立法會
Legislative Council

Ref   :   CB1/PL/ITB

Report of the Panel on Information Technology and Broadcasting for submission to the Legislative Council

Purpose

This report gives an account of the work of the Panel on Information Technology and Broadcasting during the 2002-03 session of the Legislative Council.   It will be tabled at the Council meeting on 2 July 2003 in accordance with Rule 77(14) of the Rules of Procedure of the Council.

The Panel

2.   The Panel was formed by a resolution passed by the Council on 8 July 1998 and as amended on 20 December 2000 for the purpose of monitoring and examining Government policies and issues of public concern relating to information technology, telecommunications, broadcasting and film services. The terms of reference of the Panel are at **Appendix I**.

3.   The Panel comprises 12 members.   Hon SIN Chung-kai and Hon Howard YOUNG were elected Chairman and Deputy Chairman of the Panel respectively.   A membership list of the Panel is at **Appendix II**.

Major work

Telecommunications services

Access charge for IDD calls

4.   Given the high volume of telephone traffic between Hong Kong and the Mainland, the Panel monitored closely the implications of the increase in access charge from US$0.02 to US$0.17 per minute announced by China Telecom, a major Mainland operator, on all incoming telephone traffic in late

October 2002. Noting that external carriers in Hong Kong had first announced increases in their IDD tariffs, and subsequently lowered or reverted to their previous charges upon further clarifications with China Telecom, members were gravely concerned about the existing mechanism in IDD tariff adjustments and the regulatory role of the Telecommunications Authority (TA) in overseeing the level of charges and the welfare of consumers.

5. In this regard, the Administration assured members that while the level of access charge was a matter of commercial agreement between external carriers in Hong Kong and their Mainland counterpart, TA would see to it that no carriers would abuse the IDD charging mechanism by providing misleading information in breach of the law or their licence conditions, such as by misleading consumers into believing that the increase in Mainland access charge would necessarily bring about the same magnitude of increase in IDD tariffs.

6. The Panel was concerned that external carriers in Hong Kong might transfer their additional costs in access charge to customers, thus increasing the operating costs incurred by small and medium enterprises engaged in China trade. Members urged TA to reflect to the Mainland authority the impact of any sudden surge in access charge on the economic activities between Hong Kong and the Mainland. The Administration agreed to maintain dialogue with the Mainland Ministry of Information Industry in this regard.

Telephone network congestion

7. The Panel had reviewed with the Administration the serious congestion experienced by fixed and mobile telecommunications networks on 11 September 2002 when Hong Kong was under the attack of Typhoon Hagupit. Given the paramount importance of efficient and reliable telecommunications services, members urged the Administration to investigate into the incident and prevent recurrence.

8. On concern about network capacity, the Administration advised that all existing fixed and mobile networks were equipped with a spare capacity of 10% to 20% of their peak traffic volumes which were comparable to best international practice. On improvement measures, the Panel welcomed in principle the initiatives proposed by the Administration after review, which included better co-ordination among Government departments in the dissemination of information relating to the hoisting of the No. 8 signal, the feasibility of using alternative telecommunications facilities and improving communication with telecommunications operators. On alternatives such as the use of short message service (SMS), some members had enquired about the feasibility of encouraging mobile operators to issue pre-No. 8 typhoon message or No. 8 typhoon message through their SMS system free of charge to their

subscribers.   Members also considered that schools should be encouraged to develop an email or SMS contact list so that identical notices in emergency conditions such as inclement weather could be despatched to parents/students without burdening the telephone networks.

Type II interconnection

9.   In view of changing market conditions, the advent of new technologies, as well as the fact that more than seven years had passed since the liberalization of local fixed telecommunications networks services, members were aware of the need for an overall policy review on Type II interconnection.

10.   The Panel was briefed on the Administration's consultation paper on the review of Type II interconnection issued in late May 2003.   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.   In this connection, some members had suggested that the Administration should analyse 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 of and the parties involved in the disputes, which might be different from those in the early years of market liberalization.   Some members also suggested for the Administration's consideration the need to set certain performance indicators such as market share in determining the effectiveness of and continued need for Type II interconnection.   The Administration would revert to the Panel on its proposals after first-round consultation.

