

立法會
Legislative Council

LC Paper No. CB(1) 370/03-04
(These minutes have been seen
by the Administration)

Ref : CB1/PL/ITB/1

Panel on Information Technology and Broadcasting

Minutes of meeting
held on Thursday, 23 October 2003, at 2:30 pm
in the Chamber of the Legislative Council Building

Members present : Hon SIN Chung-kai (Chairman)
Hon Howard YOUNG, SBS, JP (Deputy Chairman)
Hon CHAN Kwok-keung, JP
Hon YEUNG Yiu-chung, BBS
Hon Emily LAU Wai-hing, JP
Hon Albert CHAN Wai-yip

Members absent : Dr Hon David CHU Yu-lin, JP
Dr Hon Eric LI Ka-cheung, GBS, JP
Dr Hon Philip WONG Yu-hong, GBS
Hon Timothy FOK Tsun-ting, SBS, JP
Dr Hon LAW Chi-kwong, JP
Hon MA Fung-kwok, JP

Public officers attending : Agenda items IV and V

Mrs Marion LAI, JP
Acting Permanent Secretary for
Commerce, Industry and Technology
(Communications and Technology)

Mr Tony LI
Principal Assistant Secretary for
Commerce, Industry and Technology
(Communications and Technology) E

Agenda item IV

Mr M H AU, JP
Director-General of Telecommunications

Mr Edward L WHITEHORN
Head, Competition Affairs Branch
Office of the Telecommunications Authority

Agenda item V

Mr Patrick HO
Financial Controller
Office of the Telecommunications Authority

Agenda item VI

Miss Adeline WONG
Acting Deputy Secretary for Commerce, Industry and
Technology (Communications and Technology)

Mr Eddie CHEUNG
Principal Assistant Secretary for Commerce, Industry
and Technology (Communications and Technology) A

Mr Stephen MAK
Deputy Director of Information Technology Services

**Attendance by
invitation**

: Agenda item IV

**Hutchison Global Communications Limited/
Hutchison Telecommunications (Hong Kong)
Limited**

Mr Oswald KWOK
Senior Legal Counsel

PCCW Limited

Mr Stuart CHIRON
Director of Regulatory Affairs

Mr Terry CASSELLS
General Manager,
Policy & Economics Regulatory Affairs

Telstra Corporation Limited /
Hong Kong CSL Limited

Mr Hayden FLINN
Solicitor
Mallesons Stephen Jaques

Consumer Council

Mr Ron CAMERON
Head, Trade Practices Division

Mr Victor HUNG
Chief Trade Practices Officer

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

Staff in attendance : Miss Connie FUNG
Assistant Legal Adviser 3

Ms Debbie YAU
Senior Assistant Secretary (1)1

Miss Chris LAM
Clerical Assistant (1)2

Action

I Confirmation of minutes

LC Paper No. CB(1)91/03-04 -- Minutes of the Panel meeting on
9 October 2003

The minutes of the Panel meeting on 9 October 2003 were confirmed.

II Date and items for discussion for next meeting

LC Paper No. CB(1)93/03-04(01) -- List of outstanding items for
discussion

LC Paper No. CB(1)93/03-04(02) -- List of follow-up actions

2. The Chairman recapped that as agreed by members at last meeting, the following items would be included on the agenda of next meeting to be held on 10 November 2003:
 - (a) Briefing by the Secretary for Commerce, Industry and Technology on workplans and initiatives within the purview of the Communications and Technology Branch; and
 - (b) Building a digitally inclusive information society and related issues

III Paper issued since last meeting

LC Paper No. CB(1)2383/02-03 -- Legal action taken by the Consumer Council against the Phone Magazine for its infringement of the copyright of the Council's monthly publication "Choice"

3. Members noted the above paper issued since last meeting.

IV Consultation paper on draft merger guidelines for Hong Kong telecommunications markets

Brief introduction by the Administration

LC Paper No. CB(1)2343/02-03(01) -- Consultation paper on draft merger guidelines for Hong Kong telecommunications markets issued by The Office of the Telecommunications Authority

LC Paper No. CB(1)2343/02-03(02) -- Press release dated 4 August 2003 issued by The Office of the Telecommunications Authority

4. With the aid of power-point presentation, Head, Competition Affairs Branch, Office of the Telecommunications Authority gave a brief introduction on the draft merger guidelines for Hong Kong telecommunications markets (the draft Guidelines), which explained how the Telecommunications Authority (TA) would apply and enforce the new Telecommunications (Amendment) Ordinance 2003 (the Ordinance).

