

Note for the House Committee on 6 June 2003**Resumption of Second Reading on 18 June 2003 :
Telecommunications (Amendment) Bill 2002****Purpose**

To inform Members of the reasons for resuming second reading of the Telecommunications (Amendment) Bill (the Bill) 2002 on 18 June 2003.

Background

2. The purpose and background of the Bill are set out in LC Paper No. CB(1) 1858/02-03. The Bill was introduced into the Legislative Council on **15 May 2002**. The Bills Committee set up to examine the Bill started work on **12 July 2002**. The Bills Committee concluded its deliberation at its meeting on 23 May 2003. Members of the Bills Committee have no objection to the Administration's proposal to resume the Second Reading of the Bill on 18 June 2003.

3. On 5 June 2003, a few telecommunications operators jointly proposed a set of CSAs which substantially amend the key provisions of the Bill. These CSAs are supposed to be moved by a Legislative Council Member. In view of the extensive changes suggested, a Bills Committee meeting has been convened to examine them on 9 June 2003.

Reasons for Resuming Second Reading on 18 June 2003

4. Having examined the CSAs proposed by the telecommunications operators, the Administration considers that the timetable for resuming the Second Reading of the Bill on 18 June 2003 should be adhered to because :

- (a) the CSAs cover issues which have been discussed by the Bills Committee but were considered not pursuable, with reasons clearly explained by the Administration. To repeat discussion over them in the Bills Committee would be counterproductive and result in delay in the passage of the Bill;
- (b) the CSAs proposed are nearly tantamount to rewriting the Bill. CSAs of such importance should have been discussed properly in the Bills Committee before it concluded its business;
- (c) the Bills Committee has already spent **10 months** during which it held **12** meetings examining the Bill, and listened to **three** rounds of depositions from the telecommunications industry. The Administration has responded fully to the views expressed by the industry as well as Members of the Bills Committee. It has also proposed a number of improvements in the form of CSAs to address their concern. The Bills Committee has therefore concluded its proceedings, and show no objection to the Administration's proposal to resume second reading on 18 June 2003;
- (d) the investors and the telecommunications market need the regulatory regime proposed in the Bill to provide certainty and predictability to any merger and acquisition (M&A) activities which may arise anytime. The consumers on the other hand need the protection against any such M&A activities which may substantially lessen competition in the market; and
- (e) in view of the limited no. of sittings left in this legislative session and the need to avoid bunching of bills in the last few sittings, it is important that we should resume Second Reading of the Bill as early as possible.

Members are asked to note the above.

6 June 2003

