

**立法會**  
**Legislative Council**

LC Paper No. CB(1) 2213/02-03  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/ITB/1

**Panel on Information Technology and Broadcasting**

**Minutes of meeting**  
**held on Monday, 9 June 2003, at 2:30 pm**  
**in Conference Room A of the Legislative Council Building**

- Members present** : Hon SIN Chung-kai (Chairman)  
Dr Hon David CHU Yu-lin, JP  
Hon Eric LI Ka-cheung, JP  
Hon YEUNG Yiu-chung, BBS  
Dr Hon LAW Chi-kwong, JP
- Members absent** : Hon Howard YOUNG, JP (Deputy Chairman)  
Hon CHAN Kwok-keung  
Dr Hon Philip WONG Yu-hong  
Hon Emily LAU Wai-hing, JP  
Hon Timothy FOK Tsun-ting, SBS, JP  
Hon Albert CHAN Wai-yip  
Hon MA Fung-kwok, JP
- Public officers attending** : Agenda Item III  
  
Mrs Marion LAI, JP  
Deputy Secretary for Commerce, Industry and  
Technology (Information Technology and  
Broadcasting)  
  
Ms Gracie FOO  
Principal Assistant Secretary for Commerce,  
Industry and Technology (Information Technology  
and Broadcasting)  
  
Mr M H AU, JP  
Deputy Director-General of Telecommunications

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

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

Ms Sharon CHAN  
Legislative Assistant 6

Action

---

**I Confirmation of minutes and matters arising**

LC Paper No. CB(1)1825/02-03 -- Minutes of the Panel meeting  
on 14 April 2003

The minutes of the Panel meeting held on 14 April 2003 were confirmed.

**II Date and items for discussion for next meeting**

LC Paper No. CB(1)1864/02-03(01) -- List of outstanding items for  
discussion

LC Paper No. CB(1)1864/02-03(02) -- List of follow-up actions

2. Members noted that the Administration had proposed to discuss the following items at the next Panel meeting to be held on 14 July 2003 at 2:30 pm :

- (a) Progress of Cyberport Project;
- (b) E-government Programmes;
- (c) Free e-Cert on Smart Identity Card; and
- (d) Consultation on Guidelines on Mergers and Acquisitions under the Telecommunications (Amendment) Bill 2002 (subject to the resumption of second reading on 18 June 2003).

The Administration had also indicated that they might propose one more item for discussion at the next meeting. Members agreed that the Chairman would finalize the meeting arrangement with the Clerk and the Administration.

### III Review of the policy and regulatory regime for Type II Interconnection

LC Paper No.CB(1)1864/02-03(03) -- Consultation on Review of Type II Interconnection provided by the Administration

LC Paper No.CB(1)1864/02-03(04) -- Consultation paper on "Review of the Regulatory Policy for Type II Interconnection" (English version only)

LC Paper No.CB(1)1894/02-03(01) -- Background brief on issues relating to Type II interconnection arrangements in the telecommunications market prepared by the Secretariat

3. With the aid of power-point presentation, the Deputy Secretary for Commerce, Industry and Technology (Information Technology and Broadcasting) (DSCIT(ITB)) briefed members on the objective of the review for Type II interconnection, current conditions and existing regulatory framework of the telecommunications market, and key issues to be reviewed under the exercise. Members noted that the review would examine whether the policy on Type II interconnection remained relevant and necessary to facilitate effective competition and promote investment in the telecommunications market.

4. Mr Eric LI highlighted the importance of setting performance indicators such as market share in determining the effectiveness and continued need for Type II interconnection. He said that having regard to overseas practice, the presence of performance indicators might enable the Administration to adjust its regulatory measures flexibly according to changing market conditions. For instance, with the performance indicator of market share in place, the Administration might consider whether interconnection charges should be set with reference to the market shares attained by individual telecommunications operators. He stressed that in the absence of performance indicators, it was difficult to assess the effectiveness of the Type II interconnection regime meaningfully.

5. While noting Mr Eric LI's views, DSCIT(ITB) pointed out that as Type II interconnection straddled complex issues, the Administration would need to make reference to market data and economic analysis, including the factor of market share, in determining the way forward for Type II interconnection. Therefore, a few performance indicators alone might not serve the purpose.

6. The Deputy Director-General of Telecommunications (DDG/Tel) supplemented that even if the market shares of individual operators had indicated that the telecommunications market was already subject to sufficient competition, Type II interconnection was still justified under certain circumstances where the facilities in question constituted bottleneck facilities or the operators did not have any alternatives other than through Type II interconnection to access the customers.

7. Mr Eric LI did not subscribe fully to the Administration's explanation and maintained his reservation on how the policy could continue to be implemented effectively in the absence of objective performance indicators.

8. Dr LAW Chi-kwong supported in principle the policy for Type II interconnection. However, he considered that the current review should examine and tackle the problems encountered in the implementation of the policy. The Chairman also suggested that the Administration should analyze the complaints on Type II interconnection received by the Office of the Telecommunications Authority over the past years with a view to ascertaining the nature and parties involved in the disputes, which might be different from those in the early years of market liberalization.

9. In response, DDG/Tel pointed out that the Administration would take into account the operational experience of Type II interconnection, including the related complaints received, since its implementation in 1995. He believed that a clear Type II interconnection policy would help reduce the number of complaints.

10. Members noted that comments were being invited on the issues set out in the consultation paper on the review of the regulatory policy for Type II interconnection by 22 August 2003. The Administration advised that after considering the comments received during first-round consultation, it would consider formulating a set of proposals for further consultation. The Administration undertook to revert to the Panel on its proposals. The Panel agreed that if necessary, views from the industry would be invited.

Admin

#### **IV Any other business**

11. There being no other business, the meeting ended at 3:20 pm.