50% penetration rate would be a more important consideration.

21. The Chairman was concerned that if analogue TV would not be switched off until DTT penetration reached 50%, and that if the existing terrestrial television broadcasters were automatically assigned DTT frequencies, the broadcasters might not have sufficient incentives to invest in DTT infrastructure to facilitate early switch-off and release of radio spectrum for other uses. In response, DS/ITB(1) assured members that the Administration might require the two terrestrial broadcasters to give commitments in the promotion of digital broadcasting when negotiating renewal of their licences due to expire on 1 December 2003. Multiplex operators would also be required to provide performance bonds to ensure that their commitments on DTT network rollout plan would be honoured.

22. In this connection, the Chairman pointed out that Hong Kong should, as in the case of the United Kingdom (UK), the United States (US) and Japan, set a specific timetable for the switch-off for analogue broadcast to effect early release of radio

spectrum for broadcasting or other uses. In response, DS/ITB(1) pointed out that in the US, DTT frequencies were automatically allocated to existing broadcasters. However, in Hong Kong, the multiplexes were proposed to be allocated in a competitive manner. Hence, the switch to digital broadcasting should best be left to market forces rather than mandated at the outset, when the market response was yet to be known.

23. Noting that digital TV might completely replace analogue TV in five years following commencement of simulcast, Miss Emily LAU was keen to ensure that the benefits of digital broadcasting could outweigh its costs. In reply, DS/ITB(1) highlighted the better reception quality and spectrum efficiency brought about by DTT which could also enable the introduction of HDTV and other additional services. As for the financial implications on consumers, DS/ITB(1) pointed out that since the proposed business plan for promotion of the early take-up of digital television, such as provision of set-top boxes or digital receivers, would be one of the assessment criteria for multiplex licences, the additional cost borne by consumers would likely be small.

24. On how picture quality could be improved by digital broadcasting, the Acting Director-General of Telecommunications reported that digital broadcasting could be used to produce HDTV images of around 1080 line/50 field per second as compared to the 625 line/50 field per second analogue television system currently adopted in Hong Kong. He however cautioned that although HDTV could enhance picture quality, it would also take up more spectrum so that if HDTV service was provided, the number of TV programmes that could be transmitted by a digital frequency channel at one time would be one only instead of four to five.

Other concerns

25. Miss Emily LAU enquired whether the two existing terrestrial television broadcasters providing free TV service could also provide pay service on digital frequencies allocated to them should there be spare capacity. In reply, DS/ITB(1) confirmed that since their existing licences only allowed them to offer free TV services, should the two broadcasters contemplate providing pay TV service as well, they would have to apply for an additional TV licence. In such a case, they would need to secure the approval of the Chief Executive in Council for exemption from the cross-media ownership restriction.

26. Accounting for the low penetration rate of digital audio broadcasting (DA Broadcasting) in the UK and Singapore, DS/ITB(1) said that the commercial operation of DA Broadcasting had only been launched in UK two years ago and in Singapore a year ago. According to studies conducted, the low penetration rate might be due to the high market price of DA Broadcasting receivers.

Admin

27. At Miss Emily LAU's request, DS/ITB(1) agreed to report to the Panel the results of the current consultation exercise.

V The administration of Internet domain names in Hong Kong
(LC Paper No. CB(1)272/00-01(01))

28. The Director of Information Technology Services (DITS) briefed members on the background and latest developments in the administration of Internet domain names in Hong Kong.

29. On the alternative dispute resolution mechanism to be established, DITS said that the details were not yet available pending the appointment of the service provider(s) by the Provisional Board on the Administration and Assignment of Internet Domain Names and Internet Protocol Addresses in Hong Kong in early 2001. As to whether there was any avenue for appeals, DITS explained that the proposed mechanism was in essence an arbitration service available to both parties to enable them to resolve disputes arising from the registration or use of domain names. Either party could take the case to the court if it was not satisfied with the outcome of arbitration.

