

立法會
Legislative Council

LC Paper No. CB(1)1930/01-02
(These minutes have been
seen by the Administration)

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Legislative Council
Panel on Information Technology and Broadcasting
Minutes of meeting
held on Monday, 13 May 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 LAW Chi-kwong, JP
Hon Timothy FOK Tsun-ting, SBS, JP
Hon MA Fung-kwok

Members absent : Dr Hon David CHU Yu-lin, JP
Dr Hon Philip WONG Yu-hong
Hon Albert CHAN Wai-yip

Public officers attending : Agenda Items III and IV

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

Agenda Item III

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

Mr A S K WONG, JP
Director-General of Telecommunications

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

Agenda Item IV

Mr Eddy CHAN, JP
Commissioner for
Television and Entertainment Licensing

Mr Eddie CHEUNG
Principal Assistant Secretary for
Information Technology and Broadcasting (A)

Miss Vega WONG
Assistant Commissioner (Broadcasting),
Television and Entertainment Licensing
Authority

Agenda Item V

Mr Alan WONG, JP
Director of Information Technology Services

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

Mr Alex LEE
Chief Systems Manager,
Information Technology Services Department

Miss Ophelia CHAN
Assistant Director of Social Welfare

Miss Monica CHEN, JP
Assistant Director of Home Affairs

Mr SHE Mang
Principal Inspector, Education Department

Mr Gary AU
Assistant Secretary
for Education and Manpower

By Invitation

Agenda Item IV

AC Nielsen (China) Limited

Ms Alice LAU
Director, Client Service
Customised Research

Mr Timothy YAM
Senior Manager, Client Service
Customised Research

Mr Tony TING
Executive,
Client Service Customised
Research

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

Staff in attendance : Ms Debbie YAU
Senior Assistant Secretary (1)1

I Confirmation of minutes and matters arising
(LC Paper No. CB(1)1642/01-02)

The minutes of the Panel meeting held on 8 April 2002 were confirmed.

II Date and items for discussion for next meeting
(LC Paper Nos. CB(1)1682/01-02(01) and (02))

2. Members agreed to discuss the following items at the next regular meeting to be held on 10 June 2002 at 2:30 pm:

(a) Progress of Interconnection issues; and

(b) Progress Report on Promotion of In-building Access of Telecommunications Services

3. Ms Emily LAU tabled a letter from Hong Kong Broadband Network Ltd. on "Liberalization of the Local Fixed Telecommunications Market in Hong Kong" addressed to the Public Accounts Committee and suggested to circulate it for the consideration of members and the Administration. Members agreed. They also

decided that deputations should be invited to attend the next Panel meeting to give views on interconnection issues.

(Post-meeting note: The letter from Hong Kong Broadband Network Ltd. was circulated to members on 16 May 2002 vide LC Paper No. CB(1)1757/01-02)

III Telecommunications (Amendment) Bill 2002

(LegCo Brief Ref. ITBB(CR) 7/13/14(02)Pt.3 and LC Paper No. CB(1)1664/01-02(01))

4. With the aid of power-point presentation, the Deputy Secretary for Information Technology and Broadcasting (DS/ITB) briefed members on the policy objectives of the Bill, the concerns of the industry and how they were addressed, the light-handed approach to ensure minimal compliance burden and overseas practice in regulating mergers and acquisitions. The Director-General of Telecommunications (DG/Tel) explained the Administration's proposal in detail, which was an *ex post* (i.e. conducting regulatory review after such a change) regulatory regime with a channel to seek prior consent of the Telecommunications Authority (TA) on a voluntary basis. Members noted that the Bill had been gazetted on 3 May 2002.

Ex post regulation

5. Mr Howard YOUNG remarked that Members of the Liberal Party had all along supported the Government's current policy in taking sector-specific measures to promote competition. While appreciating that the adoption of an *ex post* approach might encourage investment in a positive way, he enquired about measures to allay the uncertainties arising from an *ex post* approach.

6. In this connection, DS/ITB pointed out that the *ex post* approach had been proposed with a view to addressing the concerns of the industry. For those investors and licensees who might, on their own initiative or on the advice of merchant banks, accountants or lawyers, want to seek certainty, they could seek the TA's consent on a voluntary basis before proceeding with the proposed merger and acquisition activities. DS/ITB and DG/Tel confirmed that where the TA had given such consent, it would be legally binding, unless there were changes to the information which the carrier licensee provided at the time of seeking prior consent.

