

Ref : CB1/PL/ITB/1

**Legislative Council  
Panel on Information Technology and Broadcasting**

**Minutes of meeting  
held on Tuesday, 12 October 1999, at 11:30 am  
in Conference Room A of the Legislative Council Building**

**Members present** : Hon MA Fung-kwok (Chairman)  
Hon SIN Chung-kai (Deputy Chairman)  
Hon Kenneth TING Woo-shou, JP  
Hon David CHU Yu-lin  
Ir Dr Hon Raymond HO Chung-tai, JP  
Hon Fred LI Wah-ming, JP  
Hon James TO Kun-sun  
Hon CHAN Kwok-keung  
Hon Howard YOUNG, JP  
Hon YEUNG Yiu-chung  
Hon CHOY So-yuk  
Hon Timothy FOK Tsun-ting, SBS, JP

**Members absent** : Hon Eric LI Ka-cheung, JP  
Prof Hon NG Ching-fai  
Hon Emily LAU Wai-hing, JP  
Hon LAW Chi-kwong, JP

**Public officers  
Attending** : Mr K C KWONG, GBS, JP  
Secretary for Information Technology and  
Broadcasting

Ms Eva CHENG, JP  
Deputy Secretary for Information Technology  
and Broadcasting (1)

Mrs Jessie TING  
Deputy Secretary for Information Technology  
and Broadcasting (2)

Miss Annie TAM, JP  
Deputy Secretary for Information Technology  
and Broadcasting (3)

Mr Eddy CHAN  
Commissioner for Television and Entertainment  
Licensing

Mr M H AU  
Acting Director-General of Telecommunications

Mr Y C CHENG  
Acting Director of Information Technology  
Services

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

**Staff in attendance** : Ms Pauline NG  
Assistant Secretary General 1

Ms Sarah YUEN  
Senior Assistant Secretary (1)4

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**I Briefing by the Administration on the Chief Executive's Policy Address 1999**

(Information package on the Chief Executive's Policy Address 1999 circulated before the meeting by general despatch and the set of power-point presentation material on the policy objectives of the Information Technology and Broadcasting Bureau (ITBB) tabled at the meeting and circulated thereafter vide LC Paper No. CB(1)99/99-00)

With the aid of power-point presentation, the Secretary for Information Technology and Broadcasting (SITB) briefed members on the ITBB's policy objectives. Members noted that of the 45 targets set for the past year, the Administration had already completed action on 17, 25 were on schedule and the progress of only three targets needed review. Some members expressed appreciation for the progress made by the ITBB in achieving its targets.

Broadcasting and film services

2. In response to Mr YEUNG Yiu-chung's enquiry about measures to help local films enter the Mainland market, SITB and the Commissioner for Television and Entertainment Licensing (C for T & EL) reported that the Film Services Office (FSO) under the Television and Entertainment Licensing Authority (TELA) had been co-operating with the local film industry and the Hong Kong Trade Development Council (TDC) in organising various activities funded by the Film Development Fund (the Fund) to promote local films overseas. Examples included a forum on film co-production with the Mainland in 1999 and the Hong Kong-Asia Film Financing Forum to be held in 2000.

3. Mr YEUNG Yiu-chung opined that the Hong Kong Government should negotiate with the Mainland authorities to secure better opportunities for Hong Kong films under the Mainland's film import system. In response, SITB explained that all films could compete for slots in the import system. However, because of the special profit sharing system adopted for the distribution of films in the Mainland, under which a film's profit-generating potential was an important consideration, only films that could appeal to the Mainland market would be imported. Notwithstanding, the aforesaid forum on film co-production with the Mainland might help Hong Kong films co-produced with the Mainland enter the Mainland market in future.

4. The Chairman remarked that according to the local film industry, they had been discouraged from applying from the Fund to develop a web site for reason that the Administration had similar plans. In response, SITB and C for T&EL advised that while information on the film industry was already available on the TELA's web site, the TDC was also developing a dedicated web site for the dissemination of information and statistics relating to the film industry in co-operation with the industry. Under the approved funding criteria for the Fund, the Projects Vetting Committee (PVC) of the Film Services Advisory Committee would be required to consider, among others, whether there would be any duplication in terms of the work carried out by other institutions when examining an application for funding support. According to past experience, a proposed project which duplicated the work of other institutions was unlikely to be supported by the PVC.

5. The Chairman and Miss CHOY So-yuk highlighted difficulties faced by the local film industry and considered that to facilitate film production, all film-related policies and legislation should be collectively placed under the purview of the ITBB to minimise confusion and ensure consistency. In response, SITB confirmed that a new bill was being prepared to provide a consolidated regulatory framework on the use of dangerous goods for creating special effects in film and television programme production and theatrical performance so as to facilitate one-stop vetting of relevant applications by the TELA. Notwithstanding, due to the special nature of firearms, the use of modified

firearms in film production would remain under the regulatory purview of the Security Bureau (SB).

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6. Mr Fred LI referred to the recommendation in the July 1999 report of the Public Accounts Committee and enquired about plans to conduct public opinion surveys regularly to gauge the public perception of the moral standards generally accepted by the community so as to ensure that the Obscene Articles Tribunal could fully follow the community's expectations and moral standards in classifying articles under the Control of Obscene and Indecent Articles Ordinance. In response, SITB assured members that subject to availability of resources, the Administration would try its best to conduct regular opinion surveys.