Meeting with deputations

5. Members noted the following submissions from parties which were not attending the meeting:
 - (a) SmarTone Communications Limited (LC Paper No. CB(1)93/03-04(06)); and

(b) the Law Society of Hong Kong (LC Paper No. CB(1)115/03-04(01)).

6. The Chairman welcomed deputations and invited them to present their views on the Guidelines.

Hutchison Telecommunications (HK) Limited /Hutchison Global Communications Limited (Hutchison)

LC Paper No. CB(1)93/03-04(03) -- Submission from Hutchison Telecommunications (HK) Limited/Hutchison Global Communications Limited

LC Paper No. CB(1) 141/03-04(02) -- Speaking note of Mr Oswald KWOK, Hutchison Telecommunications (HK) Limited/Hutchison Global Communications Limited
(tabled and issued to members on 24 October 2003)

7. Mr Oswald KWOK pointed out that the draft Guidelines could not meet the business community's need for practical guidance in conducting their own analysis when considering whether or not to proceed with a transaction. Specifically, he highlighted the following points:

- (a) The draft Guidelines did not explain how the TA would apply them in his review of a transaction involving a carrier licensee and how the TA's decisions would be made.
- (b) The draft Guidelines had an anti-merger flavour. Given the policy objectives of the merger and acquisition regulatory regime being pro-competition, the positive aspects of mergers should be expressly recognized in the Guidelines, as in the case of the Australian Merger Guidelines.
- (c) Due consideration should be given to the economic characteristics of a small market economy like Hong Kong in formulating the future Guidelines.
- (d) As the Ordinance would only affect the "carrier licensees", more specific guidance as to how "market" would be defined in relation to each of the three types of "carrier licensees" should be provided.
- (e) The draft Guidelines only provided the meaning of substantially lessening of competition as used in the United States, Europe and Australia. It did not specify what constituted substantially lessening of competition in the case of Hong Kong and the relevant test.
- (f) The draft Guidelines did not provide any threshold figures or tests for market share and concentration which operators could rely on to make "informed decisions" on a transaction for themselves.
- (g) As "safe harbour" provisions had not been included in the legislation, they should be spelt out in the draft Guidelines.
- (h) The TA should adopt a more lenient approach towards failing firms,

given the pro-efficiency effects of mergers and acquisitions (M&As) involving failing firms.

- (i) The TA should give due consideration to those public benefits outside consumer benefits and provide further guidance in this aspect.
- (j) The Guidelines should specify the time limits within which the TA must make decisions on a proposed or completed M&A.
- (k) The information required by the TA as set out in the "Application for Prior Consent" was excessive and onerous.

8. Given that further clarification and improvement were required on the draft Guidelines, Mr KWOK urged for a second-round consultation.

PCCW Limited (PCCW)

LC Paper No. CB(1)93/03-04(0) -- Submission from PCCW Limited

LC Paper No. CB(1)141/03-04(03) -- Speaking note of Mr Stuart
(*tabled and issued to members on* CHIRON, PCCW Limited
24 October 2003)

9. Mr Stuart CHIRON pointed out that the draft Guidelines should be improved substantially to increase the level of predictability and to reduce the subjectiveness in the approval process. This could be achieved by including in the draft Guidelines a formula modeled on the Herfindahl-Hirschman Index (HHI) to measure market concentration. He also highlighted the following concerns:

- (a) Firm safe harbours in terms of market share, turnover and asset levels should be provided in the Guidelines.
- (b) It was necessary to define the meaning of "a vigorous and effective competitor".
- (c) The "failing firm" test in the draft Guidelines should be modified to enable a failing telecommunications firm to establish an easier path for M&A since its network assets were often sunk and could not exit the market as required.
- (d) The Guidelines should include more examples and off-shore case law to promote predictability.
- (e) The draft Guidelines did not recognize that the vast majority of mergers were beneficial to users in terms of greater efficiency and more vigorous competition.
- (f) The Guidelines needed to clearly place the burden of proof on the regulator as to whether a proposed or completed M&A had or likely to have, the effect of substantially lessening competition.
- (g) The Guidelines should not include performance bonds and specific licence conditions as possible measures to ensure that certain public benefits or efficiency estimates were met.

