

立法會
Legislative Council

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**Report of the Panel on Information Technology and Broadcasting
for submission to the Legislative Council**

Purpose

This report gives an account of the work of the Panel on Information Technology and Broadcasting during the 2000-01 session of the Legislative Council. It will be tabled at the Council meeting on 27 June 2001 in accordance with Rule 77(14) of the Rules of Procedure of the Council.

The Panel

2. The Panel was formed by a resolution passed by the Council on 8 July 1998 and as amended on 20 December 2000 for the purpose of monitoring and examining Government policies and issues of public concern relating to information technology, telecommunications, broadcasting and film services. The terms of reference of the Panel are at **Appendix I**.

3. The Panel comprises 11 members. Hon SIN Chung-kai and Hon Howard YOUNG were elected Chairman and Deputy Chairman of the Panel respectively. A membership list of the Panel is at **Appendix II**.

Major work

Telecommunication services

Third Generation (3G) mobile services

4. On the licensing framework for 3G mobile services, the Panel invited views from members of the trade and other interested parties, and exchanged views extensively with the Administration on the hybrid method of pre-qualification of bidders and spectrum auctioning for the award of four licences. While agreeing that Hong Kong must not lag behind in the launch of 3G services in order to maintain its position as a leading telecommunications hub, members urged for caution in view of the novelty of the hybrid method,

especially the auctioning of spectrum based on royalty percentage bids.

5. The Administration assured the Panel that it would work closely with its consultant to devise a set of effective rules, having regard to the objectives of promoting entry, preventing collusive activities and encouraging competition. Members noted that apart from amending the principal ordinance and enacting 3G-specific subsidiary legislation, detailed auctioning rules and an Information Memorandum would be issued in due course. Members stressed the importance of adequate consultation and early promulgation of the auctioning terms and conditions for the guidance of interested bidders.

6. Members supported in principle the requirement that future 3G licensees should lease at least 30% of their network capacity for access by non-affiliated mobile virtual network operators (MVNOs) and/or content providers as this would promote competition at the service and content level over the 3G platform. They nevertheless urged the Administration to spell out clearly the implementation arrangements after consultation with the industry to ensure fairness for both the licensees and the MVNOs.

Interconnection

7. The Panel had examined the difficulties reported by the three new fixed telecommunications network services (FTNS) licensees in effecting the necessary interconnection arrangements with the incumbent dominant FTNS operator. Members were concerned that the target of providing at least 50% of residential customers the choice of an alternative service provided by one of the three new FTNS operators by end 2002 could not be met and effective competition would be curtailed. To address members' concerns, the Administration referred to the statutory powers conferred on the Telecommunications Authority in dealing with disputes, as well as informal mediation conducted by the Authority. Members would keep in view further progress in operators' ability to interconnect promptly and efficiently.

Information technology

Administration of Internet domain names

8. On the institutional arrangements, the Panel noted the establishment of a provisional board for the future non-statutory and non-profit making corporation which would assume overall responsibility for Internet domain names administration in Hong Kong. In response to members' concern about the representativeness of the new corporation, the Administration advised that the board for the new corporation would consist of 13 directors elected by members from “.hk” domain name holders, Internet Service Providers, the IT industry, the commercial sector and the academia. The Government would be represented to provide input pertaining to public policies. Members had also been briefed on the new registration policy which would allow registration of

multiple domain names and the future fee charging arrangements which were comparable to the rates of other economies.

9. As regards concerns about an alternative dispute resolution mechanism to bring about early settlement of disputes without resorting to the court system, the Hong Kong International Arbitration Centre had been appointed to provide arbitration service starting from 1 June 2001.

2001 Digital 21 Strategy

10. The Panel also deliberated on the "2001 Digital 21 Strategy" which mapped out the strategy for Hong Kong's development into a leading digital city. While supporting the development of E-Government, members considered that to promote the use of the e-option for public services, more incentives should be provided to the users. Regarding the Internet penetration rate in Hong Kong, members highlighted the importance of enhancing students' competency in English as English was the primary language of the global information economy and the language for the Internet. Members also exchanged views with the Administration on other key initiatives, notably Hong Kong's external connectivity, the provision of accredited IT training in Hong Kong by overseas renowned training institutions, and pilot IT training schemes for secondary students in co-operation with IT companies.

