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**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 1999-2000 session of the Legislative Council. It will be tabled at the Council meeting on 21 June 2000 in accordance with Rule 77(14) of the Rules of Procedure of the Council.

**The Panel**

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

3. The Panel comprises 16 members. Hon MA Fung-kwok and Hon SIN Chung-kai were elected Chairman and Deputy Chairman of the Panel respectively. A membership list of the Panel is at **Appendix II**.

**Major work**

Roll-over to Year 2000

4. The Panel continued with its vigorous efforts in overseeing the work on tackling the Year 2000 (Y2K) problem in Government and in non-government organizations (NGOs) funded or regulated by the Government, particularly those departments/NGOs providing essential services to the community. In view of the far-reaching implications of the Y2K issue and the need for timely and sufficient monitoring, all LegCo Panels had taken the subject on board and reviewed at appropriate intervals the progress of Y2K rectification work and contingency plans under their respective policy purview.

The Panel had also examined the Administration's territory-wide Y2K contingency plan and publicity and promotional programmes. Following deliberations by Panels, the Administration's attention was drawn to a number of critical concerns, which included the Y2K compliance of aircrafts of foreign airlines, immigration clearance at control points, operations of public hospitals and effective communication between various entities of the Administration's Central Co-ordinating Centre.

5. The Panel was pleased to note that apart from a few minor problems, the rollover to the new Millennium had been smooth with all essential services continuing uninterrupted. Members had also been briefed on the rollover arrangements for the following Y2K critical date of 29 February 2000. The Panel sought the Administration's assurance that by and large, Hong Kong was free from major Y2K problems requiring large-scale service-wide co-ordination.

#### Information technology

6. The Panel deliberated on issues related to the registration of Internet domain names and noted that a Task Force set up under the Information Infrastructure Advisory Committee had completed a review on the administration and assignment of Internet domain names and Internet protocol addresses in Hong Kong. A consultation paper setting out the Task Force's views on a new framework had been issued for public consultation. The Panel would monitor the outcome of the consultation.

7. The Panel was gravely concerned about the common computer security hazards posed by computer viruses and hacking, and the effectiveness of the measures taken by the Government to protect its computer systems and networks. In the wake of recent repeated attacks on the Interactive Government Services Directory (IGSD) web site by hackers, members had reviewed with the Administration the existing arrangements, remedial action and preventive measures. The Administration assured members that IGSD was hosted in the stand-alone server system and the other Government web sites had not been affected. Moreover, a comprehensive review of IGSD, which was a pilot scheme, would be conducted. Members were also briefed on the four-pronged approach adopted by the Administration to guard against possible hacking and other forms of security intrusion into Government computer networks.

8. On the proposed establishment of a computer emergency response team (CERT) in Hong Kong, members were concerned about the slow progress and explored with the Administration possible ways to expedite its establishment. The Panel noted that at present, some of the functions of a CERT relating to disseminating information on new viruses, organizing seminars and providing advisory services were being undertaken by the Information Technology Services Department and NGOs such as the Hong

Kong Productivity Council. Some members had suggested that the Administration should examine the funding arrangement for the future operation of CERT.

### Cyberport

9. Following funding approval and implementation of major phases of the project, the Panel continued to monitor the project by periodically reviewing its progress and key activities with the Administration. Members noted that as at early June 2000, a total of 15 multinational corporations had signed letters of intent to become anchor tenants and another 119 companies had registered their interest in becoming tenants. The Panel would continue to monitor the development to ensure that the Cyberport was serving its intended purpose of creating a strategic cluster of leading information technology and services companies and was not competing with other developers in offering quality office premises.

10. The Panel was also concerned about the environmental impact of the Cyberport project and the objections raised under various Ordinances to the gazetted works. It had requested from time to time to be provided with information on details of the objections, how they had been dealt with and if they had been rejected, the grounds for such rejection so as to make sure that all the necessary procedures had been followed and the views of the public had been duly considered.

11. The Panel was briefed on the main provisions of the Cyberport Project Agreement. In essence, members noted that the Government's capital contribution would be the value of the land for the residential portion of the project at the time of the grant of development right to the Pacific Century Group (PCG), while the latter's capital contribution would be the outturn of the peak funding requirement. The developer, which was a company set up under PCG, would not obtain any right, title or interest in or to the land comprised in the Cyberport and the residential portions. The Administration had also advised that the Project Agreement would give legal effect to the provisions in the Letter of Intent, with additional terms relating to tax, intellectual property rights, warranties and undertakings, defaults and termination etc. to further safeguard the position of the Government.

12. In view of the strong demand for office space in the Cyberport, members had discussed the implications if all or some of the proposed 148 residential flats and 27 houses in the Cyberport portion were replaced by office premises to accommodate more companies. The Administration had pointed out that the proposed changes would require approval by the Town Planning Board and discussion with the developer would be needed as the construction cost for office buildings would be higher than that for residential units. The Administration nevertheless agreed to further examine the suggestion.

13. As regards the future sale of the units in the residential portion, some members had expressed concern that the Government might not possess the commercial expertise to consider the sales arrangements such as timing and pricing proposed by the developer. In response, the Administration advised that the detailed sales arrangements would require the approval of the Hong Kong Cyberport (Ancillary Development) Limited which was one of the three Financial Secretary Incorporated companies with its own board of directors to be appointed in due course.

