

**立法會**  
**Legislative Council**

LC Paper No. CB(1)776/00-01  
(These minutes have been  
seen by the Administration)

Ref : CB1/PL/ITB/1

**Legislative Council**  
**Panel on Information Technology and Broadcasting**

**Minutes of meeting**  
**held on Monday, 12 February 2001, at 2:30 pm**  
**in the Chamber of the Legislative Council Building**

- Members present** : Hon SIN Chung-kai (Chairman)  
Hon Howard YOUNG, JP (Deputy Chairman)  
Hon Kenneth TING Woo-shou, JP  
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
- Member attending** : Hon LAU Chin-shek, JP
- Members absent** : Hon David CHU Yu-lin  
Hon Eric LI Ka-cheung, JP
- Public officers attending** : For Items IV, V & VI  
  
Mrs Carrie YAU  
Secretary for Information Technology and Broadcasting  
  
Ms Gracie FOO  
Principal Assistant Secretary for Information Technology  
and Broadcasting (E)  
  
Mr M H AU  
Senior Assistant Director (Regulatory), Office of the  
Telecommunications Authority

For Items V and VI

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

**Attendance by  
invitation**

: Hutchison Global Crossing Limited

Mr Peter YIP  
Chief Operating Officer

Mr Charles YIP  
Senior Manager - Regulatory & Strategy Planning

New T&T Hong Kong Limited

Mr Frankie YICK  
Vice President, Customer Operations(2)

Mr Tony CHEUNG  
Director, Consumer Market

New World Telephone Ltd.

Mr HO Nai-man, Paul  
Director, Marketing

Mr CHOW Wai-sang, Dumas  
General Counsel

PCCW-HKT Limited

Mr Roy WILSON  
Managing Director

Mr Stuart CHIRON  
Director of Regulatory Affairs

Hong Kong Broadband Network Ltd

Mr Ricky WONG  
Chairman

Mr Eric WONG  
Associate Director

Level 3 Communications Limited

Mr Alasdair GRANT  
Director, Regulatory & Strategic Affairs, Asia

Mr Ken LIU  
Director, Regulatory Affairs, Hong Kong

Consumer Council

Mrs CHAN WONG Shui  
Chief Executive

Mr Ron CAMERON  
Head, Trade Practices Division

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

**Staff in attendance** : Miss Connie FUNG  
Assistant Legal Advisor 3

Ms Sarah YUEN  
Senior Assistant Secretary (1)4

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**I Confirmation of minutes of meeting and matters arising**  
(LC Paper Nos. CB(1)571/00-01 and 543/00-01(01))

The minutes of the Panel meeting held on 8 January 2001 were confirmed.

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

**II Information paper issued since last meeting**  
(LC Paper No.CB(1)540/00-01)

3. Members noted the 2001 edition of the 'Guide to Filming in Hong Kong' circulated vide LC Paper No.CB(1)540/00-01 .

**III Date and items for discussion for next meeting**

4. Members agreed to discuss at the next regular meeting of the Panel to be held on 12 March 2001 at 2:30 pm the item of 'web access by disabled persons'. They also agreed that the other items to be included on the agenda of this meeting would be

Clerk finalized later in consultation with the Chairman and the Administration. Members would be notified as soon as practicable.

#### **IV Interconnection issues**

##### Meeting with deputations

5. The Chairman welcomed the deputations and invited their views on interconnection issues.

##### Meeting with wireline based fixed telecommunication network services (FTNS) operators

*Hutchison Global Crossing Ltd. (Hutchison)*  
(LC Paper No. CB(1)543/00-01(02))

6. Mr Peter YIP took members through Hutchison's submission which in gist contained the following points -

- (a) Where Type I interconnection was concerned, Hutchison's focus was on the migration of its interconnection arrangements with PCCW-HKT Limited (HKT) from the transmission circuits leased from HKT to Hutchison's self-provided facilities through commercial negotiations with HKT. Nevertheless, the difficulties depicted by New T & T Hong Kong Ltd (New T & T) and New World Telephone Ltd (New World) relating to traffic forecasts, service ordering, costs recovery arrangements, etc. should be further explored by the Office of the Telecommunications Authority (OFTA) with other industry players to arrive at satisfactory arrangements.
- (b) As to Type II interconnection, since it had always been Hutchison's corporate strategy to focus on developing its own network and direct access to customers, Hutchison was rapidly reducing its dependence on interconnection. Currently, only about 25% of Hutchison's telephone subscribers' lines utilized Type II interconnection arrangements and its plan was to eventually phase out such arrangements. Hutchison believed that for the long-term interests of the telecommunications industry and Hong Kong at large, focus should not be placed on the sharing of old telecommunications infrastructure. Instead, investment to effect a better and new telecommunications infrastructure should be encouraged.
- (c) On market share, while the three existing new wireline-based FTNS operators together only enjoyed 5% market share, this should not be read as a lack of achievements on the part of the new operators. In fact, given the various physical and regulatory constraints such as lack of space in existing buildings, restrictions on road opening, etc.,

Hutchison's achievements in building access, number of telephone exchanges and network coverage were significant.

