

立法會
Legislative Council

LC Paper No. CB(1)703/01-02
(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, 10 December 2001, at 2:30 pm
in Conference Room A of the Legislative Council Building

- Members present** : Hon SIN Chung-kai (Chairman)
Hon Howard YOUNG, JP (Deputy Chairman)
Dr Hon David CHU Yu-lin, JP
Hon Eric LI Ka-cheung, JP
Hon CHAN Kwok-keung
Hon YEUNG Yiu-chung, BBS
Hon Timothy FOK Tsun-ting, SBS, JP
Hon LAW Chi-kwong, JP
Hon Albert CHAN Wai-yip
Hon MA Fung-kwok
- Members absent** : Hon Kenneth TING Woo-shou, JP
Dr Hon Philip WONG Yu-hong
Hon Emily LAU Wai-hing, JP
- Public officers attending** : Agenda Items IV, V and VI
Mrs Carrie YAU, JP
Secretary for Information Technology and
Broadcasting
- Agenda Item IV
- Mr Alan SIU
Deputy Secretary for Information
Technology and Broadcasting (2)

Mr Michael STONE, JP
E-government Co-ordinator,
Information Technology and Broadcasting Bureau

Mr Stephen MAK, JP
Deputy Director of Information Technology
Services

Agenda Items V & VI

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

Ms Gracie FOO
Principal Assistant Secretary for Information
Technology and Broadcasting (E)

Mr M H AU, JP
Acting Director-General of Telecommunications

Agenda Item VI

Mr Daniel H M LEE
Assistant Director/Development,
Housing Department

Mr K W WONG
Acting Chief Building Services Engineer/2,
Housing Department

Mr LAU Wan
Acting Chief Manager/Management
(Support Services 3), Housing Department

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

Staff in attendance : Ms Cindy CHENG
Senior Assistant Secretary (1)1

I Confirmation of minutes and matters arising

(LC Paper No. CB (1) 448/01-02)

The minutes of the Panel meeting held on 12 November 2001 were confirmed.

II Date and items for discussion for next meeting

(LC Paper Nos. CB (1) 487/01-02(01) and (02))

2. Members noted that the Administration had agreed to brief the Panel on the latest progress of the Cyberport at the Panel meeting in January 2002. However, the Administration had advised that the leasing position of Cyberport tenants would be much clearer by February 2002 when the Administration would be in a better position to provide fuller information on the tenancy situation. As such, members agreed that the progress of the Cyberport would be discussed at the February meeting.

3. Members also agreed to invite representatives from the Government to brief the Panel on two Information Technology-related survey reports released and issued to Members in November 2001 -

- (a) The Information Technology Usage and Penetration-Thematic Household Survey Report No. 6; and
- (b) Report on 2001 Annual Survey on Information Technology Usage and Penetration in the Business Sector.

4. The Chairman asked the Secretariat to liaise with the Government after the meeting on further discussion items for the next regular meeting of the Panel which would be held on Monday, 14 January 2002 at 2:30 pm.

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III Papers issued since last meeting

(LC Paper Nos. CB(1)318/01-02 and CB(1)491/01-02)

5. Members noted that LC Papers No. CB(1)318/01-02 and CB(1)491/01-02 had been issued to members for information.

IV Institutional arrangements for implementation of the Digital 21 Strategy and E-government initiatives

(LC Paper No. CB(1)487/01-02(03)

(A set of power-point presentation material was circulated after the meeting vide LC Paper No. CB(1)571/01-02.)

