

立法會
Legislative Council

LC Paper No. CB(1)1010/01-02
(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, 14 January 2002, 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)
Hon Kenneth TING Woo-shou, JP
Hon Eric LI Ka-cheung, JP
Hon CHAN Kwok-keung
Hon YEUNG Yiu-chung, BBS
Hon Emily LAU Wai-hing, JP
Hon Timothy FOK Tsun-ting, SBS, JP
Hon LAW Chi-kwong, JP
Hon Albert CHAN Wai-yip
Hon MA Fung-kwok
- Non-panel member attending** : Hon NG Leung-sing, JP
- Members absent** : Dr Hon David CHU Yu-lin, JP
Dr Hon Philip WONG Yu-hong
- 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

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

Mr Simon YAN
Assistant Director for Information Technology
Services

Mr Gregory CHIU
Senior Statistician (Economic Surveys
Development) of Census and Statistics
Department

Mr Y C SIU
Senior Statistician (Social) of Census and Statistics
Department

Agenda Item V

Mr Michael V STONE, JP
E-government Coordinator,
Information Technology and Broadcasting Bureau

Ms Joyce TAM
Principal Assistant Secretary for
Information Technology and Broadcasting (EG)

Mr Stephen MAK, JP
Deputy Director of Information Technology
Services

Mr Gregory LEUNG, JP
Director of Government Supplies

Mr S Y TAM
Assistant Director of Information Services

Agenda Item VI

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

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

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

Staff in attendance : Ms Cindy CHENG
Senior Assistant Secretary (SC)3

Ms Debbie YAU
Senior Assistant Secretary (1)1

I Confirmation of minutes and matters arising
(LC Paper No. CB(1)703/01-02)

The minutes of the Panel meeting held on 10 December 2001 were confirmed.

II Date and items for discussion for next meeting
(LC Paper Nos. CB(1)756/01-02 and 799/01-02(01))

2. The Chairman informed the meeting that he and the Clerk had liaised with the Administration for the items to be discussed at the forthcoming meetings from February to July 2002. Having incorporated other issues raised by members, the Secretariat had drawn up a consolidated "List of issues to be considered". The tentative timing for discussion was also indicated therein. Members noted that the list would be reviewed and updated for each monthly meeting.

3. Members also agreed to discuss the following items at the next meeting to be held on 8 February 2002 :

- (a) Progress of the Cyberport project; and
- (b) Administration of Internet Domain Names in Hong Kong.

(*Post-meeting note:* As proposed by the Administration and with the concurrence of the Chairman, the item “Consultation on the reduction of licence fees for mobile carrier licences” will also be discussed at the February meeting.)

III Papers issued since last meeting

(LC Paper No. CB(1)675/01-02))

4. Members noted that LC Paper No. CB(1)675/01-02 had been issued to members for information.

IV Briefing by the Administration on two-related survey reports

(LC Paper Nos. CB(1)318/01-02 and 742/01-02(01))

(A set of power-point presentation material was circulated after the meeting vide LC Paper No. CB(1)817/01-02(01))

5. With the aid of power-point presentation, the Principal Assistant Secretary for Information Technology and Broadcasting (D) (PAS(D)/ITB) briefed members on the results of the two surveys on IT usage and penetration in the household and business sectors conducted during April to June 2001.

Survey methods

6. PAS(D)/ITB reported that for the Household Survey, some 10 100 households within a scientifically selected sample were successfully enumerated, constituting a response rate of 75%. The selected respondents were asked if there were any personal computers (PCs) in the household and if so, the number and type of PCs they had, and whether the PCs were connected to the Internet. As for the Establishment Survey, questionnaires were mailed to 4 674 selected establishments in early April 2001. Field officers visited respondents to verify the information and assist them in completing the questionnaires if necessary. By end June 2001, 3 492 establishments were successfully enumerated and 1 025 could not be located or were found to be inactive. The overall response rate was 96%.

7. Mr Howard YOUNG asked if similar methodology and criteria were adopted by neighbouring countries to gauge the extent of the Information Technology (IT) usage and penetration. In response, the Secretary for Information and Technology (SITB) informed members that similar methodologies and criteria had been adopted by overseas countries in conducting surveys on IT usage and penetration.