- (d) When assessing the benefits resulting from liberalization of the FTNS market, one should not just focus on the market share which the new operators had developed for local residential and commercial fixed line telephony service because this type of service was only one of the many services provided by FTNS operators. FTNS operators also served other telecommunications service providers. In fact, as a result of the liberalization, alternative choices of a variety of fixed network service products had become available to these telecommunications service operators.

*New T & T Hong Kong Ltd (New T & T)*

(LC Paper Nos. CB(1)423 and 560/00-01 as well as a set of power-point presentation material tabled at the meeting and circulated thereafter vide LC Paper No. CB(1)586/00-01(01))

7. With the aid of power-point presentation, Mr Tony CHEUNG elaborated on New T & T's view on how competition in the FTNS market had been strangled by monopoly. He pointed out that HKT still had 95% market share not because of lack of investment in network and service rollout by existing new wireline-based FTNS operators, but because of interconnection hurdles placed by HKT, the dominant player, as follows -

- (a) HKT was not willing to co-operate in Type I interconnection under the excuses of the lack of commitment from requesting operators and over-forecast by New T & T. These excuses were invalid because New T & T was in fact making substantial investment on its side of the network and the current regulatory regime had already provided sufficient safeguards to HKT against over-forecasts. Moreover, over-forecasts were mainly the result of rapid market and regulatory changes and anti-competitive acts by HKT.
- (b) Where Type II interconnection was concerned, the main problems were long cutover time and high cost of implementation and maintenance. While Government would prefer the parties concerned to negotiate the terms of Type II interconnection through commercial negotiation, this did not always work because of inherent conflict of interests between HKT and the new FTNS operators.

8. Mr Tony CHEUNG concluded that to give consumers real choice, OFTA should immediately eradicate unfair market practices, direct HKT to provide the much needed point of interconnection (POI) capacity to facilitate interconnection, and investigate whether HKT was engaging in anti-competitive conduct or abusing its dominant position.

*New World Telephone Ltd. (New World)*  
(LC Paper No. CB(1)424/00-01)

9. Mr Paul HO pointed out that New World had already extended its backbone network to cover over 80% of Hong Kong's population but had experienced difficulties in extending the last mile coverage through Type II interconnection. Such difficulties included long lead time from filing of application to the provision of service, restrictions on the rate of implementation of co-location at exchanges, unreasonably high charges for the setting up and continued operation of equipment in co-location exchanges, restrictions on the number of subscriber lines to be cut-over per working day per exchange per operator, etc. According to Mr HO, the above problems had prevented New World from providing service to more customers despite a surge in enquiries for switching services following HKT's announcement of increases in local telephone tariffs.

*PCCW-HKT Limited (HKT)*

(LC Paper Nos. CB(1)429/00-01(01), 548/00-01 as well as the speaking note and power-point presentation material tabled at the meeting and circulated thereafter vide LC Paper Nos CB(1)586/00-01(02) and (03))

10. With the aid of power-point presentation, Mr Roy WILSON explained HKT's position as follows -

- (a) There was no evidence that HKT was to be blamed for the present market share of the three new wireline-based FTNS operators. In fact, although the new operators altogether had built only about 80,000 to 90,000 local exchange lines, they had been able to achieve a 5.5% market share by using and reselling the local exchange lines of HKT because of inexpensive interconnection charges and HKT's co-operation in all other aspects of interconnection. Moreover, with new operators achieving 5.5% market share, Hong Kong was faring quite well as compared with other places undergoing similar deregulation exercises.
- (b) As to disputes between HKT and the other FTNS licensees about interconnection capacity forecasts, HKT considered it both unfair and unreasonable to be required to make considerable financial outlays in effecting the requested interconnection while the requesting licensees were not obliged to match their forecasts with any financial commitments. Under the existing cost recovery and depreciation schedules, full compensation to HKT would not occur unless the requested capacity was fully used for 15 years. This arrangement would leave HKT with the near certainty of stranded investment.
- (c) On the issue of provisioning, HKT had been providing interconnection in a reasonable time- and cost-frame as required by its licence and OFTA statements, and its provisioning timeframes were within global best practices. Complaints about long lead times and higher than expected charges for effecting interconnection were only due to

unreasonable expectations and a seemingly lack of awareness of the full extent of the time, effort and material expense involved.