Information technology-related issues

Review of the Electronic Transactions Ordinance

11.   When considering the Administration's proposals formulated after public consultation on the review of the Electronic Transactions Ordinance (ETO) (Cap. 553), members expressed concern about the interface of ETO with other legislation which provided for the use of other forms of electronic signature, instead of digital signature which was the only recognized technology under ETO for purposes of authentication in electronic transactions. Referring to the Inland Revenue (Amendment) (No.2) Bill 2001, some members questioned the appropriateness of allowing the use of Personal Identification Number (PIN) in filing tax return as the security level of PIN was lower than that of digital signature.

12.   In this regard, the Administration highlighted that ETO provided a generic legal framework which should not prevent other bureaux/departments from enacting legislation to cater for their specific needs in implementing

electronic services. To provide users with greater choice and convenience, the Administration considered that PIN could be used for services where the level of security offered by it was commensurate with the risk of the services involved. In such cases, specific legislation would be introduced in which concerns about security would be addressed. The Administration also took on board members' suggestion to step up publicity to guide users in understanding the level of security and risks involved.

13.   Noting that apart from the Hongkong Post as a recognized CA by virtue of section 34 of ETO, there were three other recognized certification authorities (CAs) in the market, the Panel was keen to ensure that the Administration would take active measures to foster the development of a competitive CA market so as to promote electronic transactions.

14.   The Panel noted that the Administration had finalized its proposals to improve the ETO and introduced the relevant Bill into the Council on 25 June 2003.

Smart Identity Card

15.   Upon the roll-out of the Smart Identity Card in August this year, the Government would launch the initiative to offer an optional one-year free use of the e-Cert issued by Hongkong Post to be embedded in the Smart Identity Card. While members did not dispute the need to create a critical mass of e-Cert users to drive the adoption and further development of e-business, they sought clarification on whether the free e-Cert could be used for both government and commercial services. The Administration confirmed that Hongkong Post's e-Cert embedded in the Smart Identity Card could be used for both government and commercial services.

16.   Regarding some members' suggestion to open the Smart Identity Card platform to the digital certificates issued by other recognized CAs to facilitate competition with Hongkong Post, the Administration advised that it would look into the suggestion after gaining more operational experience and public feedbacks.

Information technology (IT) usage and penetration

17.   The Panel had considered the findings of the latest Household Survey on Information Technology Usage and Penetration and the Annual Survey on Information Technology Usage and Penetration in the Business Sector. Members found the surveys useful in gauging Hong Kong's progress in informatization and in identifying areas where improvements were needed. The Panel supported the Administration's initiative in conducting the two surveys on an annual basis.

18.   Regarding the business sector, members remained concerned about the relatively low IT usage and penetration rates among small and medium enterprises (SMEs). The Panel had reviewed with the Administration the range of support measures including awareness building programmes, support centres and services, financial support, as well as education and training.

19.   In examining the role of the Administration in promoting IT adoption by SMEs, some members highlighted the need for the Administration to refrain from competing for business opportunities with the private sector. The Administration assured members that it would only seek to fill the gap by providing SMEs with services which the market did not provide. Noting that creative industries in Hong Kong were mostly undertaken by SMEs, members pointed out that the Administration should strike the right balance in providing the necessary support but without intervening into the industries per se in order to preserve their creative potentials.

E-government and related issues

20.   The Panel had kept the E-government programme under periodic review. While agreeing that the Administration should continue to explore ways to boost the utilization of various e-government services, some members urged the Administration to take into consideration the implications of E-government initiatives on staffing, such as any possible deletion of posts or staff redundancy. They also urged the Administration to see to it that persons who lacked the means or knowledge to make use of electronic services would not be deprived of the government services they needed.

21.   On the progress in setting up Information Technology Management Units (ITMUs) in individual departments, members noted that as at early 2003, 27 ITMUs covering 33 bureaux and departments had been established. Members understood that those bureaux/departments which had yet to establish ITMUs would do so by April 2004.

