

**立法會**  
**Legislative Council**

LC Paper No. CB(1)2000/11-12  
(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, 12 March 2012, at 2:30 pm**  
**in Conference Room 3 of the Legislative Council Building**

- Members present** : Hon WONG Yuk-man (Chairman)  
Dr Hon Samson TAM Wai-ho, JP (Deputy Chairman)  
Hon LAU Kong-wah, JP  
Hon Emily LAU Wai-hing, JP  
Hon LEE Wing-tat  
Hon WONG Ting-kwong, BBS, JP  
Hon Cyd HO Sau-lan
- Members absent** : Hon CHAN Kam-lam, SBS, JP  
Hon Timothy FOK Tsun-ting, GBS, JP  
Hon Andrew LEUNG Kwan-yuen, GBS, JP  
Hon Ronny TONG Ka-wah, SC  
Hon IP Kwok-him, GBS, JP  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
- Public officers attending** : Agenda item IV  
Mr Gregory SO, JP  
Secretary for Commerce and Economic  
Development

Ms Elizabeth TSE, JP  
Permanent Secretary for Commerce and Economic  
Development (Communications and Technology)

Miss Eliza LEE, JP  
Director-General of Telecommunications  
Office of the Telecommunications Authority

Mr HA Yung-kuen  
Deputy Director-General of Telecommunications  
Office of the Telecommunications Authority

Mr Danny LAU  
Assistant Director (Regulatory)  
Office of the Telecommunications Authority

Ms Helen LAI  
Principal Regulatory Affairs Manager  
Office of the Telecommunications Authority

Agenda Item V

Ms Elizabeth TSE, JP  
Permanent Secretary for Commerce and Economic  
Development (Communications and Technology)

Mr Joe WONG, JP  
Deputy Secretary for Commerce and Economic  
Development (Communications and Technology)

Mr Aaron LIU  
Principal Assistant Secretary for Commerce and  
Economic Development (Communications and  
Technology)A

Mr Chaucer LEUNG  
Assistant Director (Support)  
Office of the Telecommunications Authority

**Clerk in attendance :** Ms YUE Tin-po  
Chief Council Secretary (1)3

**Staff in attendance** : Mr Joey LO  
Senior Council Secretary (1)3

Ms May LEUNG  
Legislative Assistant (1)3

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Action

**I. Confirmation of minutes of meeting**

(LC Paper No. CB(1)1236/11-12 -- Minutes of meeting held on 9 January 2012)

The minutes of the meeting held on 9 January 2012 were confirmed.

**II. Information papers issued since the last meeting**

2. Members noted that no paper had been issued since the last meeting held on 13 February 2012.

**III. Date of next meeting and items for discussion**

(LC Paper No. CB(1)1238/11-12(01) -- List of outstanding items for discussion

LC Paper No. CB(1)1238/11-12(02) -- List of follow-up actions)

3. Members noted that the next regular Panel meeting would be held on Monday, 12 April 2012 at 4:30 pm to discuss the following items:

- (a) Cyberport Project and;
- (b) Review on the pilot e-Procurement programme.

**IV. Next generation network**

(LC Paper No. CB(1)1238/11-12(03) -- Administration's paper on consultancy study in relation to the implications of Next Generation Network on the regulation of telecommunications services in Hong Kong

LC Paper No. CB(1)1271/11-12  
(*tabled at the meeting and  
subsequently issued via e-mail on  
13 March 2012*)

Administration's paper on  
consultancy study in  
relation to the implications  
of Next Generation  
Network on the regulation  
of telecommunications  
services in Hong Kong  
(power-point presentation  
material))

#### Presentation by the Administration

4. At the invitation of the Chairman, Secretary for Commerce and Economic Development (SCED) briefed members on the consultancy study on the implications of the advent of the Next Generation Network ("NGN") on the telecommunications regulatory framework in Hong Kong, and the major recommendations put forward by the consultant. Principal Regulatory Affairs Manager, Office of the Telecommunications Authority (PRAM) then gave a power-point presentation on the subject. Details of the briefing and presentation were set out in the Administration's papers (LC Paper Nos. CB(1)1238/11-12(03) and CB(1)1271/11-12).