- (d) Regarding the allegations of congestion, HKT had actively sought to avoid any congestion, and had in fact re-aligned existing ports and provided new ports. Moreover, the congestion problem should ease with dial-up Internet traffic declining as a result of the dramatic growth of the broadband Internet market.
- (e) On slow customer cutovers, HKT in fact moved over 99% of such customers within six to eight days, consistent with global best practices. According to the Code of Practice for the Interconnection of Local Access Link (the Code of Practice) agreed to by all the FTNS operators, HKT's target was to handle 36 lines per day per operator per exchange although the average cutover demand was less than 20 circuits per day per exchange.

11. Mr Roy WILSON then highlighted the following interconnection problems encountered by HKT -

- (a) Although HKT would like to gain access to the FTNS network of 'i-cable' and an open access requirement was within the 'i-cable' FTNS licence, OFTA had declined HKT's recommendation to include 'i-cable' in the most recent effort to re-write the Code of Practice.
- (b) HKT could not always obtain access to buildings owned by or managed by real estate companies affiliated with the other FTNS operators. However, OFTA had not acted on this issue in spite of HKT's request to do so.
- (c) The price for moving customers opting to switch to HKT from another FTNS licensee with number portability had recently increased sharply.

local wireless FTNS operators

*Hong Kong Broadband Network Limited. (HKBN)*  
(LC Paper No. CB(1)543/00-01(03))

12. Mr Ricky WONG highlighted the following salient points in HKBN's submission -

- (a) In view of the conflicting interests of different operators in rolling out their networks/services, the existing arrangement of relying on network operators to negotiate the terms and conditions for interconnection on a commercial basis might no longer work. For example, HKBN's negotiation for interconnection with the network of 'i-cable' had not yet been resolved. OFTA should take a more proactive role in devising more effective implementation rules for compliance by network

operators to expedite interconnection.

- (b) HKBN agreed that the "forecasting approach" had created uncertainty whereby both the requesting and the incumbent operator did not have sufficient and accurate information to plan their service rollout/network coverage. To address the problem, HKBN supported an "ordering approach" whereby both the requesting operator and HKT would be committed to certain network capacity or financial commitment.

Meeting with external service FTNS operators

*Level 3 Communications Ltd (Level 3)*

(LC Paper No. CB(1)574/00-01)

13. Mr Alasdair GRANT took members through Level 3's submission and highlighted the following points -

- (a) As currently interpreted, Level 3's licence prohibited it from completing its international cable system once it reached the Hong Kong shore. As such, it had to acquire the final links from the domestic FTNS operators at very high prices.
- (b) Level 3 had no clear right to interconnect at the fibre level because the recent Broadband Interconnection Statement had left this issue open. Level 3 was forced to purchase capacity in increments representing tiny fractions of its requirements at extremely high prices. The absence of 'buy' rights had also violated Hong Kong's World Trade Organization obligations under which Hong Kong should develop interconnection policies that ensured all elements of a network were made available on a fully unbundled basis.
- (c) The Administration was urged to create effective 'build' and 'buy' rights for external FTNS operators, and to issue further domestic FTNS licences immediately and allow the licensees to start building their networks in readiness for 1 January 2003.

Meeting with other organizations

*Consumer Council (CC)*

(Submission tabled at the meeting and circulated thereafter vide LC Paper No. CB(1)586/00-01(04))

14. Mrs CHAN WONG Shui briefed members on CC's submission as follows -

- (a) The Government's policy of intervening in the telecommunications market to enhance competition should be set with regard to clearly defined goals and be evaluated against benchmarks to indicate whether there was an appropriate level of competition to benefit consumers.

- (b) CC was concerned that although 1½ years had passed after the extension of the moratorium on FTNS licences, the market share achieved by the new wireline-based FTNS operators was still less than 5%. CC thus proposed that the efficacy of the Code of Practice should be reviewed on an ongoing basis against such benchmarks as the market share of new entrants. Regular reporting of the incremental advances of the new operators in terms of market shares and area coverage could give clear indications of whether the regulatory regime was working effectively, and whether specific competition safeguards should continue or be revised.