Household Survey on IT Usage and Penetration

8. Replying to members' enquiry on the survey findings in respect of the penetration of PC in households, the Deputy Secretary for Information Technology and Broadcasting (DS/ITB) advised that penetration of PC and Internet in households had increased significantly in the past year and the rates compared favourably with those of other advanced economies. Regarding the percentage of households with PCs at home, Hong Kong and Singapore had a penetration rate of over 60% which was among the top in Asia. The penetration rates for Australia, the United States, South Korea were over 80% while the percentage of households with PCs in Japan was about 40%. As for Internet connection, DS/ITB further reported that in Hong Kong, about 80% of households had their PCs at home connected to the Internet, representing 49% of all households. As for the United States, South Korea and Japan, the penetration rate of Internet in households was about 42%, 40% and 27% respectively. He said that these figures were indicative of Hong Kong's leading position in a globally connected world.

9. Mr Howard YOUNG and the Chairman enquired if any detailed breakdown on penetration and usage rates by major cities such as Seoul, Taipei and Tokyo was available to facilitate comparison. Miss Emily LAU also remarked that it would be more meaningful if the rates could be compared on a city to city basis. In response, DS/ITB said that so far, data published by market research bodies were on a country basis. Hence, it would be difficult to draw a comparison among major cities in the Asian region.

10. Although the survey findings revealed an increased penetration of PC and Internet amongst households, Miss Emily LAU opined that a comparative analysis should be drawn between the situation of Hong Kong and its major trading partners/competitors on the main purposes of using the Internet. The relevant data would be useful in gauging the actual situation in Hong Kong in the use of information technology so as to help realize Hong Kong's vision to become a leading digital city.

11. On the age and educational attainment of the persons who used PCs, DS/ITB advised that as analyzed by age group, 92% of persons aged 10 to 14 had the knowledge of using PC. This was closely followed by persons aged 15 to 24 at a rate of 89.2%. The high rate of IT penetration for the young generation was largely attributed to the enhancement of IT knowledge at schools. As for educational attainment, the rate of having knowledge of using PC was the highest among persons with tertiary education, at 92%.

12. In response to Miss Emily LAU's question regarding the IT capability of university students, DS/ITB said that about 25% of first degree students in the universities in Hong Kong studied in IT-related disciplines. Besides, in the course of study, undergraduates had to satisfy certain academic requirements in

respect of their IT proficiency. Therefore, the IT capability of university students in Hong Kong did not lag behind their overseas counterparts. In this connection, the Chairman suggested that issues related to IT in education could be further pursued at the Panel on Education, if members so wished.

13. Miss Emily LAU pointed out that the percentage of the population in Hong Kong with university education was lower than that of some overseas countries and yet, the percentage of IT usage was much higher. She sought the Administration's comments on this phenomenon and questioned whether such high usage rates were truly indicative of high IT proficiency which was commonly correlated to educational attainment.

14. While expressing his view that there might not be any direct correlation between PC usage and the educational attainment of the respondents, the Chairman asked whether the Information Technology and Broadcasting Bureau (ITBB) had instructed the Census and Statistics Department to make any specific enquiry to ascertain the point mentioned by Miss LAU when conducting the surveys and analyzing the results. In reply, the Senior Statistician (Social) of Census and Statistics Department (SS(S)/C&SD) advised that no such enquiry or analysis had been made on the causal relationship between the levels of educational attainment and IT usage/proficiency.

15. Mr Eric LI recalled that according to a survey conducted by the Hong Kong Federation of Youth Groups, the majority of the respondents used their PCs for playing games. He doubted whether such IT usage was highly conducive to promoting Hong Kong's position as an information economy and requested the Administration to conduct a tracking survey on the respondents' use of IT so as to provide a more comprehensive and accurate picture.

16. DS/ITB referred members to the results set out in the Thematic Household Survey Report No.6 which revealed that the rates of having used PC were high among younger persons; and that the major purposes of using PC included word processing, browsing/surfing the web pages, communication with others and listening to songs etc. He added that the Government would continue to collect benchmarking statistics on an annual basis so as to monitor the progress of IT development in Hong Kong.

17. Mr Eric LI asked if it was possible to develop a database with the existing survey findings so as to further analyze the Internet usage among respondents by their age group, economic activity status and educational attainment. He said that some non-government organizations had already conducted similar studies/surveys for analytical purposes. Referring to the report findings about the major purpose of using PC by economic activity status, the Chairman also requested the Administration to develop a new database for future analytical purpose. SS(S)/C&SD confirmed that on the

basis of the existing statistical data, more detailed breakdowns/ summary tables as requested by members could be produced for reference.