#### Discussion

##### *Interconnection*

5. Mr WONG Ting-kwong enquired about the benefits to be brought about by the NGN in terms of service subscription fees and network coverage, and the overseas experience in implementing NGN. He opined that the Administration should consider making it a mandatory requirement under the NGN regulatory regime that owners of properties should grant access rights to mobile operators for the installation of transmission facilities, so that their service could cover common areas, including areas in elevators inside buildings.

6. In response, Director-General of Telecommunications (DGT) advised that NGN would bring about benefits to consumers and service providers alike in terms of higher speed, expanded range of services and lower costs arising from market competition. Overseas countries such as Australia and Singapore were in various stages of developing their own NGN, whilst Germany was at a more advanced stage of development. Australia and Singapore adopted a government-led model which was very different from Hong Kong's market-driven model. On the provision of service in common areas of private premises, a balance had to be struck between private property

rights and the provision of telecommunications service.

7. Assistant Director (Regulatory) Office of the Telecommunications Authority (ADR) advised that the network coverage of mobile services were mainly determined by market considerations of the mobile operators regardless of whether NGN was used. Deputy Director-General of Telecommunications (DDGT) supplemented that the Administration had proposed in the Telecommunications (Amendment) Bill 1999 to extend the right of access to buildings and land already conferred on fixed telecommunications operators and the subscription television licensee to also mobile operators. However, the proposal was subsequently withdrawn due to objection from stakeholders such as property developers and tunnel operators.

8. In reply to Ms Emily LAU's enquiry, DGT advised that the proposed withdrawal of regulatory guidance for fixed-fixed interconnection charge (FFIC) might lead to the adoption of the "Bill and Keep" arrangement between fixed carriers. However, it would be an arrangement on the wholesale level which would have little bearing on reducing retail customers' bills. Nevertheless, market forces had caused telecommunications services charges to decline in recent years.

9. The Chairman and Dr Samson TAM agreed with the consultant's proposal for withdrawal of regulatory guidance for FFIC and leave it to the market to decide interconnection charging through commercial decisions. They also welcomed the consultant's proposal to set technical standards at the relevant interfaces for effective sharing of in-building telecommunications system (IBTS) among fixed carriers, which would encourage competition. In this regard, Dr TAM urged the Administration to act as a mediator in the event of breakdown of interconnection charge negotiations. He also enquired about the Administration's plan to facilitate fixed carrier for installation of IBTS in buildings.

10. In response, DGT advised that normally, the Administration would allow the market to determine the level of interconnection charges without Government intervention. However, in case of failure of the market players to reach agreement on the charges through commercial negotiation, the Telecommunications Authority (TA) was empowered under section 36A of the Telecommunications Ordinance (TO) (Cap. 106) to determine the level of interconnection charges, and had actually exercised the power to make a number of determinations in the past years. She added that under section 14 of TO, the TA might grant authorization to a local fixed carrier for accessing common parts of buildings if he was satisfied that the authorization was in the public interest. In the longer term, the Administration would consider a

review of section 14 such that fixed carriers would also be given the same access right to "single-owner" buildings which did not have common parts. ADR supplemented that it would not be a problem for fixed carriers to provide IBTS because building developers had been required to make available ample room and duct space in new buildings for accommodating such facilities. For older buildings, room and duct space for provision of IBTS was a constraint and fixed carriers would need to reach agreement for shared use of IBTS through commercial negotiations.

11. In response to the Chairman's enquiry about the issue of fairness in the bearing of Time Division Multiplexing (TDM)-IP conversion cost by NGN carriers, DGT advised that currently, Hong Kong had fewer NGN carriers than non-NGN carriers. The consultant did not see any problem with this arrangement in the near term. As more traditional networks migrate to NGN, such cost sharing arrangement would be reversed. Meanwhile, the Office of the Telecommunications Authority (OFTA) would consider promulgating guidelines if the issue of cost sharing could not be resolved by the industry.

#### *Network security*

12. In response to Ms Emily LAU's enquiry about network security in NGN, DGT advised that as the architecture of NGN moved from a closed platform to an open platform which ran everything over Internet Protocol technologies, the chance of network intrusion would inevitably increase. As such, proper security measures were required to put in place to fend off malicious attacks on NGN. In fact, OFTA had already issued the security guidelines for NGN in April 2010, with a view to providing practical guidance to the industry on the necessary security measures for operation of NGN.