7. To enhance certainty, DG/Tel advised that under the proposed framework for regulation of merger and acquisition activities, TA would publish guidelines to provide clear and practical guidance to licensees on the factors to be considered by TA in assessing whether a change in ownership or control had, or was likely to have, an anti-competitive effect. The guidelines would provide useful assistance to the carrier licensees and relevant parties in making informed decisions in undergoing mergers and acquisitions in the telecommunications market. On the other hand, if the change in ownership or control raised competition concerns after completion of the merger and acquisition activities, TA would invite representations from the carrier licensee

concerned and other relevant parties, consider the representations, conduct investigation to assess the impact on competition and then direct the licensee to take action to eliminate anti-competitive effect.

8. As regards the *ex post* regulatory approach, Mr YEUNG Yiu-chung was concerned about the timing in conducting the regulatory review. Specifically, he cautioned that conducting a review shortly after the merger and acquisition activities would unlikely gauge the effect, if any, on competition. On the other hand, a review to be conducted years after such a change would create uncertainties and unfairness to the carrier licensees concerned.

9. In response, DG/Tel advised that *ex post* regulatory action, if necessary, might be initiated by TA or in response to complaints. To avoid uncertainty, TA would stipulate in the guidelines the time frame within which any *ex post* regulatory action deemed necessary must be taken.

10. Ms Emily LAU supported a universal approach, instead of industry- specific regulation of merger and acquisition activities. In reply to her enquiry about the 17 submissions received during the consultation on the preliminary proposal from April to June 2001, DS/ITB clarified that there were some submissions advising that any merger and acquisition regulation should be *ex post* in nature. DS/ITB advised that all submissions received had been posted in OFTA's website for perusal.

11. As many telecommunications operators were listed companies, Mr CHAN Kwok-keung was concerned that *ex post* regulation might lead to fluctuations in the prices of their shares if TA subsequently did not give consent to the merger or acquisition. DS/ITB responded that if the merger and acquisition activities in question were likely to cause fluctuation in share prices of the company concerned, the licensee could seek the prior consent from the TA on a voluntary basis in order that greater certainty could be secured.

Regulatory Powers of TA

12. Noting from the Administration's information that Hong Kong was one of the places where the regulator did not have the power to issue Injunction/Administrative Orders, Ms Emily LAU questioned the effectiveness of the Bill which was not backed up by the power to impose sanctions. In response, DS/ITB explained that as it was proposed to adopt an *ex post* regulatory regime where intervention only took place after the completion of a merger and acquisition activity, the Administration did not think it necessary to have the power to issue Injunction/Administrative Orders to stop the activity before its completion. This question could be further discussed by the Bills Committee. Ms Emily LAU nevertheless pointed out that according to the Administration's information, Australia, which also adopted an *ex post* regime, had the said power.

13. As TA would be the future regulator over merger and acquisition activities, Ms Emily LAU asked whether consideration could be given to entrusting this regulatory function to an independent body instead. Mr Eric LI considered that there might be a

need to regulate merger and acquisition by way of legislation. However, he expressed grave concern about over concentration of power in TA in regulating the industry, enforcing legislation, conducting investigation and prosecution, and making determinations. Besides, TA also had vast powers in formulating guidelines for reference/compliance by the industry.

14. On the role of TA in regulating merger and acquisition activities, DS/ITB advised that as there was no competition authority as such under the current sector-specific competition policy, TA was the industry regulator and hence, the appropriate body to deal with regulation of acquisitions and mergers in the telecommunications market. She pointed out that an independent appeal avenue was in place. If any party was aggrieved by TA's direction or decision, he could lodge an appeal with the Telecommunications (Competition Provisions) Appeal Board set up under section 32M of the Telecommunications Ordinance. Apart from the chairman and vice-chairman who must be qualified High Court judge, there were six other independent members comprising professionals such as economists and accountants. As such, the Administration considered that there were checks and balances on TA's exercise of regulatory powers.

15. On whether Hong Kong was the only place to adopt a sector-specific competition policy, DG-Tel advised that in the case of the United Kingdom, for example, although a universal competition law was in place, competition issues relating to the telecommunications sector were dealt with by the industry regulator in the first instance.