Establishment Survey on IT Usage and Penetration

18. Noting from the survey findings that the percentage of establishments using PCs was the lowest in the transport, storage and communications sector, Mr Howard YOUNG queried whether the low utilization rate had resulted from a restricted delineation of the sector as according to his understanding, airline companies and travel agencies had extensive use of PCs.

19. In reply, the Senior Statistician (Economic Surveys Development) of Census and Statistics Department (SS(ESD)/C&SD) explained that there were over 30 000 establishments in the transport, storage and communications sector. Although many of them were large corporations, a large number were small and medium sized enterprises (SMEs) such as taxi companies etc. Most of the small establishments had a low utilization rate of PCs and hence, the overall PC usage rate for the sector was low.

20. In this connection, Mr Howard YOUNG enquired about the sampling frame for the SMEs and asked whether shell companies and inactive concerns had also been included in the survey. In reply, SS(ESD)/C&SD advised that the survey only covered the establishments in active operation.

21. Referring to the relatively low usage of IT among SMEs, Miss Emily LAU enquired about the corresponding situation in overseas countries. She commented that in Hong Kong, the lack of funds on the part of SMEs might be an impediment for the wider use of IT in the sector.

22. Mr YEUNG Yiu-chung further asked if other measures would be taken by the Government to promote and facilitate the adoption of IT amongst SMEs in specific sectors. Mr CHAN Kwok-keung enquired if the Government had any plans to help SMEs acquire hardware and software at reasonable prices to facilitate the development of e-business.

23. In response, DS/ITB remarked that overseas experience had indicated that the successful promotion of wider use of IT among SMEs would take time. To assist local SMEs to enhance their IT capability, the Administration would continue to launch territory-wide promotional programmes such as organizing seminars and working with industry support organizations to promote the use of IT among the business sector in Hong Kong. Besides, ITBB and Hong Kong Productivity Council (HKPC) had launched in December 2001 a pilot sector specific IT audit programme for 400 SMEs. Participating SMEs would be provided with packaged services including an assessment of their IT resources and infrastructure so as to streamline their operations and expand business opportunities. Besides, HKPC planned to, in collaboration with IT industry,

develop a directory of IT solutions and services to help participating SMEs implement the recommendations arising from the audit programme.

24. As regards financial support, the HKPC would assist participating SMEs in making applications to the relevant SME funding schemes. For example, SMEs might apply to the Business Installations and Equipment Loan Guarantee Scheme for guarantee on the bank loan for acquiring the computer hardware and software and communications system required. Assistance was also available under the SME Training Fund for the necessary IT training for employers and employees.

Supplementary information

Admin

25. Summing up, the Chairman requested the Administration to provide the following information after the meeting to address members' concerns:

- (a) a comprehensive analysis on IT usage by age group, educational attainment and economic activity status;
- (b) a comparative analysis between Hong Kong and its major trading partners on IT usage and penetration in households; and
- (c) support measures available in overseas countries to enhance the use of IT among SMEs, and whether any such measures could be adopted for use in Hong Kong.

26. The Chairman expressed appreciation for the efforts of the Administration in conducting the two IT related surveys, the results of which would provide useful reference in considering the IT strategy.

V E-government programme in 2002

(LC Paper No. CB(1) 756/01-02 (03))

(A set of power-point presentation material was circulated after the meeting vide LC Paper No. CB(1)817/01-02(02))

27. With the aid of power-point presentation, the E-government Coordinator, Information Technology and Information Bureau (EGC/ITBB) briefed members on the E-government Programme for 2002 covering the following key areas:

- (a) enhancing the environment for E-government development;
- (b) provision and utilization of E-options;
- (c) expansion of the Electronic Service Delivery Scheme;
- (d) electronic tendering and procurement;
- (e) introducing a new dimension of communication with the public;

- (f) enhancement of accessibility to IT facilities within the Government;
- (g) exploit mobile and voice recognition technologies

He also conducted a demonstration on how to make appointments for giving of marriage notice under the Electronic Service Delivery Scheme.

Utilization of online Government Services

28. Members noted that according to an international survey conducted in the second half of 2001, 31% of the population in Hong Kong had used online government services, rendering the city to top in Asia and rank sixth worldwide in this aspect. Miss Emily LAU enquired if the figures covered the rates of both information browsing and transaction. She remarked that online public services would provide great convenience to the public if long queuing for booking popular services such as leisure and sports facilities could be eliminated. Given that there were still people who had no access to computer facilities, Miss LAU sought information on how such online services could be promoted for wider use in the community.