#### *Other issues*

13. Ms Emily LAU noted the remarks in a New York Times article that United States did not have anything close to Hong Kong's ultrafast broadband service at an astoundingly low price. She enquired about Hong Kong's competitive edge in broadband service, and whether there was room for further improvement for the launch of NGN in Hong Kong. Sharing a similar view, Mr LEE Wing-tat considered that the Administration should step up effort to further reduce the telecommunications fees.

14. In response, DGT advised that with the opening up of the telecommunications market, keen competition had led to better services and lower prices for the consumers. An international tariff benchmarking study

commissioned by OFTA in 2011 found that residential and business users in Hong Kong paid as low as one-tenth of the telecommunications charges as their counterparts in six other cities under study, namely Copenhagen, London, New York, Shanghai, Singapore and Tokyo. The Administration would continue to encourage competition by making available more frequency spectrum for auctioning in the market. ADR supplemented that by employing 4G technology and optical network for customer access, NGN would provide consumers with more enhanced services in terms of speed and capacity.

**V. Progress report on digital terrestrial television**

(LC Paper No. CB(1)1238/11-12(04) -- Administration's paper on progress update on the implementation of digital terrestrial television broadcasting

LC Paper No. CB(1)1238/11-12(05) -- Paper on the progress of the implementation of digital terrestrial television broadcasting in Hong Kong prepared by the Legislative Council Secretariat (updated background brief))

Presentation by the Administration

15. At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Communications and Technology) (PSCED (CT)) briefed members on the latest progress of the implementation of the digital terrestrial television (DTT) service. Details of the briefing were set out in the Administration's paper (LC Paper No. CB(1)1238/11-12(04)).

Discussion

*DTT Take-up*

16. The Chairman and Ms Emily LAU shared a similar view that programme content was of vital importance to the quality of DTT service and DTT take-up. The domestic free television programme service licensees should provide a greater variety of programmes to suit the multifarious needs of the audience.

17. In response, PSCED(CT) advised that the Administration attached great importance to the quality of DTT service. It had stressed time and again to the two domestic free television programme licensees the need to broadcast more quality programmes on their DTT channels to enhance viewership. To this end, one of the licensees had taken advantage of the interactive feature provided by DTT to encourage the participation of the audience and raised the attractiveness of their programmes. The Broadcasting Authority (BA) had drawn attention to one of the licensees complaints about the frequency of re-run programmes, and the need to put precious radio spectrum into optimal use. Nevertheless, the licensees would have the autonomy in programme content. As regards the three applicants for domestic free television programme licences, PSCED(CT) advised that they would all had the capability of providing DTT service.

18. Noting the slow progress of the DTT take-up rate, Ms Emily LAU enquired if the target date for analogue switch-off (ASO) in end of 2015 would have to be further postponed.

19. PSCED(CT) advised that DTT take-up rate by the viewing public had kept growing steadily. It had increased from 3.5% in early 2008 to 68.6% in end of 2011. It was envisaged that the take-up rate would continue to grow in the run-up to end of 2015, albeit at a slower pace.

20. Noting that the frequent re-run of television programmes by the domestic free television programme licencees would affect the DTT take-up rate, Mr LEE Wing-tat opined that provisions governing the frequency of re-run programmes should be included in the licence conditions of the domestic free television programme licencees to prevent the excessive re-run of programmes. In response, PSCED(CT) advised that a balance should be struck between the fair use of spectrum resource and the editorial independence of the licensees.

21. Mr WONG Ting-kwong opined that there were still buildings in Hong Kong where the television reception system had not been upgraded to receive DTT signals. Such technical problems would pose a problem to DTT take-up, and should be tackled before ASO could be implemented.

22. Assistant Director (Support), Office of the Telecommunications Authority advised that for communal aerial broadcast distribution (CABD) systems installed in multi-storey buildings, there would be a need to install additional amplifiers/filters for the DTT channels. OFTA had issued technical specifications and guidelines for the reception and distribution of DTT signals in buildings. Incorporated owners and building managers were encouraged to upgrade their CABD systems for DTT reception. As an



interim measure before the upgrade of the CABD system, individual residents might deploy stand-alone indoor television antennae to receive DTT signals. Residents who had difficulties in DTT reception could contact OFTA for assistance.

**VI. Any other business**

23. There being no other business, the meeting ended at 4:06 pm.

Council Business Division 1  
Legislative Council Secretariat  
25 May 2012