The guidelines

16. Mr MA Fung-kwok expressed concern about the guidelines to be issued by TA since they would provide the basis on how TA would assess the potential effect of the merger and acquisition activities on market competition. For example, if a licensee already holding 15% of the company's shares acquired an additional significant proportion of the market shares as a non-voting beneficial shareholder, he enquired whether such act would raise competition concerns. To balance the residual power of TA in issuing the guidelines, Mr Eric LI considered that important issues and requirements contained in the guidelines should be incorporated into legislation. He was of the view that appeals against TA's decision should not lie with the Secretary for Information Technology and Broadcasting who normally would rely on TA's professional advice when making relevant decisions. Mr Kenneth TING also enquired about the arrangements in case the industry disagreed with the guidelines.

17. In response, DG-Tel pointed out that the guidelines set out the factors the TA would take into account in analyzing the effects on competition of a particular merger or acquisition activity in the telecommunications market. They would also specify clearly the circumstances regarding changes to ownership or control of shares in a carrier licensee which may raise competition concerns. Hence, the guidelines provided practical guidance and had to be followed by both the TA and the industry on certain issues. He stressed that under the Telecommunications Ordinance, TA had to consult

the industry before introducing changes to the guidelines. Nevertheless, he advised that there was no provision for "appeals" against the guidelines issued by TA under the existing Telecommunications Ordinance. However, if the Appeal Board ruled against a decision which TA had made in accordance with the guidelines, then, TA might need to consider whether the guideline should be suitably revised.

18. In response, DS/ITB advised that the use of guidelines was to cater for rapid changes in the telecommunications market. Incorporating certain parts of the guidelines into legislation might necessitate frequent legislative amendments which would be time consuming and might not serve the immediate needs of the industry. The requirement for TA to consult the industry before making changes to the guidelines was already a safeguard on TA's power. As regards the proposed content of the guidelines, she referred members to the draft guidelines attached to the consultation paper on regulation of mergers and acquisitions in the telecommunications issued in April 2001.

19. Mr Howard YOUNG noted that Hong Kong, Australia and the United States used "substantially lessen competition" as the criterion for competition test while the United Kingdom used the indicator of "maintaining and promoting competition". Citing an example in which a carrier licensee, which already had a market share of 85%, took up another 5 % market share through merger and acquisition activities, Mr YOUNG pointed out that while the merger/acquisition *per se* did not involve substantial lessening competition, the licensees was in fact taking up a very high market share. He therefore called for suitable measures to quantify the judgements on competition test.

20. In response, DG/Tel confirmed that details on quantifying the extent of lessening competition would be set out in the guidelines. He referred members to the flow chart on systematic process for assessing prevention or substantial restriction of competition attached to the consultation paper on regulation of mergers and acquisitions in the telecommunications market issued in April 2001. Before conducting competition analysis, it was crucial to first define the market. Depending on the type of market, the factors used in assessing market share would range from the number of subscribers, the volume of usage and other factors. The level of competition in a market was then determined by, inter alia, market share and market concentration. In line with overseas practice, the TA would generally only start to assess mergers if the merged entity would supply:

- 40% or more of the market; or
- at least 15% of the market and the concentration ratio of the four (or fewer) largest companies in the market was 75% or more.

In addition, other structural features of the market such as barriers to entry, availability of substitutes and vertical integration would be taken into consideration by TA in determining whether the merger and acquisition activities would bring about anti-competitive effect.

(Post-meeting note: The consultation paper (with the Annex containing the draft guidelines) was re-circulated to members on 24 May 2002 vide LC Paper No. CB(1)1824/01-02.)

21. Members noted that the Bill would receive First Reading on 15 May 2002 and would be considered by the House Committee on 17 May 2002. To conclude, the Chairman considered that a Bills Committee should be formed to study the Bill in detail. Members agreed.

IV Licence Renewal Exercise for Asia Television Limited and Television Broadcasts Limited

(LC Paper Nos. CB(1)1664/01-02(02) and CB(1)1715/01-02(01))

22. At the invitation of the Chairman, DS/ITB briefed members on the background of the licence renewal exercise for Asia Television Limited (“ATV”) and Television Broadcasts Limited (“TVB”). Members noted that the deemed domestic free television programme service licence (Licences) would expire on 30 November 2003. In accordance with the Broadcasting Ordinance (“BO”), the Broadcasting Authority (“BA”) had conducted a public hearing on 18 April 2002 to collect public views on the services provided by ATV and TVB. The BA had also commissioned a Broadcasting Services Survey to tap public views on broadcasting services and existing regulatory requirements.