6. With the aid of power-point presentation, the Secretary for information

Technology and Broadcasting (SITB) briefed members on the institutional arrangements for implementation of the Digital 21 Strategy and E-government initiatives. The salient points of the presentation were highlighted as follows-

- (a) The 2001 Digital 21 Strategy has identified five Key Results Areas (KRA) and in order to achieve these KRAs, one of the Information Technology and Broadcasting Bureau (ITBB)'s key tasks was to focus resources for an expanded E-government role. To steer, drive and coordinate E-government initiatives at the policy level, there was a need to set up a dedicated E-government Co-ordination Office (EGCO). At the same time, it was necessary to refocus the work of the Information Technology Services Department (ITSD) so that it could place greater emphasis on further developing the information infrastructure and its security, tackle new subject areas of IT in the community and the digital divide, exploiting new IT and communications technologies and assisting in IT-related business process re-engineering.
- (b) Experience in overseas countries had demonstrated that E-government was a tool to improve services to the public and bring about greater productivity. ITBB had set overall targets for E-government, aiming to provide an e-option for 90% of public services amenable to the electronic mode of service delivery and to carry out 80% of government procurement tenders through electronic means by end 2003.
- (c) With the provisional setup of EGCO in the last four months, ITBB had initiated work in the E-government area. To provide the appropriate policy steer and coordination in order to take forward the whole E-government agenda, ITBB considered that the required leadership of EGCO should come from the policy bureau rather than from ITSD.
- (d) In this connection, ITBB proposed to create a supernumerary post of E-government Coordinator (EGC) pitched at D3 level in the ITBB for two and a half years. Such creation would be offset by freezing one post at D2 rank in the ITSD from May 2002 until the lapse of the proposed D3 post. The EGC would assume policy responsibility, provide sufficient administrative experience, initiate the necessary cultural changes and put in place mechanisms conducive to further E-government developments.

The proposed supernumerary EGC post

7. In reply to the Chairman's question on the timetable for putting up the staffing proposal, SITB said that the Administration planned to submit the

proposal to the Establishment Subcommittee of the Finance Committee in January 2002.

8. Noting under the proposed organization structure, SITB would be underpinned by four Deputy Secretaries, the Chairman asked whether it was common among bureaux that a Policy Secretary was underpinned by as many as four Deputy Secretaries. Mr Howard YOUNG reflected the views of Members of the Liberal Party that the Administration should not seek to create new posts whenever new commitments or service requirements arose. Instead, the Administration should examine the continued need for existing posts and make the necessary adjustments. Mr YOUNG referred to the supernumerary Deputy Secretary post created for overseeing the Cyberport development until June 2002 and remarked that ITBB should review its directorate structure against operational needs and avoid seeking to extend the duration of supernumerary posts whenever the post was due to expire. While the Government proposed to freeze the post of Assistant Director in ITSD upon the retirement of the incumbent, Mr YOUNG also commented that the Government should ascertain the need of the D2 post in ITSD.

9. SITB clarified that under the proposed organizational structure, she would in fact be underpinned by only two Deputy Secretaries on permanent post. The continued need for the Deputy Secretary (3) post responsible for overseeing the Cyberport development would be carefully considered in the light of circumstances then. In this connection, SITB asked members to note that ITBB was the policy bureau tasked to overseeing a wide range of important and fast-changing policy areas, including IT policy; E-commerce and E-government; telecommunications, broadcasting and film services etc. Many of the activities under these policy areas also generated revenue and business to the community.

10. SITB stressed that the Administration was highly conscious of the need to marshal its resources prudently. In setting up the EGCO, she had sought to minimize any additional resources by way of freezing one Assistant Director post in ITSD upon the retirement of the incumbent in May 2002 until the expiry of the proposed EGC post. It was hoped that after two to three years when the major initiatives were in place, the function of the EGCO could be placed in ITSD subject of course to the prevailing global trend of development then. As the Government's objective was to develop Hong Kong's position as a leader, not a follower, in the digitally connected world, it was vital for Hong Kong to spearhead its various IT initiatives as soon as possible in order not to lag behind other countries. ITBB was working in collaboration with ITSD on the re-focusing of the department's work.

11. Mr Albert CHAN noted that recently, a number of senior directorate posts had been created in the Government which were indicative of a trend of expanding the upper structure at the expense of the lower structure. He

enquired if there was any staff surplus at the senior level and whether some of the senior posts could in fact be frozen or re-deployed.