29. In response, EGC/ITBB confirmed that the figures included both information browsing and transaction rates but a further breakdown was not available. In this regard, he pointed out that some Government websites were highly utilized. For example, some 80% of all searches of land registers were conducted through electronic dedicated lines. However, usage of certain online transaction services such as filing of tax return and application for renewal of driving/vehicle licence remained low.

30. On the booking of services, EGC/ITBB referred to the example of online booking for giving of marriage notice which was available two weeks prior to the three-month period when in-person registration began. As such, popular dates and timeslots might have already been booked online and people would not queue up outside the marriage registries. The electronic booking system might turn out to be fairer and more convenient in that people knew immediately their position in the electronic queue. The Principal Assistant Secretary for Information Technology and Broadcasting (E-Government) (PAS(EG)/ITB) added that at present, leisure and sports facilities could be booked online, through telephone or in person. The two current booking methods, together with the online option to be launched soon, used the same backend computer and priority would be determined in real time in accordance with the speed of data input. The Chairman also considered the electronic method more transparent and fairer than the current system.

31. Mr Eric LI was pleased to note that the Government's Electronic Service Delivery (ESD) Scheme had won the "Stockholm Challenge Award" 2001. He enquired whether the 21 million visitors to the ESD site were from Hong

Kong or overseas, and of the 1.1 million cases, which departments recorded the highest transactions. In response, EGC/ITBB believed that the majority of visitors using the ESD Scheme were from Hong Kong. He reported that services such as weather information, job vacancies, tourist information, volunteers registration schemes, payment of government bills and fixed penalty tickets, and booking of appointment for registration of ID cards were most popular. His office would continue to work closely with various departments to expand the current form of e-government programme and to implement new initiatives.

32. Mr Eric LI sought clarification on the criteria, if any, in deciding which departments/government services should be included in the ESD Scheme. He opined that efficiency and productivity gains should be the key factors in determining which government services should be available online. To facilitate users in obtaining the required services, he also suggested relevant departments should set up systems accessible to users from kiosks located in Government premises. The Administration took note of his view.

33. In response, EGC/ITBB confirmed that productivity gain was a key consideration in according priority for online government services. For illustration, EGC/ITBB informed the meeting that a number of projects, such those implemented in the Social Welfare Department and in the Police Force, had resulted in more effective deployment of staff. Other E-government initiatives could improve existing operation and introduce new services which in turn would benefit the community and the economy as a whole.

Implications of E-government initiatives on the private sector

34. Citing the example of the Labour Department which allowed free placement of staff recruitment advertisements in its website, Mr LAW Chi-kwong urged the Government to be cautious in striking a balance between providing free services to the public and preserving the business opportunities available for the private sector. He considered that the Government should refrain from competing with the private sector for business and should carefully examine the impact, if any, of the implementation of the E-government programme on other sectors of the economy. He was also concerned about the commercial contents of government websites such as the ESD site. As the use of e-options might eventually reduce the Government's costs in delivering the services in question, Mr LAW asked whether a lower level of charges would be imposed for using e-options of government services as an incentive to encourage wider usage.

35. In response, SITB pointed out that ESD was an innovative business model integrating public and commercial services into one single portal. She acknowledged the concerns raised by Mr LAW Chi-kwong and said that the related policy issues would require further studies. This was a major reason

for establishing the EGC post under the Bureau so that the strategic direction could be mapped out and issues which might straddle different bureaux and departments could be effectively coordinated and overseen. The Chairman considered that the concerns raised by Mr LAW had long-term policy implications and advised that they should be studied and addressed in the Administration's next report to the Panel on the E-government programme in six months' time.

36. On implementation of E-government, SITB agreed that its impacts had to be carefully assessed. For instance, some people who did not have access to computer facilities might feel being disadvantaged. As such, the Administration would need to implement the programme under pilot schemes so that it could be fine-tuned in the light of public feedback before full implementation. Nevertheless, SITB stressed that the Administration was committed to taking forward the E-government programme to cement Hong Kong's position as a leader and not a follower in the digitally connected world.

Electronic tendering and procurement

37. Mr Kenneth TING expressed concern about the adoption of IT and e-business by Small and Medium-sized Enterprises (SMEs) in doing business with the Government, especially in electronic tendering and procurement. Noting the Administration's target that 80% of Government procurements tenders would be processed through electronic means by end-2003, he enquired on the current position.

38. In this regard, SITB informed members that while surveys revealed that the adoption of IT was slower among local SMEs, the Administration was actively working with industry support organizations to launch sector-specific programmes to promote and facilitate the adoption of IT and e-business among SMEs. Besides, a number of SME funding schemes had been set up to help SMEs enhance their IT capability.