### Deliberations

#### *The interconnection approach*

15. Mr YEUNG Yiu-chung enquired whether New T & T and HKT were willing to adopt the ordering commitment approach as proposed by HKBN. In response, Mr Roy WILSON of HKT stated that if the requesting operator would commit to effect fair payment to HKT, HKT would positively respond to interconnection orders. Mr Tony CHEUNG of New T & T and Mr Ricky WONG of HKBN however recalled occasions on which HKT had failed to respond actively to committed orders. In this regard, Mr Peter YIP of Hutchison opined that only when the two parties involved in interconnection were not on an equal footing would there be a need to pay interconnection charges. As such, the question of payment should not arise where Type I interconnection was concerned if the desired bilateral arrangements whereby each party self-provided their own interconnect facilities were effected. While agreeing with Mr YIP, Mr Ricky WONG said that the current inequitable situation in Type I interconnection was a historical problem.

16. The Deputy Chairman referred to practices of the travel industry and proposed that the payment of deposits, which would be forfeited should there be a default, might also help provide safeguards against requesting operators' lack of commitment to fulfil their forecasts. In response, Mr Ricky WONG of HKBN pointed out that according to HKBN's experience, offers of year-long orders providing security similar to that effected by deposit payment had been rejected by HKT. Mr Roy WILSON of HKT however advised that if a regime ensuring proper implementation of the ordering commitment approach was in place, HKT would welcome the approach. In this regard, Mr Frankie YICK of New T & T pointed out that pending completion of the interconnection review initiated by OFTA, OFTA's Statement No. 8 could provide the necessary safeguards as it stated that requesting operators should bear the full cost of the unused capacity if the estimate made by them turned out to be grossly excessive. As such, the dominant player should not refuse to provide the required capacity on grounds that the relevant forecast was excessive.

17. On the adequacy of the safeguards provided by OFTA's Statement No. 8, Mr Roy WILSON of HKT said that the way the relevant provision was written would require HKT to negotiate for years to seek determination over whether the over-forecast had been made in good faith. As such, a simple and straightforward

commercial agreement was preferred instead to ensure HKT would be paid for its service in a fair and timely manner.

*Concerns about increases in HKT's local tariffs*

18. Miss Emily LAU was concerned about increases in HKT's local tariffs when the tariff cap on it was lifted in January 2002, especially as it was uncertain whether the three existing new wireline-based FTNS operators could meet their service coverage commitments to provide up to 50% of residential customers the choice of an alternative service provider by the end of 2002. She was also concerned about the one-year gap between the lifting of the tariff cap in January 2002 and the achievement of the 50% target by end 2002. In response, Mrs CHAN WONG Shui of CC pointed out that CC's proposal for OFTA to regularly report the incremental advances of new operators in achieving market shares and area coverage could help review the effectiveness of market liberalization and whether further competition safeguards should be contemplated.

19. In this connection, Mr Peter YIP of Hutchison reported on the progress made by Hutchison in extending service coverage. He informed members that Hutchison already had direct access to over 970 buildings and direct leased line access to over 500 buildings. Before the end of 2002, Hutchison would even have direct access to over 2000 buildings, i.e., over 25% of the buildings in Hong Kong, most of which were residential buildings. He was thus confident that coupled with Type II interconnection, Hutchison would be able to meet its service coverage commitments.

20. Mr Tony CHEUNG of New T & T, on the other hand, pointed out that although the Administration had paid HKT \$6.7 billion to liberalize the market by requesting HKT to open its telephone exchanges for interconnection, HKT had not been co-operative and he was concerned that hurdles placed by HKT in Type II interconnection might affect New T & T's ability to meet its 50% service coverage pledge. Mr Frankie YICK of New T & T supplemented that when assessing service coverage, it had to be noted that even after an exchange had been accessed to, there was still a need for supply cables to genuinely effect interconnection.

21. The Chairman thanked the deputations for attending the meeting and invited them to submit further views, if any, to the Panel in writing.

Meeting with the Administration

(LC Paper Nos. CB(1)397/00-01 and 565/00-01(01) to (03))

22. The Secretary for Information Technology and Broadcasting (SITB) reaffirmed that where FTNS was concerned, Government's policy was to introduce competition by liberalizing the market to widen consumer choice. She then highlighted the following points -

- (a) The Administration appreciated members' concern that the dominant operator still occupied a market share at 95%, despite the introduction of competition in the local wireline-based FTNS market in 1995.