23. With the aid of power-point, the Director of Client Service Customised Research, AC Nielsen (China) Limited outlined the objectives, methodology and key findings of the Broadcasting Services Survey 2002.

24. The Commissioner for Television and Entertainment Licensing (C for T&EL) introduced the main issues raised at the public hearing, including language requirements, subtitles, programme standards, programme diversity, advertising standards and programmes supplied by the Government.

Programme language

25. In reply to Mr Howard YOUNG's enquiry about broadcasting programmes in Putonghua, C for T&EL pointed out that the two free domestic TV licensees might broadcast up to 20% of their programme material in non designated languages including Putonghua, outside the hours from 7:00 p.m. to 11:30 p.m. on their English channels. According to the information supplied by the two stations, both ATV and TVB had not fully utilized the 20% and there was still room for them to broadcast Putonghua programmes within the said threshold.

26. Noting that the China Central Television had designated a channel to broadcast English programmes round the clock, Mr Howard YOUNG stressed the importance for Hong Kong to retain the two existing free English channels so as to maintain and improve the English proficiency of Hong Kong people. If there were calls to strengthen

Putonghua programmes, he said that consideration could be given to broadcasting more Putonghua programmes on Cantonese channels, instead of English channels with a reduction in English language programmes. Ms Emily LAU shared MR YOUNG's view.

27. Regarding public views, DS/ITB advised that according to the Broadcasting Services Survey 2002, 58% of the respondents interviewed wanted more Putonghua programmes. 42% preferred these programmes to be broadcast on the existing Cantonese channels, while 39% opined that they should be broadcast on both the English and Cantonese channels. Only 18% considered that the programmes should be broadcast on existing English channels. Another suggestion was the use of the NICAM system to provide a Putonghua sound track in either the Chinese or English channel. DS/ITB said that as commercial entities, whether the broadcasting arrangements for Putonghua programmes would help draw more audience and increase revenue would likely be one of the licensees' major considerations.

Public hearing

28. Mr YEUNG Yiu-chung asked whether the BA would consider imposing new conditions on the licensees in the light of the views received during the public hearing. In this regard, C for T&EL recalled that in consideration of community views and feedbacks received from the public hearing held for the mid-term licence review in 1994, the BA had recommended new licence conditions requiring the two TV broadcasters to provide more programmes for senior citizens and young persons and in arts and culture. Similarly, the BA would examine public views carefully in the current exercise and make recommendations on the relevant licence conditions if necessary.

29. Ms Emily LAU appreciated BA's effort in conducting a public hearing to collect community views and enquired if there had been any objection raised at the public hearing to the licence renewal of the two free domestic TV licensees.

30. In reply, C for T&EL confirmed that no objection had been raised against the licence renewal of the two licensees at the public hearing. Regarding arrangements for the public hearing, he advised that the public hearing held on 18 April 2002 was a requirement under the BO for licence renewal and mid-term reviews of commercial television and radio licensees. In 1994, three public hearings on the services provided by ATV and TVB had been held, one each in Hong Kong Island, Kowloon and the New Territories. A total of some 400 people attended the hearings. To improve the efficient use of resources, the BA had decided to hold one public hearing for the current exercise. The fact that over 350 people had participated suggested that holding one public hearing had not reduced the public's participation. C for T&EL added that in case some members of the public were unable to attend the public hearing, they could provide their views in writing to the BA.

31. In this regard, the Chairman suggested that apart from conducting public hearings the BA could also consider collecting views by designating a bulletin board on its website. The Administration noted the suggestion.

Programme quality and diversity

32. Mr MA Fung-kwok declared that he was a member of the Culture and Heritage Commission (CHC). He reflected CHC's concern about the important role of free television programme service providers in enhancing the cultural quality of the community. In the absence of a channel that was open to the public in Hong Kong, he suggested that the licensees should be required by way of licence condition to broadcast more cultural programmes, and to allocate part of the news bulletin airtime to cover updates on cultural programmes. In response, C for T&EL advised that at present, the licensees were required to broadcast a minimum of 30 minutes of arts and culture programmes each week between 8:00 a.m. and midnight.

33. Mr MA Fung-kwok considered the present arrangement unsatisfactory as the licensees could technically fulfill the aforesaid requirement by broadcasting a half-hour programme on early Sunday morning where viewership was expected to be on the low side. He highlighted the need to require the licensees to broadcast cultural programmes during popular timeslots to reach out to a larger audience. DS/ITB noted Mr MA's concern and said that BA would welcome concrete proposals for consideration.