22.   When considering the Administration's initiative to adopt a Common Look and Feel for government web sites, the Panel stressed the need to give individual departments a certain degree of flexibility in their web site design and layout to retain characteristics and allow variety. The Administration also noted members' suggestions of publishing the contact details of frontline staff in the departments' web sites, and developing young versions for some government sites.

23.   On the establishment of an Interoperability Framework (IF) to serve as an enabler for joined-up E-government services with effect from 2 January 2003, members were keen to ensure that business vocabularies and data attributes used within Government departments could be standardized

under an IF. Regarding the involvement of the business/commercial sectors in the management of IF, the Administration advised that the IF would be regularly reviewed by the Interoperability Framework Coordination Group and the extensible Markup Language Co-ordination Group which included members from the business/commercial sectors.

Film services

24.   The Panel was fully aware of the importance of the local film industry as a major creative industry. It had met with various industry bodies and sought their views on the proposed Film Guarantee Fund (FGF) and other issues of concern to the industry.

25.   Members generally supported the establishment of FGF. While welcoming the relaxation of the budget ceiling for each film for eligibility under the FGF, some members considered that the adequacy of the maximum amount of loan guarantee for each film at $2.625 million should be examined in the review.

26.   As regards various support measures to foster the growth of the local film industry, the Administration noted members' suggestion to boost the demand for theatrical release of films. On location shooting, members urged the Administration to take steps to promote Hong Kong as a filming location for overseas productions. Clarification had also been sought from the Administration on the charging arrangements for location filming at premises of the Government and Hospital Authority premises and occasional difficulties encountered by the industry when seeking permission from relevant government departments. In this connection, some members echoed the urge of the film industry for the establishment of a Film Commission which would be a high-level body co-ordinating all matters relating to film services.

27.   Given the potentials of the Mainland market, members urged the Administration to take active measures to assist the local film industry to open up the Mainland market. In response, the Administration said that it would make the best efforts to facilitate the local film industry to compete for the Mainland's import quota following the Mainland's accession to the World Trade organization. Some members were also concerned about rampant piracy in the Mainland and called upon the Administration to work closely with the Mainland authorities to safeguard the intellectual property rights of the local film industry.

28.   The Panel would continue to monitor key developments in the film industry and would re-visit this subject in a year's time.

Broadcasting

29.   In connection with the licence renewal exercise for sound broadcasting services provided by Hong Kong Commercial Broadcasting Company Limited (CRHK) and Metro Broadcast Corporation Limited, the Panel was briefed on the public views received on the services provided by the two licensees.   The Panel had also reviewed with the Administration on issues relating to sound broadcasting licence renewal, including the complaint handling procedures of the Broadcasting Authority (BA).

30.   Arising from the BA's issuance of warning to CRHK over two editions of one of its Personal View programmes, the Panel had exchanged views with the Administration on concerns about editorial independence, programme diversity and impartiality of current affairs programmes.   The Administration advised that the BA would consider public views on programme diversity and quality, and positive programme requirements etc. before concluding its recommendations on licence renewal to the Chief Executive in Council.   The Panel would keep in view the outcome of the licence renewal exercise.

31.   In this connection, members also exchanged views with the Administration on the feasibility of making available more radio channels. While advising members of the technical limitations such as spectrum constraints, the Administration undertook to look into the matter.   The Administration also took note of members' concern about the current composition of BA, in particular whether representatives of the Government should be appointed as members of BA and its committees.

Cyberport

32.   The Panel reviewed the progress and key activities of the Cyberport project periodically with the Administration.   Members will also pay a visit to the Cyberport and meet with some of the tenant companies.

33.   Members highlighted the need to ensure that the Cyberport would serve its intended objective of creating a strategic cluster of leading IT companies instead of a property development project competing with other developers in offering quality office premises at cheap rent.   To ascertain the business nature of the tenant companies and how far the Cyberport vision could be met, members sought updates from the Administration from time to time on the profiles of the tenant companies, such as their major activities, whether they were overseas or local companies and their number of employees.