However, it should also be noted that, for example, in Australia whose FTNS market was opened in 1992, the market share enjoyed by the new operators was also only 5%. As for the United Kingdom, where new operators' collective market share reached 18%, its market was liberalized as early as 1984. As such, market dominance took time to break and the interconnection problems quoted by the new FTNS operators were not unique for Hong Kong. Nonetheless, the Administration would assist the new wireline-based FTNS operators so that more than 50% of the residential line customers would have an alternative choice of at least one new FTNS operator by end 2002.

- (b) To ensure that the new wireline-based FTNS operators could fulfill their rollout commitments, the Administration required them to submit interim progress reports. So far, all but one of them had been able to make progress as committed.
- (c) On complaints about interconnection hurdles placed by HKT, the Administration had introduced amendments to the former Telecommunication Ordinance (TO) in June 2000 to clarify TA's powers to make determinations on interconnection. Although determination proceedings might take time, TA would endeavour to give priority to requests for determination as far as practicable.
- (d) Regarding complaints about long turnaround time for effecting interconnection, a working party had been set up under OFTA to help tackle operational problems to expedite the process.
- (e) On measures to enhance competition, the Government had announced in the Policy Address 2000 that it would invite in 2001 applications for operation of local wireline-based FTNS licences from 1 January 2003.

23. In this regard, members noted that a determination on interconnection between New T & T and HKT under section 36A of TO was pending. The Senior Assistant Director of Telecommunications, OFTA (SADT, OFTA) pointed out that at this stage, it might not be appropriate to comment on the interconnection dispute between New T & T and HKT for fear of prejudicing the TA's determination.

#### *Market share*

24. To provide a clearer perspective on market share, the Deputy Chairman enquired about the market share of the three new wireline-based FTNS operators in areas where interconnection had been effected to give consumers the real choice of an alternative service provided by one of the new operators. While agreeing to try and provide the required information, SADT, OFTA said that such figures might vary with different buildings having regard that certain operators might be associated with the property developers of certain buildings and hence could gain access to them more easily. He further pointed out that in interpreting the current 5% market share of the new FTNS operators, there was a need to also take into account the services

these operators could provide making use of their FTNS network through indirect access, and the significant market shares they enjoyed in the provision of such services.

*Tariff increase*

25. Addressing members' concern about possible increase in HKT's local exchange line tariffs upon lifting of the tariff cap on HKT, SITB explained that the reason for lifting the price control for local telephone line services was that with the liberalization of the market for external services, it would no longer be possible to use the margin from the external services to cross-subsidize the provision of local telephone line services. The prices for the local telephone lines should therefore be gradually raised to cover the costs of provision. This rebalancing programme would facilitate the development of healthy competition in the market for local telephone licences. SITB further assured members that under the licence issued to HKT, the tariffs of the telephone line services provided by it were subject to the approval of the TA as long as it remained the dominant operator in the market for fixed telephone line services. An application for tariff revision might be rejected if the application was in breach of the licence conditions prohibiting unauthorized discounts, anti-competitive practices and abuse of dominant position.

26. Miss Emily LAU sought to ascertain the Administration's stance if HKT remained as the dominant player and applied for permission to increase its tariffs after January 2002. In reply, SITB advised that TA would need to examine each case on its merits and would exercise his statutory power accordingly. She however pointed out that HKT's considerations on tariff increase were subject to keen competition expected from wireless local FTNS operators, new wireline-based local FTNS operators to be licensed from 1 January 2003 onwards and mobile telephone operators, and hence the risk of losing its customers to other competitors.

*Concern about the availability of an alternative choice*

27. In response to Miss Emily LAU's concern about the three new wireline-based FTNS operators' ability to extend service coverage to provide up to 50% of residential customers a genuine choice of an alternative service provider in end 2002, SITB advised that the new licensees had provided corporate guarantees for the fulfilment of their commitments in network roll-out and service coverage. So far, the progress made by them had been very reassuring.

**V Telecommunications (Amendment) Bill 2001**

(The relevant LegCo Brief (File Ref.: ITBB CR 7/23/10(01) issued on 8 February 2001)

28. Members noted that the Telecommunications (Amendment) Bill 2001 sought to, inter alia, establish clearly the respective roles and powers of the Secretary for Information Technology and Broadcasting and the TA in respect of spectrum auctioning so as to provide a firm legal basis to conduct the third generation (3G) licensing exercise. SITB also explained that the introduction of the Bill had

preceded a formal decision on the licensing framework for 3G mobile services so as to expedite the process and allow members more time to scrutinize the Bill within the tight timeframe. She also pointed out that the proposed licensing method comprising pre-qualification and spectrum auctioning was by and large supported by the industry. By the time the relevant Bills Committee commenced work, the key decisions on the licensing and regulatory framework would have been finalized. On the legislative timetable, SITB said that the Administration would hope to enact the necessary legislation (the Bill and subsidiary legislation) by early April with a view to issuing 3G licences by mid 2001 as publicly pledged.