30. On whether fees would be charged under the proposed dispute resolution mechanism, DITS pointed out that according to the present arrangements of the Internet Corporation for Assigned Names and Numbers, fees would be charged for dispute resolution services. However, whether charges would be levied for the local arrangements would need to be decided by the proposed new corporation which was to assume the overall responsibility for Internet domain name administration in Hong Kong.

31. The Chairman referred to Annex D of the Administration's information paper on the composition of the provisional board. As eight out of the 16 members on the Board were representatives from the universities funded by the University Grants Committee (UGC), the Chairman questioned whether the number of representatives from the academia was proportionately high vis-à-vis the number of representatives from other sectors. He was concerned that innovative initiatives might be stifled if the representatives from the universities and the Chairman were not in favour of such initiatives or proposals.

32. In response, the Deputy Secretary for Information Technology and Broadcasting (2) (DS/ITB(2)) explained that since the computer centres of the eight tertiary institutions were actively involved in the administration of Internet domain names, it was only reasonable that they should all be represented. Moreover, with its broad membership and transparency, the Administration was confident that the Board would be able to take on board the views of all relevant parties. DS/ITB(2) further advised that the new registration policies were based on the public consultation results and the Joint Universities Computer Centre had already clearly indicated it would implement the measures proposed in the consultation exercise as soon as practicable. Whilst he was confident on the smooth functioning of the Board, DS/ITB(2) took note of the concern of the industry about the unbalanced composition of the Board as conveyed by the Chairman.

VI Public Opinion Survey on Film Classification 2000

(LC Paper No. CB(1)272/00-01(02) and a set of power-point presentation material tabled at the meeting and circulated thereafter vide LC Paper No. CB(1)313/00-01(02))

33. With the aid of power-point presentation, the Commissioner for Television and Entertainment Licensing (C for T&EL) briefed members on the findings of the 2000 Public Opinion Survey on the Film Classification System. In this connection, the Chairman remarked that the problem of young persons below 18 years of age viewing Category III films at home might even be a bigger problem than their watching such films in cinemas.

34. Mr YEUNG Yiu-chung asked why although 42% of respondents to the main survey considered the current film classification standards a bit lenient, still up to 94% of the respondents considered the standards generally acceptable. In response, C for T&EL explained that this might be because the respondents had been asked about their general impression of the standards. As such, most of the respondents who considered the standards a bit lenient did not find such an observation significant enough to affect the acceptability of the standards. Mr LAW Chi-kwong however stated that the findings might also be interpreted as indicative of a need to tighten the standards to address concerns that they were a bit lenient.

35. In response, C for T&EL stressed that in response to the concerns as revealed from the survey, the Film Censorship Guidelines had already been tightened to the effect that films which condoned triad society and activities or values would be classified as Category III. At present, there was no plan to further tighten the Guidelines given that a large majority of the respondents found the present standards acceptable. He however assured members that since the survey results would be submitted to the panel of advisers of the Television and Entertainment Licensing Authority for reference, views that the standards were a bit lenient would be duly taken into account when the panel advised on film censorship in future.

36. The Chairman questioned the reasons for the significant drop in the number of films classified in 2000, in particular Category III films. In reply, C for T&EL said that the decrease in Category III films was essentially market-driven as less Category III films would be produced if they were not as marketable and profitable as Category IIB films. He further advised that the decrease was also attributable to the exemption from censorship of non-commercial slides of a cultural, educational, instructional, promotional or religious nature.

37. In response to the Chairman, C for T&EL confirmed that the sale of compact discs and video compact discs of films which were not intended for public exhibition in Hong Kong was subject to the Control of Obscene and Indecent Articles Ordinance instead of the Film Censorship Ordinance. Such material was therefore not subject to prior censorship.

38. The meeting ended at 4:30 p.m.

Legislative Council Secretariat

4 January 2001