39. On the progress of electronic tendering and procurement, the Director of Government Supplies (D/GS) advised that around 70% of their tenders were processed under the existing Electronic Tendering System. It allowed suppliers from all over the world to receive notification of tenders, download tender documents, make enquiries about tenders, submit tender offers and receive notifications of tender award. The remaining 30% were mainly tenders related to supplies with proprietary rights where the suppliers had not subscribed to the System, or voluminous and bulky tenders, most likely with graphics, which were not amenable to delivery via the electronic means. The Administration would continue to work on further improvements.

40. Referring to the Director of Audit's report on the wastage of government supplies, Miss Emily LAU was keen to ensure that such problem would not recur with the E-government programme being in place. Noting that officers with operational need for computer facilities would be provided with dedicated facilities, Miss LAU anticipated that a large number of such facilities might become obsolete in every upgrade exercise and enquired about the disposal procedure.

41. In reply, D/GS assured members that the Government Supplies Department would make the best endeavour to ensure that resources were put to the most cost-effective use. He informed members that during each upgrade exercise, officers in need of sophisticated computer facilities would be provided with the upgraded versions while the computer facilities previously in use would be transferred to those with lesser computer provisions. When these facilities were considered no longer serviceable, then they would be disposed of in accordance with the existing procedures.

Provision of E-option

42. Noting that some banks would impose charges on non-account holders using their e-banking services in settling government bills, Mr Howard YOUNG urged the Administration to ensure that payment of government bills via the Internet would be processed by banks on equal terms irrespective of whether the user was its account holder. In this regard, the Chairman remarked that bank charges were very much a matter for individual banks to decide. He suggested that issues related to banking practice might be raised at the Panel on Financial Affairs if members so wished.

43. SITB agreed that it would be more convenient for the public to pay government bills if all banks provided such payment services. In fact, the public could already pay government bills through various means, eg, ATM, Payment-By-Phone service and Internet banking service. Some individual banks might not be offering such services now for business reason. However, she anticipated that when more online Government services were available, more banks would offer Internet banking services in view of other value-added benefits.

44. Notwithstanding the Government's policy objectives, Mr Albert CHAN pointed out that certain basic online services which would provide convenience to the public at large were still not available. He referred to the long awaited e-version of the Government Telephone Directory and requested the Administration to provide the timetable on the availability of basic online services such as download of government forms. In this connection, SITB confirmed that commonly used government forms could now be downloaded from the government website(s). As regards the e-version of the Government Telephone Directory, the Deputy Director of the Information Technology

Services (DD/ITS) advised that the directory was undergoing the final stage of testing and it would be available very shortly. He added that, in addition to the usual contact information, the directory could also hold the digital certificate and the public key of public officials to facilitate communication.

Follow-up

45. The Chairman summed up members' concerns and requested the Administration to submit a progress report on the E-government programme in six months' time which should address the following issues:

- (a) policy implications of the implementation of E-government programme, including any possible competition with the private sector for business opportunities;
- (b) incentives for wider usage of online government services;
- (c) if possible, further breakdown or information on the utilization and transaction of online government services;
- (d) progress and timetable of various E-government initiatives and online services;
- (e) productivity gains and savings resulting from the implementation of E-government programme;
- (f) progress of establishing ITMUs in bureaux/departments; and
- (g) Mr Eric LI's suggestion of providing self-service kiosks in Government premises to access the relevant services.

VI Implementation of the full liberalization of the fixed telecommunications network services (FTNS) market from 1 January 2003

(LC Paper No. CB(1) 793/01-02)

46. The Acting Director-General of Telecommunications (DG/Tel) informed members that the Telecommunications Authority (TA) had finalized the details of the implementation of the policy for full liberalization of the FTNS market with effect from 1 January 2003 and issued a Statement on 11 January 2002. On the same date, a set of guidelines was also issued to invite interested parties to apply for relevant licences to take effect from 1 January 2003. Full liberalization of external telecommunications facilities based on submarine or land cables would also take effect from 1 January 2003.

47. DG/Tel also highlighted in following salient features of full liberalization:

- (a) there would be no pre-set limit on the number of licences to be issued;

- (b) no network rollout and capital expenditure commitments in the form of performance bonds would be required from licensees.
- (c) the benefit of the proposed network to the community, the type of services to be offered, the intended coverage area, the reasonableness of the business plan and the financial capability of the applicant to fulfill the capital expenditure requirement would be the key elements to be evaluated for each application. They would be incorporated into the special conditions for the fixed carrier licence.