29. On the Administration's proposed "fast-track approach", Miss Emily LAU said that under normal circumstances, she would not agree to any proposal from the Administration to deviate from established practice and procedures. However, as far as the circumstances of the present case were concerned, she appreciated the Administration's concern to enact the necessary legislation early to provide a firm legal basis and spell out the detailed arrangements for the licensing framework. The Chairman also supported the early enactment of the Bill and related subsidiary legislation which would facilitate the timely introduction of 3G services in Hong Kong.

30. In view of the novelty of spectrum auctioning and having regard to the fact that legal disputes had arisen from the European experience of spectrum auctioning, the Chairman considered that a Bills Committee should be set up to scrutinize the Bill. Members agreed. Members also noted that the Administration would request the House Committee to accord priority to the scrutiny of the Bill.

*(Post-meeting note: The House Committee agreed at its meeting on 16 February 2001 to accord priority to scrutiny of the Bill and a Bills Committee was subsequently formed to scrutinize the Bill. The Bills Committee has already held its first meeting on 1 March 2001.)*

31. Noting that the legislative proposals would comprise proposed amendments to TO and subsequently, the making of the necessary regulations, the Chairman suggested that subject to the view of the House Committee at its meeting on 16 February 2001, the same Bills Committee formed to study the Bill should become the Subcommittee to study the relevant regulations for the sake of continuity. Members and the Administration had no objection. He thus directed that the House Committee be notified of the Panel's view.

Clerk

*(Post-meeting note: The Clerk to the House Committee was notified of the Panel's view in writing.)*

32. To expedite the scrutiny process, the Chairman suggested that the Administration should also provide the draft regulations to the Bills Committee for comments. The Administration noted his suggestion.

*(Post-meeting note: When moving the Second Reading of the Telecommunications (Amendment) Bill 2001 at the LegCo meeting on*

14 February 2001, SITB advised that the Administration intended to make public the proposed Regulation shortly not only to allow the Legislative Council to consider the proposed Regulation in conjunction with the Bill, but also make clear to the interested bidders the legal basis on which the 3G licences would be granted.)

33. Miss Emily LAU enquired about the latest position of the proposal to require 3G network operators to open up their network to non-affiliated 3G Mobile Virtual Network Operators (MVNOs) and whether the industry's concerns had been addressed. In response, SITB reported that an industry workshop had been conducted on 5 January 2001 and the Administration was finalizing the relevant arrangements with reference to international practices and having regard to the views of the industry. DS/ITB supplemented that the open network requirement was in fact an extension of the interconnection concept to strike a balance between the interests of network operators and those of network users. She further clarified that the industry in principle supported the open network requirement but some operators were concerned about the percentage of network to be opened up, how such percentage would be measured and how to ensure that network charges would be reasonable. She undertook to report in greater detail when the Administration briefed members on the finalized 3G licensing framework.

Admin

*(Post-meeting note: The Administration briefed the Panel on the licensing framework for 3G mobile services at a special meeting held on 22 February 2001.)*

## **VI Any other business**

34. DS/ITB referred to the competition provisions in the Broadcasting Ordinance (BO) tabled, and informed members that the provisions had yet to take effect pending the finalization of the Competition Investigation Procedures and the Guidelines to the Application of the Competition Provisions of the BO. Now that both sets of guidelines had been finalized after consultation with the industry, the Administration would like to promulgate the aforesaid guidelines and in this connection, to seek members' comments, if any, for the relevant competition provisions under BO to come into operation by notice in the Gazette on 16 February 2001. Members noted that the Commencement Notice was also subsidiary legislation subject to negative vetting by LegCo.

35. In response to Miss Emily LAU's enquiry about the industry's stance on the guidelines, DS/ITB confirmed that the industry in general supported the Guidelines, and had only put forward a few technical amendments which had already been incorporated.

36. Members noted the Administration's intention to gazette the relevant Commencement Notice.

37. The meeting ended at 4:45 pm.

Legislative Council Secretariat

7 March 2001