34. On the quality of TV programmes, Mr Kenneth TING enquired about the comparison of survey findings in 1994 and 2002. C for T&EL pointed out that the findings of the two surveys held in 1994 and 2002 were not strictly comparable because the areas covered were not identical and standards might have changed over time. Therefore, comparison could only be made where statistically applicable. C for T&EL provided the following comparison for members' information:

<u>Items</u>	<u>1994 survey</u>	<u>2002 survey</u>
Average viewing hours per day	3.5 hours	3.15 hours
The channel watched most often	Jade (91%)	Jade (82%)
Designating 4:00 p.m. to 8:30 p.m. as family viewing hours	Appropriate (60%)	Appropriate (87%)
Adequacy of news bulletins	Adequate (82%)	Adequate (86%)
Adequacy of current affairs programmes	Adequate(64%)	Adequate (80%)
Adequacy of children's programmes	Adequate (67%)	Adequate (57%)
Adequacy of programmes for young people	Adequate (59%)	Adequate (55%)
Adequacy of documentaries	Adequate (43%)	Adequate (55%)
Adequacy of programmes in art and culture	Adequate (41%)	Adequate (46%)

<u>Items</u>	<u>1994 survey</u>	<u>2002 survey</u>
Adequacy of programmes for senior citizens	----	Adequate(34%)
Amount of TV advertising	Appropriate (34%)	Appropriate (55%)

Note: figures in brackets denote the percentage of all respondents in the survey

35. Mr Kenneth TING urged the Administration to conduct future surveys in order to keep track of community views on programme quality. In response, the Senior Manager, Client Service Customised Research of AC Nielsen (China) Limited opined that asking standard questions at surveys might facilitate tracking and follow-up comparisons. However, it should be noted that different factors might also affect the answers to a standard question asked at different points of time.

36. Ms Emily LAU expressed her grave concern about the level of violence and the use of bad language in the programmes produced by the two TV stations and asked whether suitable sanctions would be taken.

37. In response, DS/ITB said that representatives of the two licensees had attended the public hearing and taken note of the various views and concerns. Besides, the use of languages and subtitles and broadcasting programmes for different age groups were important licence conditions. Where necessary, the BA would consider reviewing these conditions in response to community views. C for T&EL supplemented that public views expressed on the excessive use of violence or bad language would be taken on board by BA in reviewing the Code of Practice for the two free domestic TV licensees.

38. On programme diversity, Ms Emily LAU was concerned about the concurrent broadcast of programmes of a similar nature such as news bulletin, thus rendering viewers with little programme choice. Although many respondents of the survey found programmes on current affairs and documentary adequate, Ms LAU called for the broadcast of more high quality current affairs and documentary programmes during family viewing hours.

39. In response, DS/ITB advised that under the current regulatory regime, apart from the requirement that no programmes unsuitable for children should be broadcast during family viewing hours, the two television stations were given the flexibility to decide and arrange for the programmes to be broadcast during family viewing hours. As such, it might not be appropriate for the BA to micro-manage the programme arrangements of the two stations. However, she added that when more TV channels were available in due course, the television stations should, in response to market forces, produce programmes of a more diverse nature with a view to competing for audience.

Advertising standards

40. Mr CHAN Kwok-keung commented that all four channels of the two TV stations seemed to broadcast advertisements concurrently leaving the viewers with no choice. He was concerned about any possible collusion of the two stations and expressed unease over some advertisements depicting dying elderly.

41. C for T&EL advised that, under the BO, the aggregate advertising time should not exceed 10 minutes per clock hour between the period from 5:00 p.m. to 11:00 p.m. each day. At other times, the aggregate advertising time should not exceed 18% of the total time the service was provided in that period. Under the existing regulatory framework, BA would not specify the timeslots during which advertisements should be broadcast and it would be up to the TV stations to decide on the actual arrangements. Regarding the advertisement mentioned by Mr CHAN, C for T&EL confirmed that BA had imposed penalty on the TV station concerned.