#### Information technology

7. In response to Mr Kenneth TING's call for more active measures to meet the manpower and training needs of the information technology (IT) sector, SITB stressed that the Administration fully recognised the importance of IT manpower planning and had all along maintained close liaison with the tertiary institutions and the Vocational Training Council (VTC) and encouraged them to offer more IT-related training programmes. At present, one in every five university graduates was trained in IT-related programmes, while around 13,000 training places were being provided by the VTC on IT-related subjects. SITB however pointed out that as overseas experience had indicated, relying on local talents alone could not satisfy the great demand for IT professionals. Many countries, including the United States, accorded high priority to immigrants with IT expertise. In this connection, the Hong Kong Government would relax the criteria for admitting outstanding talents from the Mainland to work in Hong Kong. SITB added that details of the admission scheme would be announced by SB very shortly.

#### Telecommunications

##### *Mobile telecommunication services*

8. On why the Administration had scheduled the consultation exercise on the licensing framework for third-generation mobile communication services for 2000, SITB pointed out that the standards for these services would not be finalised by the International Telecommunication Union until the end of 1999, and the Administration considered it necessary to include such important details in the consultation document. As for local operators' readiness to launch the services, SITB was confident that with the growing provision of Internet services using wireless technology such as third-generation mobile phones, many local and international operators would be interested in launching the services.

9. Mr James TO considered that preparations should be made well in advance so as to facilitate early launch of third-generation mobile communication services to enable Hong Kong to secure the first-mover advantage. In response, SITB assured members that the Office of the Telecommunications Authority (OFTA) was preparing the relevant consultation paper and that no Asian country had yet launched these services. As for Hong Kong's global position in mobile communication, SITB pointed out that Hong Kong's mobile telephone penetration rate of 51% was the highest in Asia and among the highest in the world. The variety of services available in Hong Kong was also remarkable.

10. Referring to tunnel operators' objection to a proposal in the Telecommunication (Amendment) Bill 1999 to empower the Telecommunication Authority (TA) to arbitrate on wayleave fees for the installation of mobile network facilities by mobile phone operators (MPOs), the Deputy Chairman reiterated the operators' concern that TA would have a vested interest in safeguarding the interests of telecommunications operators at the expense of operators in other industries. In his view, to ensure fairness and impartiality, a cross-sector fair competition commission should be set up to conduct arbitration in the event of disagreement among different sectors on competition issues. Mr Fred LI echoed his views, pointing out that MPOs also had grievances on the lack of a level playing field and supported the setting up of an independent fair competition commission underpinned by fair competition legislation. The Deputy Chairman and Mr Fred LI requested that their views be conveyed to the Trade and Industry Bureau for consideration.

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11. Addressing their concerns, SITB assured members that in arbitrating on the level of the wayleave fees, TA's powers were subject to sufficient safeguards provided for in the Bill. He emphasized that only when the parties concerned had failed to reach a commercial agreement and the public interest test was met would the TA be empowered to intervene and determine terms and conditions of access. In addition, if TA failed to arbitrate fairly, the aggrieved party could appeal against TA's decision by way of judicial review.

*The fixed telecommunications network services (FTNS) market*

12. Mr Fred LI expressed regret at the extension of the moratorium on the issue of additional local wireline FTNS licences with the result that the wireline FTNS market was the only market which could not be left to determine the optimal number of licensees. In response, SITB stated that interested operators were welcome to enter the market upon expiry of the moratorium on 1 January 2003.

13. Mr Fred LI enquired whether the Government would consider granting FTNS licences to power and gas suppliers to provide telecommunications service over their non-telecommunications networks and if yes, whether the

Administration would seek to remove the obstacles faced by them in gaining entry into the FTNS market. In response, SITB confirmed that the Administration would be prepared to hold early discussion with any parties interested in entering the FTNS market, including utility companies.

*Other concerns*

14. In reply to the Deputy Chairman's questions about the licensing criteria of wireless FTNS and external telecommunications services, SITB advised that, inter alia, the applicants' service coverage, technical and financial capabilities, and the commercial viability of their proposals would be considered. In addition, if the proposed services were to be provided using wireless technologies, the availability of spectrum and their ability to achieve spectrum efficiency would also be important factors for consideration. He further confirmed that there was no pre-set limit on the maximum number of these licences, provided that there were no physical constraints that would limit such number of licences.

15. On Mr YEUNG Yiu-chung's proposal to exempt students from payment of PNETS charges, SITB pointed out that the recent reduction in PNETS charges of some 18% was a result of the growing volume of Internet traffic and hence reduction in unit cost. He said that in the view of ITBB it might not be appropriate to exempt student Internet users from payment of the PNETS charges as the costs of such users would then have to be borne by other Internet users, resulting in one group of users providing a hidden subsidy to another. The ITBB considered it more reasonable to ascertain the financial implications involved and, if justified, to consider providing such assistance with public funds. SITB further said that the Administration was examining measures to facilitate the provision by schools of Internet access to their students so as to reduce the burden of PNETS charges on students.

16. The meeting ended at 12:40 p.m.