12. In reply, SITB remarked that as far as ITBB was concerned, the question of surplus staff did not arise. She informed members that reviews on the staffing of ITBB were conducted from time to time with a view to ensuring the best use of manpower resources. She further advised that the majority of positions in the EGCO currently set up under delegated authority had been filled by redeployment and on-loan arrangement. Six posts (one directorate and five non-directorate) were redeployed to the Office and a further three posts were on loan from ITSD and the Management Services Agency. The service of a short-term contract staff at non-directorate level was also engaged. To improve cost-effectiveness, SITB added that ITSD had pursued a policy of outsourcing its services. At present, over 80% of the services of the department had been contracted out. In this regard, Mr Albert CHAN stated that his comments on the expansion of the upper structure of the Government should not be taken as support for outsourcing.

13. Regarding the candidate for the EGC post, Mr Albert CHAN asked whether the post would be filled by an IT professional possessing state-of-the-art knowledge on IT development instead of by an Administrative Officer. In response, SITB advised that in taking forward the whole E-government agenda and introducing the necessary cultural changes, the EGC would play a key coordinating role, mostly at senior policy and departmental level. To perform the role effectively, the officer should possess sufficient administrative experience and be highly conversant with government operations. As such, it might take a newcomer considerable time to familiarize himself with how the Government worked so as to effectively pursue synergies among various bureaux/departments. In order to move E-government issues forward quickly, it might be preferable to fill the post by a serving officer with sufficient administrative experience.

14. Mr Albert CHAN did not subscribe fully to SITB's reasoning and said that certain key positions (including the Chief Executive and the Financial Secretary) were not taken up by serving civil servants. He therefore urged the Government to give further consideration to filling the post of EGC by open recruitment. SITB agreed to note his views for consideration.

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15. Meanwhile, SITB informed members that open recruitment had been carried out for some senior civil service posts, such as the Director of Information Technology Services (DITS). However, as the remuneration package of the civil service at that time compared less favourably with that in the private sector, the Government had not been able to recruit competent candidates from the private sector possessing the necessary experience and qualifications with the pay that the Government offers. Hence the post of

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DITS could not be filled by open recruitment. In this connection, members pointed out that the downturn in the economy and redundancies in the IT industry might have changed the demand and supply of IT professionals and the recruitment difficulty previously encountered might no longer exist. SITB agreed to consider members' comments in this respect.

16. Mr LAW Chi-Kwong remarked that from time to time, there might be new service requirements while certain existing requirements might no longer be needed. Hence, instead of seeking to create new posts for new or additional responsibilities, the Government should first consider exploring other alternatives such as redeploying staff from other bureaux/departments when certain work requirements in those bureaux/departments had diminished. In response, SITB said that she could pursue the suggestion but pointed out that as far as she knew, other bureaux/departments were already fully loaded by their schedules of responsibilities and could not spare any staffing support for redeployment to the ITBB.

17. The Chairman said that members were in support of the E-government initiatives. However, they urged the Government to consider members' views and re-examine its justifications for the proposed EGC at D3 level before submitting the staffing proposal for members' consideration at the Establishment Subcommittee. SITB agreed to further consider members' views but highlighted the importance of E-government internationally and the need to provide the necessary policy steer in order to promote Hong Kong's position as a leader in the globally connected world.

18. Mr Albert CHAN enquired whether, as a general arrangement, the timing for the creation of a new post could be tied in with the deletion of another existing post to avoid any overlapping period incurring additional staff cost. In response, SITB advised that it might not be practicable in all cases that such offsetting arrangement be effected at the same time. As far as the present proposal was concerned, the incumbent Assistant Director of the ITSD would retire in May 2002 while the proposed post, if approved, would be created in early 2002. Hence, the time overlap between two posts would last for only two to three months. In this regard, Mr Albert CHAN requested the Administration to provide information on the net additional financial commitment for the 2½ year period following the creation of the EGC post, if approved. SITB agreed to provide the information after the meeting.

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(Post-meeting note: The Administration's reply to members' questions in paragraphs 14, 15, & 18 about the proposed creation of the EGC post was circulated to members vide LC Paper No. CB(1)629/01-02 dated 17 December 2001.)