34.   The Administration assured members that the compatibility of the tenant company's business profile with the objective of the Cyberport was a major consideration when the Committee on Admission of Cyberport Office

Tenants considered tenancy applications. Regarding concerns about the competition posed by the Cyberport, the Administration attributed the general unsatisfactory tenancy of office buildings in other parts of the territory to the unfavourable macro economy and the sluggish property market. The Cyberport would attract prospective tenants by its state-of-the-art facilities, not by offering cheap rent.

35. Noting that as at end 2002, only a few companies out of the companies/organizations which had leased or committed to lease Cyberport offices were new companies, some members expressed concern about the attractiveness of the Cyberport to those companies which were new to Hong Kong, as well as the future tenancy take-up rate. The Administration remained optimistic and referred members to the high level of interest shown by overseas participants of TELECOM Asia 2002 in the Cyberport. The Panel would continue to monitor the tenancy position.

36. Members also deliberated on the digital media centre (DMC) proposed to be established in the Cyberport for hosting the latest multi-media production facilities for the development of multi-media capabilities in tenants' products and services. Concern was raised about possible duplication of resources as there were similar facilities set up in some publicly funded tertiary institutions. Members also stressed the need to delineate the role and services of the proposed DMC carefully to ensure that it would not have an unfair edge when competing with similar privately funded establishments.

37. The Administration confirmed that the main objective of the proposed DMC was to provide assistance to small start-up companies which might lack the capital and resources to acquire the necessary hardware and software to take forward their business plans. Unlike academic institutions, the DMC would cater for commercial applications rather than academic purposes. The Administration confirmed that it was mindful of the need for the DMC to stay clear from competing with the private sector and to protect the intellectual property right of the clients.

Financial proposals

38. The Panel had considered a number of financial proposals prior to their submission to the Finance Committee and its subcommittees for approval. These included the proposed block allocation of $690 million for funding administrative computer systems for government departments, the proposed commitment of $50 million for setting up the FGF, as well as a staffing proposal on the re-organization of the Commerce, Industry and Technology Bureau (CITB).

39. When considering the funding requirement for the Government's administrative computer systems, members urged the Administration to make

the best use of the approved allocation.   In case the tender outturn prices were lower than the original estimates, they suggested that the Administration should make use of the remaining earmarked provision to implement more computerization projects.

40.	In connection with the proposed re-organization of CITB, some members expressed concern about the impact of downsizing on lower civil service ranks. In this regard, the Administration confirmed that in undertaking re-organization or re-structuring exercises, it would not seek to maintain the directorate establishment at the expense of non-directorate establishment at middle or lower ranks.

41.	From October 2002 to June 2003, the Panel held a total of 12 meetings, one of which was a joint meeting with the Panel on Commerce and Industry.

Council Business Division 1
Legislative Council Secretariat
27 June 2003

Panel on Information Technology and Broadcasting

Terms of Reference

1. To monitor and examine Government policies and issues of public concern relating to information technology, telecommunications, broadcasting and film services.

2. To provide a forum for the exchange and dissemination of views on the above policy matters.

3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.

4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.

5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Panel on Information Technology & Broadcasting

Membership list

Chairman	Hon SIN Chung-kai
Deputy Chairman	Hon Howard YOUNG, JP
Members	Dr Hon David CHU Yu-lin, JP
	Hon Eric LI Ka-cheung, JP
	Hon CHAN Kwok-keung
	Dr Hon Philip WONG Yu-hong
	Hon YEUNG Yiu-chung, BBS
	Hon Emily LAU Wai-hing, JP
	Hon Timothy FOK Tsun-ting, SBS, JP
	Dr Hon LAW Chi-kwong, JP
	Hon Albert CHAN Wai-yip
	Hon MA Fung-kwok, JP
	(Total: 12 Members)
Clerk	Miss Polly YEUNG
Legal Adviser	Miss Connie FUNG
Date	10 October 2002