In-building telecommunications networks

48. Mr Howard YOUNG observed that it might not be technically feasible to accommodate more telecommunications networks in existing buildings. He asked whether suitable arrangements would be made so that the networks of a greater number of FTNS carriers could be accommodated in new buildings. In response, DG/Tel agreed that due to physical constraints such as space limitation, many old and existing buildings could not accommodate the installation of additional in-building wiring systems. Notwithstanding, new operators could make use of Type II interconnection to interconnect their network to the existing system(s). He further advised that according to the "Code of Practice for Access Facilities of Buildings for the Provision of Telecommunications and Broadcasting Services", developers of new buildings were required to reserve sufficient space for the installation of telecommunications networks. The telecommunications industry had been consulted on the new requirements which should be able to support several networks.

Full liberalization and employment opportunities

49. Miss Emily LAU remarked that upon full liberalization, the FTNS market would become highly competitive and operators might seek to cut costs to stay competitive by reducing staff. She expressed concern about possible mass redundancies and asked whether the laid off employees could in fact be absorbed by new FTNS operators entering the market. The Chairman sought information on changes in the number of persons engaged in the telecommunications sector since the liberalization of the FTNS market. In response, SITB said that it was up to individual operators to decide on the best way to be cost effective and manage their manpower plans in order to remain competitive in a liberalized market. As for the employment figures, the Principal Assistant Secretary for Information Technology and Broadcasting (E) (PAS(E)/ITB) reported that according to the information of the Census and Statistics Department, the number of employees in the telecommunications sector in recent years were as follows:

<i>Year</i>	<i>No. of persons</i>
1990	28 000
1994	34 000
1995	36 000
2000	38 000

PAS(E)/ITB and SITB nevertheless urged that the figures should be interpreted with caution. The changing needs of an information society and development in technology led to the growth of related sectors such as Internet services which created new job opportunities. At the same time, improvement in technology and efficiency had also made some old types of work obsolete. Besides, the employment situation was very much affected by the economic climate at the time.

Coverage area and competition

50. Mr MA Fung-kwok expressed concerns that waiving the commitments on network rollout for FTNS operators might cause them to be selective in providing services only in profitable business areas, without bringing the benefits of competition to the people in the more remote residential districts. Mr MA further considered that priority should be given to new applicants for fixed carrier licences which undertook to provide service in the more remote and less profitable areas. In this regard, he remained concerned that despite full liberalization of the market, there was still a portion of the population who only had the service provided by one FTNS operator.

51. DG/Tel reiterated the Administration's view that the market, instead of performance commitments, should best decide the provision of service. While there was keen competition among operators in commercial districts where the market share was reaching saturation, the business opportunities in remote geographic areas might attract investment from new licensees. In this connection, the Administration had not made a projection on the percentage of residential users who would have the choice of more than one FTNS operator. Nevertheless, as the benefit of the proposed network to the community and the intended coverage area were some of the factors in evaluating an applicant's proposals, DG/Tel advised that proposals providing services to the more remote places would receive due consideration.

52. Mr Albert CHAN supported in principle the policy of full liberalization of the local FTNS market. However, he was concerned that operators of existing networks (such as utility companies and Cable TV) could provide service over their existing infrastructure and hence, would have an advantage over new entrants which would need to develop their network from scratch. He was concerned that anti-competitive acts might result.

53. In this connection, SITB and DG/Tel assured members that competition safeguards to curb anti-competitive practices, abuse of dominant position, misleading and deceptive conduct and discriminatory practices had been incorporated into the Telecommunication (Amendment) Ordinance 2000. OFTA would continue to monitor the market, and review and update the regulatory regime where appropriate.

54. Mr Albert CHAN considered it unacceptable that the Government would not take special measures to ensure that residents in remote districts could have a greater choice of the services provided by FTNS operators and urged the Administration to look into the matter. The Administration took note of his views.

(Post-meeting note: Subsequent to the meeting, Hon Albert CHAN requested for information on the implementation of liberalization of the FTNS market in overseas countries. The Administration has prepared an Information Paper on "International Examples Relating to Ensuring Alternative Choice in Local Telephone Service in Remote Areas in Liberalized Markets" which was circulated to members vide LC Paper No. CB(1)982/01-02 on 31 January 2002.)

VII Any other business

55. There being no other business, the meeting ended at 4:40 pm.