#### Telecommunications services

14. On the need to maintain a level playing field in the telecommunications industry, the Panel followed closely the proposed merger of Cable & Wireless Hong Kong Telecom (CWHKT) with other major industry players such as Singapore Telecommunications and Pacific Century Cyberworks. Members were particularly concerned about possible market domination by a powerful entity formed by the merger of CWHKT with other telecommunications operators. Members exchanged views with the Administration on the implications arising from the merger and urged the Administration to safeguard against market monopolization and ensure fair competition.

15. The Panel attached great importance to an open and competitive telecommunications market for the benefit of the industry and consumers. In response to the simultaneous price adjustments of a similar amount by existing mobile phone licensees, the Panel expressed serious concerns about the possibility of a collusive agreement by licensees to fix prices and urged the Telecommunications Authority (TA) to conduct a thorough investigation. Members noted that following TA's investigation, which confirmed that the licensees concerned had been engaged in certain anti-competitive acts, the mobile phone operators had decided to rescind their price adjustments and revert to the previous charges.

16. The Panel recognized that with evolving technologies, there would be new market opportunities for Third Generation (3G) mobile services to meet the demand for multimedia and other innovative services via mobile phones. On the proposed licensing framework for 3G services, members had deliberated on the four licensing options put forward by the Administration for consultation with the industry and urged the Administration to ensure that new market entrants would be given reasonable opportunities to compete with incumbent operators.

17. On the selection of 3G services operators, the Panel noted that the Administration had proposed not to adopt the option of spectrum auctioning but to grant a limited number of licences by evaluation of the merits of applications. Some members nevertheless highlighted the benefits of auctioning in terms of revenue and impartiality and urged the Administration to take a balanced

approach in deciding on the selection arrangement. Members were also concerned that if the "evaluation of merits" approach was adopted, the selection process must be made more transparent so as to ensure fairness.

18. Members noted that as views collected from the first-round consultation on certain key issues such as licencing and operator selection were quite divided, the Administration would likely conduct a second-round consultation in the third quarter of 2000 on these issues. The Panel would keep in view future developments.

#### Broadcasting and film services

19. Arising from the deployment of television artistes as news presenters by a commercial broadcaster, members were concerned about the quality of television news programmes. In discussing issues related to the said arrangement with the Administration and the company concerned, members were keen to ensure that the quality of news programme and editorial independence of the news team had not been affected. They also sought assurance from the Administration that there had not been any breach of legislation or licence conditions and that complaints would be properly handled.

20. Following the establishment of the Film Development Fund in 1999, the Panel was updated on the disbursement of funds from the Fund and the monitoring mechanism in place to ensure satisfactory implementation of approved projects. The Administration took note of members' concern about greater vigilance in the granting of funds so as to make sure that the amount of funding received by an approved project was reasonable.

#### Control of obscene and indecent articles

21. The proliferation of obscene and indecent articles and their harmful effects on the younger generation was a major issue of concern to the Panel. Members had deliberated on proposals detailed in the Administration's consultation paper entitled "Protection of Youth from Obscene and Indecent Materials : The 2000 Review of the Control of Obscene and Indecent Articles Ordinance". On the proposed adoption of a two-tier classification system whereby apart from the existing Obscene Articles Tribunal, a new obscene articles classification board, whose members would be appointed by the Administration, would be set up, some members were concerned that the proposed arrangement would result in a shift from a classification system firmly grounded in the judicial process to a quasi-administrative one which might be susceptible to governmental influence. They also questioned the possible duplication of resources under the proposed two-tiered approach. Whilst some members expressed support for the establishment of the proposed classification board, they urged that the administrative guidelines to be issued by the Secretary for Information Technology and Broadcasting for the board's

reference must be clear and capable of reflecting the changing expectations of the community.

22. On enforcement, members had exchanged views with the Administration on ways to tackle the problem of the existing unrestricted circulation of "sex-pages" supplements of newspapers. The Administration took note of members' concern about the adequacy of the proposed increases in penalties for offences under the COIAO and the suggestion that the level of fine should be pegged to the profits derived from the sale of the indecent articles in question. Members also urged that sufficient resources should be provided to the relevant department(s) in enforcing requirements under COIAO.

23. On the regulation of obscene and indecent articles transmitted via the Internet, some members had suggested that apart from clarifying the legal liabilities of Internet service providers (ISPs) as conveyors of information under COIAO, the responsibility of the Web hosts and the web site owners should also be examined. Members had also expressed views about blocking access to obscene material and the feasibility of ISPs requiring a user to declare his age before allowing him access to indecent materials on the Internet.

24. In the course of deliberation, members were of the view that the proposed regulatory regime must not become an instrument in curbing press freedom. The Administration, in response, assured members that it would strike a reasonable balance between protecting public morals and young people on the one hand, and preserving the free flow of information and freedom of expression on the other.

25. To gauge the views of the public on the consultation paper, the Panel would meet deputations in the end of June and would continue to monitor the outcome of the consultation exercise.

26. From July 1999 to June 2000, the Panel held a total of 11 meetings.