Digital divide

11. The problem of digital divide faced by disadvantaged groups in society received serious attention by the Panel. To better understand the difficulties in the use of IT faced by disabled persons, the elderly, low-skilled and low-income earners, housewives and newly arrived persons, the Panel had met with deputations and pursued with the Administration suitable measures to enable the socially disadvantaged to benefit from the information economy. The Administration would consider suggestions such as setting up a dedicated committee to formulate and monitor strategies on tackling digital divide, providing suitable training and subsidies for acquiring the necessary hardware and software, setting up more cyberpoints, collaboration with the IT industry and concern groups, drawing up industry standards on the design of barrier-free websites and other IT products. The Panel would follow up the Administration's response and continue to monitor progress in various initiatives to narrow the digital gap.

Cyberport

12. Following funding approval and implementation of major phases of the project, the Panel continued to review the progress and key activities of the Cyberport periodically with the Administration. To address members' concern about the inadequacy of office space to meet the demand, the Administration submitted a revised Master Layout Plan to the Town Planning

Board in October 2000 mainly for the conversion of the planned 148 residential flats in the Cyberport Portion into offices. The Administration had also been requested to further examine other means to make available more office space.

13. To ensure that the Cyberport would serve its intended purpose of creating a strategic cluster of leading information technology and services companies and was not competing with other developers in offering quality office premises, members requested the Administration to take active measures to ascertain that the business nature of the tenant companies was consistent with the Cyberport vision.

14. On the Cyberport's tenant selection committee which would be tasked to advise on the admission criteria and the profile of the tenants, and to scrutinize the tenancy applications, members urged the Administration to exercise caution when determining the membership of the committee so as to avoid conflicts of interests and safeguard fair competition for entry into the Cyberport.

Broadcasting

Digital broadcasting

15. The key policy proposals set out in the consultation paper "Digital Terrestrial Broadcasting in Hong Kong" had been considered by the Panel. While supporting the policy objectives of widening programming choice and encouraging investment and innovation in the broadcasting industry, members had expressed concern about possible high costs to be borne by consumers when digital terrestrial television (DTT) replaced analogue TV in the long run. In response, the Administration assured members that measures proposed by the applicants to facilitate consumers' take-up of digital TV would be one of the assessment criteria for the award of licence.

16. Noting that the Administration had proposed to grant DTT licences by selection on merits, some members questioned whether consideration would be given to adopting an auctioning approach, as in the case of licensing 3G services, to ensure objective and fair competition. The Administration in response advised that the licensing of 3G services was not amenable to the selection method mainly because its future operating environment was fraught with uncertainties. However, in the case of DTT services, there was abundant overseas experience and greater certainty to enable the preparation of a business plan for assessment.

17. The Panel would continue to monitor the outcome of the consultation exercise and follow up on key issues such as compatibility of Hong Kong's DTT standard with that of the Mainland, simulcast of analogue and digital services and a smooth transition from analogue into DTT services.

Competitions provisions

18. The Panel noted that after finalization of the Competition Investigation Procedures and the Guidelines to the Application of the Competition Provisions of the Broadcasting Ordinance, the competition provisions in the Ordinance had come into effect on 6 February 2001. The Panel had exchanged views with the Administration on its plan to engage consultancy service from the Office of the Telecommunications Authority to assist and advise the Broadcasting Authority in the handling of competition related complaints and to draw up an accounting manual for compliance by licensees.

19. In order to ensure open, fair and effective enforcement of the competition provisions, members urged the Administration to review early the need for additional in-house professional staff under the Television and Entertainment Licensing Authority, the executive arm for the Broadcasting Authority. The Administration also noted members' view about the practicability of further merging the functions of the relevant regulatory authorities in the light of convergence in technologies which rendered the boundary between telecommunications and broadcasting far less distinct.

20. From October 2000 to June 2001, the Panel held a total of 13 meetings.

Legislative Council Secretariat
June 2001

Legislative Council

Panel on Information Technology and Broadcasting

Terms of Reference

1. To monitor and examine Government policies and issues of public concern relating to information technology, telecommunications, broadcasting and film services.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

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

Membership list

Chairman	Hon SIN Chung-kai
Deputy Chairman	Hon Howard YOUNG, JP
Members	Hon Kenneth TING Woo-shou, JP Hon David CHU Yu-lin Hon Eric LI Ka-cheung, 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
	(Total: 11 Members)
Clerk	Miss Polly YEUNG
Date	10 October 2000