E-government initiatives

19. While supporting in principle the direction of the Government in taking forward the E-government strategy, Mr Howard YOUNG remarked that in assessing the success or otherwise of the E-government Strategy, the actual utilization rate of e-options by the public was of equal importance as the availability of the necessary infrastructure. Hence, he pointed out that the Government should not only focus on achieving the aforesaid 90% online service target but also the level of utilization. In this connection, Mr YOUNG referred to the on-line booking system of some airlines, which according to his knowledge, was patronised by only 0.001 % of their customers.

20. In response, SITB referred to the operational experience of overseas countries and stressed that the Government had the responsibility to make available the necessary IT infrastructure, platform and e-options for the public. Nevertheless, the Government could not scrap the existing modes of service in order to cater for the needs of certain sectors of the community who, for various reasons, were reluctant or unable to use electronic transactions. The Government could not compel them to use the e-options and it also took time for the people to change their habit. Referring to the use of e-certificate for authentication of identity, SITB agreed that such use was not yet popular in Hong Kong. As such, more work had to be done. With the Government taking the lead in IT initiatives, it would drive the wider use of IT by the general public.

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21. On the level of utilization of e-options of public services, SITB undertook to try to collect further statistics on the local and overseas situation for members' information.

22. As an example, Mr Howard YOUNG said that the electronic declaration system launched by the Trade and Industry Department was not popular among the business sector as users had to pay fees for the electronic service while the manual processing of declaration forms was free of charge. He said that the Government should introduce more incentives to encourage the public to use e-options of services. In response, SITB agreed with the need to formulate effective policies and implement necessary measures to ensure that E-government projects were taken forward and accepted by the community.

23. On possible incentives, Dr David CHU Yu-lin asked whether consideration might be given to providing other popular incentives such as giving prizes to e-option users through lucky draws. In response, SITB informed members that while the Government was not in a position to give out prizes with public money, it had encouraged the ESDLife service provider, a contractor working in partnership with ITBB, to adopt an incentive approach in the delivery of ESDLife services. SITB supplemented the ESDLife service had been successfully introduced and the ESD web site had won the 2001

Stockholm Challenge Award which was a major international annual IT award organized by the city of Stockholm, Sweden. Dr David CHU Yu-lin expressed appreciation for the work of ITBB in this regard.

V Provision of intelligent networks for buildings

(LC Paper No. CB(1)487/01-02(04))

24. The Acting Director-General of Telecommunications (DG/Tel) briefed members on details of the "intelligent network" in buildings and related licensing issues as set out in the information paper.

25. On the implementation of a class licence, DG/Tel informed members that in the paper named "1998 Review of Fixed Telecommunications: A Considered View", the Administration had proposed a streamlined licensing regime for the in-building telecommunications system, commonly known as "intelligent network". The Administration subsequently proposed, and the Legislative Council enacted, the Telecommunication (Amendment) Ordinance 2000 to provide for the new class licence which might be used to license, inter alia, in-building telecommunications systems.

26. On the licensing criteria, DG/Tel advised that a class of persons who met the qualifications set out in the licence might become licensees without the need to undergo a licence approval process. For an in-building system, the class licensee had to be a person with right(s) of ownership. As such, property owners, owners' corporation (OC) and the developer might qualify for the class licence while the building management company would not be eligible for such licence.

27. In view that some buildings might have already installed the intelligent network before the implementation of the class licence, the Chairman asked if the class licence to be created would have retrospective effect. In reply, DG/Tel advised that, before the creation of the class licence, an individual Public Non-exclusive Telecommunications Service (PNETS) Licence had to be obtained by the OC before any in-building telecommunications system could be installed in the building. The OC, as the licensee, might in turn enter into agreement with a contractor who would install and operate the intelligent network on behalf of the OC. With the proposed establishment of the class licence, the individual licence obtained previously for the in-building telecommunications systems would be replaced by the class licence and take effect from the date of issue. In reply to the Chairman, DG/Tel said that at present, only two or three individual PNETS licences for in-building telecommunications system had been issued.