Regulatory policy

42. In his opinion, the Chairman considered that the existing broadcasting services were over-regulated. He disagreed with certain restrictions on the types of advertisements to be broadcast during specific time-slots. Given that the two television stations were profit-making commercial entities, he stressed that a certain degree of flexibility should be given to them. For example, he suggested that the two TV stations should be allowed to broadcast programmes in Korean or Japanese on their English channels outside the hours of 7:00 pm to 11:30 pm. The Chairman further remarked that following the emergence of a wider range of media services, there would be greater choice and competition, which could in turn bring about quality and customer satisfaction.

43. In this connection, Mr MA Fung-kwok reiterated the important role of domestic free television programme service providers in nourishing a positive social culture. Given the dynamic nature of the broadcasting services, he asked whether consideration could be given to shortening the licence period so that more frequent reviews could be conducted to facilitate monitoring.

44. In response, DS/ITB advised that under exceptional circumstances, supplementary conditions could be included into the licence following the mid-term review. She further pointed out that upon renewal of its licence, each television station would roll out its own plans of investment. Shortening the licence period or keeping the licence conditions under frequent reviews and changes would likely create uncertainty and upset their investment plans. This might not be in the interest of both the licensees and general public.

V Digital Divide

(LC Paper Nos. CB(1)1664/01-02(03) and CB(1)1162/01-02)

45. At the Chairman's invitation, the Director of Information Technology Services (DITS) introduced the Administration's paper on digital divide.

46. Mr YEUNG Yiu-chung appreciated the Administration's effort in enhancing the community's awareness and knowledge of IT under the 2001 "Digital 21" Strategy. Referring to appendix IV of the booklet on "Building a Digitally Inclusive Society" which showed the location map of public computers, he enquired about the provision of such facilities in Tsuen Wan. In reply, the Assistant Director of Home Affairs (ADHA) confirmed that personal computers (PCs) were available for use by the public at five community cyber points in Tsuen Wan.

47. Noting that the Super Cyber Centre would continue to provide service while efforts in exploring the establishment of cyber centres at regional or district level were underway, Mr LAW Chi-kwong enquired whether these centres would be managed by non-government organizations (NGOs) or continue to be run by the Government.

48. In reply, ADHA advised that the Super Cyber Centre was a pilot scheme funded and managed by the Government. In setting up regional or district level cyber centres, the Administration intended to partner with local NGOs which would be responsible for the day-to-day management of the centres while Government representatives would continue to be involved in giving advice and guidance on management of the centres.

49. In this regard, DITS pointed out that the Super Cyber Centre was symbolic of the IT Hong Kong Campaign aimed at arousing the IT awareness of the community. He agreed that different modes of managing cyber centres such as entrusting their operation to NGOs or running them on a self-financing basis should be explored in respect of future centres at the regional or district level.

50. Noting that certain cyber cafes were prepared to provide services to senior citizens during non-busy hours at a low fee or free of charge, the Chairman invited the Administration to consider whether these cyber cafes could also be made available to the public so as to enhance IT usage in the community. While agreeing to explore the feasibility of the Chairman's suggestion, DITS cautioned that great care must be taken in the selection of cyber cafes as some of their activities might be under Police surveillance.

51. The Chairman informed the meeting that the project "CompuAid" run by NGOs for recycling used computers for distribution to those in need was facing difficulties in securing resources. He urged the Administration to provide assistance to "CompuAid".

52. In response, DITS appreciated the services provided under CopmuAid. However, if funding was to be provided to computer recycling projects, the Government would need to consider their cost-effectiveness. As used computers would need to be supported by accessories which were outdated and lack of supply in the

market, their recycling and restoration might end up more costly than acquiring new PCs the prices of which had been declining over time. As such, it might be more cost-effective to consider subsidizing under-privileged groups in acquiring PCs.

53. As regards the provision of a simplified Chinese character version of Government web pages, the Chairman enquired whether this would be done by means of a software to convert from the traditional Chinese character version, or by producing a separate version.

54. In reply, the Principal Assistant Secretary for Information Technology and Broadcasting confirmed that the simplified Chinese character version would be automatically converted from the traditional Chinese character version by a software installed in the servers of the Government web sites. The automatic conversion only applied to the text of the web pages. Traditional Chinese characters in banners etc. would have to be converted by individual host departments. All government web sites, except those of the overseas Economic and Trade Offices, would have versions in simplified Chinese characters. Tender was being invited for the conversion project and the new version was expected to be available within 2002.

55. Members noted the progress of the Government's measures and its plans in the coming year to drive the building of a digitally inclusive society in Hong Kong.

VI Any other business

56. There being no other business, the meeting was adjourned at 4:30 pm.