28. Referring to paragraph 5(i) of the paper, Mr Howard YOUNG sought clarification on the delegation of the conditions and obligations of a class

licence from the property owner to the third party, and whether there would be any difference if such delegation was made before or after the completion of the property. In response, DG/Tel confirmed that the conditions and obligations of a class licence would rest with the licensee, i.e. the developer, OCs or property owners and could not be transferred from the class licensee to the contractor being the third party.

29. As regards the concerns raised by Mr Howard YOUNG about the right of installation of the network in common areas of the buildings, DG/Tel advised that in many cases, the ownership in the common areas (such as the podium) might have been conferred on the property owners or the OCs pursuant to the terms and conditions in the Deed of Mutual Covenant of the buildings concerned.

30. Mr Albert CHAN noted that in some housing estates, certain operators offered the property owners free installation of "intelligent network" on the condition that the property owners would grant the operator(s) the right to operate the network for some 20 to 30 years. The operator would then charge other operators for making interconnection with the network installed. Mr CHAN was concerned that these operators, which had installed the intelligent network, could exploit their position and impose high charges on other operators requesting the interconnection. He also pointed out that it might be unfair to other telecommunication operators as well as the residents who would have no alternative choice of service provided by other operators.

31. In response, DG/Tel explained that the establishment of the class licence would in fact enable residents and tenants in the buildings to have unrestricted choice of different networks/services. This was because an important licence condition under the class licence was that the in-building telecommunications system should be made available for interconnection with telecommunications networks or service operators on a non-discriminatory basis.

32. Mr Albert CHAN said that he was aware of cases in which the developer of the housing estate had delegated the rights of network installation and operation of the in-building telecommunications system to a designated operator affiliated to the developer. He considered this arrangement unsatisfactory as it was anti-competitive and amounted to monopolization. He referred to a complaint case he received recently in which the contract of an intelligent network system worth HK\$1.2 million had not been awarded through tendering but to the operator affiliated to the developer. He noted that while the Building Management Ordinance (Cap 344) required that the procurement and installation of services by an OC costing over HK\$100,000 had to go through the tendering procedure, no similar requirement was stipulated in the Telecommunications Ordinance (Cap 106) for installation of services by the management company of individual housing estates. In view of the fact that apparently, such practice was not a contravention of any other

legislation, Mr CHAN asked if the engagement of a third party as the contractor would be regulated under the proposed licensing regime to ensure a level playing field for other operators, and at the same time to provide residential users a choice of service providers at an affordable price. Mr CHAN supplemented that as other added-value services such as shopping and booking of recreational facilities were also provided via the intelligent network at a charge, residents appeared to have little choice but to subscribe for such services as provided. The Chairman was also concerned about the charges payable by residents for such provision of value-added services.

33. For clarification, DG/Tel explained that matters relating to the management of the buildings would fall outside the ambit of the Telecommunications Ordinance. In this regard, Mr LAW Chi-kwong agreed that services arranged by the building management company might be beyond the scope of in-building telecommunications systems governed by the Telecommunications Ordinance. Mr YEUNG Yiu-chung shared this view and said that as long as the contractor did not have the exclusive right to interconnect/access, there might not be any breach of provisions under the Telecommunications Ordinance. The Chairman also agreed that this was an intricate issue beyond the scope of the Telecommunications Ordinance.

34. DG/Tel supplemented that the arrangements for the selection of operator(s) for the provision of intelligent networks was a matter for the OC or the developer of individual housing estates and was therefore outside the scope of the Telecommunications Ordinance as well as the jurisdiction of the Telecommunications Authority (TA). However, DS/ITBB(1) drew members' attention to section 19B of the Telecommunications Ordinance which stipulated that "A term in a lease agreement, deed of mutual covenant or commercial contract that, in all the circumstances of the case, unreasonably restricts the right of a resident or occupier, or deprives a resident or occupier of the right, to have access to the public telecommunications services of his choice is void on and after the day on which this section comes into operation to the extent only that it imposes such restriction." This stipulation would apply to any agreement, deed or contract entered into before, on or after the day on which this section came into operation. Nevertheless, the Chairman considered that the Administration should take heed of members' concern on this matter in the consultation exercise. DS/ITBB(1) agreed that views on issues related to the arrangements for the installation of in-building telecommunications systems falling within the ambit of the Telecommunications Ordinance would be considered during consultation.

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35. As regards existing in-building telecommunications systems installed before the introduction of the class licence, DG/Tel advised that in order not to overburden the property owners with unnecessary legal obligations, the in-building telecommunications systems already installed not covered by separate PNETS licences would be deemed to be an extension of the fixed

telecommunications network services (FTNS) network which would be allowed to connect with the in-building telecommunications systems before the class licence for property owners was created.

36. The Chairman and Mr Albert CHAN raised concerns on whether the FTNS operators might have difficulty in connecting with the existing in-building telecommunications systems and enquired about the number of complaints related to difficulties encountered by FTNS operator in seeking interconnection with the existing in-building network. In reply, DG/Tel advised that under section 14 of the Telecommunications Ordinance, FTNS operators had the statutory right of access to buildings to install equipment and cables to reach the residents in the buildings. However, the installation of facilities would be subject to the availability of space within the buildings. FTNS operators might also seek interconnection with existing in-building telecommunications systems subject to the payment of interconnection charges which should first be determined by commercial negotiation. If an agreement could not be reached by both parties (i.e. the network owner and the operator seeking entry), either party might request TA to make a determination under section 36A of the Telecommunications Ordinance. On fee determination, DG/Tel confirmed that the main principle adopted by TA would be cost-based because it was not the intention of the Government to allow profiteering on the part of the network owners at the expense of fair competition. DG/Tel confirmed that so far, TA had not received any such request for determination.

37. In conclusion, the Chairman said that due consideration should be given to members' views in relation to the implementation of class licence. The Administration took note of the Chairman's remarks.

VI Progress of interconnection issues (including the provision of fixed telecommunications network services at public housing estates in new towns)

(LC Paper Nos. CB(1)487/01-02(05), (06) & (07))

38. At the invitation of the Chairman, the Assistant Director/Development of Housing Department (AD of H) briefed members on the current provision of in-building telecommunications wiring system in new public housing estates (PHE) as set out in the information paper.

39. DG/Tel also briefed members on the progress of interconnection issues and provide an update on the coverage of the network and services of the three new wire-line based local FTNS operators as follows -

(a) Since the Panel last discussed interconnection issues in January

2001, the Office of the Telecommunications Authority (OFTA) had been monitoring the new FTNS operators' commitment in network roll-out and service coverage. In addition to the commitments for 2002, the new FTNS operators had also laid down interim milestones for the years 2000 and 2001 as set out in the paper. Considering the current progress of network coverage, OFTA believed that 50% of residential customers would have an alternative choice of at least one of the three new FTNS operators by the end of 2002.

- (b) On recent determinations on interconnection, TA had completed its determination on the terms and conditions for the provision of point of interconnection capacity for interconnection between the FTNS networks of New T & T Hong Kong Limited (New T & T) and PCCW-HKT Telephone Limited (PCCW) in March 2001.
- (c) On improving productivity on the interconnection of local loops, TA had considered representations from PCCW and the three new FTNS operators. After a series of discussions on the number of local loop interconnections, PCCW had agreed that with effect from 2 January 2002, it would increase from 9 per 2-hour per operator per exchange to a maximum of 16, depending on the technical constraints in the telephone exchange concerned. OFTA would review the adequacy of the improved productivity at the end of the 6-month trial period.
- (d) In September 2001, OFTA revised the procedures for making determinations on the terms and conditions of interconnection agreements under section 36A of the Telecommunications Ordinance. The processing time for normal cases would be expedited to within 5 months while the time required for handling complex cases would be shortened to within 6½ months.

40. Referring to the seven outstanding cases listed in Annex 1 of the paper, the Chairman enquired about the time required for the determination proceedings under section 36A of the Telecommunications Ordinance. DG/Tel responded that except for very complicated cases, TA aimed to complete the proceedings and make a determination in 5 to 6½ months in accordance with the revised determination procedures.

41. Mr Albert CHAN sought explanation from the Housing Department (HD) for not implementing the multiple in-building wiring systems in public housing estates until 2003. He also enquired if the Government would provide sufficient access facilities to allow up to four operators to have access to the in-building wiring systems in the new PHEs. In this connection, Mr CHAN requested the Government to provide information on the provision of

in-building wiring systems by FTNS operators in PHE blocks completed during the past two years.

42. As to why only one set of in-building wiring system was installed in each PHE block, AD of H explained that until recently, not many operators were interested in providing in-building wiring system despite the introduction of competition of the FTNS market since 1 July 1995. The in-building wiring system in each PHE block was now provided by a lead telecommunications service coordinator, nominated by the four local wireline-based FTNS operators among themselves. Recently, some wireline-based FTNS and wireless FTNS operators had approached the Housing Authority (HA) proposing to build two in-building wiring systems in new PHEs. HA saw the merit of such a proposal in promoting competition and was therefore considering to accede to the proposal.

43. On the availability of choice of operators by residents in PHEs, DG/Tel advised that the residents in PHEs would have access to the telecommunications services of their choice via the in-building wiring system. Although only one in-building wiring system was installed, all other local FTNS operators could reach PHE residents by making interconnection to the in-building wiring system of the lead coordinator. Such interconnections were governed by section 36A of the Telecommunications Ordinance. He added that similar to the situation in private housing estates, the provision of an additional in-building wiring system in the PHEs had to take into account the physical constraints of the buildings and subject to the commercial decision of individual FTNS operators.

44. Having regard to the cost of providing additional in-building wiring system in the PHE blocks, Mr YEUNG Yiu-chung was concerned whether the cost would be translated into rental increase. In response, AD of H assured members that the HD facilitated the accommodation of in-building system in PHEs by providing sufficient space for cables/conduits while the cost incurred by the FTNS operators for the system installation would be recovered by them through interconnection charges. As such, there should not be any pressure for increasing rent.

45. As regards the provision of additional in-building wiring systems in private buildings to allow greater choice for residential customers, DG/Tel stressed that this would be a commercial decision for the FTNS operators, having regard to their business plans.

46. Mr Albert CHAN noticed that at present, only one or two FTNS operators were providing service in some newly completed PHEs in the New Territories and queried if the FTNS operators were being selective in providing services only in profitable business areas but not in the more remote residential districts. Referring to Annex II on the network and services commitments

made by the new FTNS operators, Mr CHAN noted that in certain districts in the New Territories, no service was provided by two of the new FTNS operators, namely New T & T Limited and New World Telephone Limited. He therefore asked whether their absence was purely a business decision or due to any interconnection hurdles. Mr CHAN also expressed his strong view that TA should not allow the three new FTNS operators to engage in “cherry-picking” which would disadvantage residents in certain districts. DG/Tel pointed out that while it was the commercial decision of individual FTNS operators to launch their business and provide service to customers, the FTNS operators had to meet their network and service commitments in Type II interconnection as agreed with the Government when the moratorium on the issue of further FTNS licences was extended up to 31 December 2002 in 1999. Under the Deeds of Undertakings, the new FTNS operators provided the TA with the interim milestones to be reached by the end of each year up to the end of 2002. One of the FTNS operators had in fact rolled out beyond its commitments. DS/ITBB(1) supplemented that with a view to expanding the coverage of FTNS to benefit users, the Government had also issued licences to five local wireless FTNS operators in 1999.

47. In conclusion, the Chairman urged the Government to closely monitor the progress made by the new FTNS operators on meeting network and service commitments.

Any other business

48. There being no other business, the meeting ended at 4:30pm.