10. Owing to the need for substantial improvements to the draft Guidelines, Mr CHIRON strongly urged for a second-round consultation.

Telstra Corporation Limited/ Hong Kong CSL Limited

LC Paper No. CB(1)127/03-04(01) -- Submission from Telstra Corporation Limited/ Hong Kong CSL Limited

11. Referring members to the submission of the Telstra Corporation Limited/Hong Kong CSL Limited, Mr Hayden FLINN expressed support for a second-round consultation on the draft Guidelines.

Consumer Council (CC)

LC Paper No. CB(1)93/03-04(05) -- Submission from Consumer Council

LC Paper No. CB(1)141/03-04(04) -- Speaking note of Mr Ron CAMERON, Consumer Council
(tabled and issued to members on 24 October 2003)

12. Mr Ron CAMERON of CC outlined the main points of their submission on the Guidelines as follows:

- (a) CC was pleased to note that the proposed methodology for assessing "substantial lessening of competition" followed those of other jurisdictions that administered general competition laws.
- (b) It was necessary to ensure that competitive advances and claimed efficiencies of M&As would benefit all sectors of telecommunications users.
- (c) The draft Guidelines did not provide sufficient explanation and examples as to how TA would exercise his discretion in determining whether a M&A would result in a benefit to the public which would outweigh the detriment constituted by the substantial lessening of competition.

Discussion with deputations

13. Ms Emily LAU shared the industry's concerns that it was necessary to include clear provisions on "safe harbour" and "failing firm" in the draft Guidelines since such provisions could help provide more certainty and predictability of the way in which TA would exercise his power. She sought the views of CC on "safe harbour" and "failing firm" provisions and whether it would support a second-round consultation.

14. Mr Ron CAMERON of CC expressed support for a second-round consultation on the draft Guidelines. He pointed out that the Guidelines should be subject to periodic reviews in the light of changes in the telecommunications sector. On "safe harbour" provisions, he said that the CC was inclined towards the prudent approach adopted by TA under which even M&As below a certain threshold would not be automatically exempt from examination. As regards "failing firm" provisions, Mr CAMERON pointed out that the Amendment Ordinance already provided TA with a power to allow a M&A that substantially lessened competition to proceed if a benefit

to the public outweighed the detriment resulting from the lessening of competition. He considered that under these circumstances, TA could take into account the possible disruption of service caused to customers and the loss of jobs if a proposed or completed acquisition involving a failing firm was not allowed.

CC

15. In this connection, Ms Emily LAU reiterated her view that decisions on M&As should be entrusted to a board comprising several members instead of to a single person. At Ms LAU's request, CC agreed to forward to the Panel their considered views regarding the industry's concern on "safe harbour" and "failing firm" provisions.

16. On issues relating to "failing firm", the Chairman pointed out that in jurisdictions where corporate rescue legislation were in place, companies in financial difficulty might be flexibly exempt from M&A restrictions on account of the public benefits brought about by a proposed or completed M&A. Pending the enactment of corporate rescue legislation, the Chairman was concerned about the acquisition of failing firms in Hong Kong.

17. In this connection, Mr Oswald KWOK of Hutchison said that under the existing Companies Ordinance (Cap 32), where a company was ordered to be wound up by the court, the provisional liquidator or liquidator appointed by the court would be given the power to carry on the business of the company, so far as might be necessary for the beneficial winding up thereof. It might be possible for proposed acquisitions, if any, to proceed but the processes must be carried out expeditiously under a set of clear criteria. Mr CHIRON of PCCW Limited saw merits in such M&As in saving jobs and safeguarding the continuity of service provided to existing subscribers of the failing firm.

18. In reply to Ms Emily LAU, Mr Oswald KWOK of Hutchison said that examples of public benefit which warranted TA's consideration when examining the competition effect of a proposed or completed M&A might include technological advancement as a result of engagement in research and development activities by the merged entities.

Meeting with the Administration

19. The Chairman highlighted the need for a set of Guidelines based on objective criteria. He pointed out that as the future M&A Guidelines were meant to provide the implementation details of the regulatory regime, such Guidelines should provide a higher level of certainty and predictability to enable the parties to M&As to make an informed decision, rather than having to rely heavily on TA's discretion. In the light of the comments received, the Chairman stated his personal view that he agreed with the need for a second-round consultation on the draft Guidelines.

20. In response, the Acting Permanent Secretary for Commerce, Industry and Technology (Communications and Technology) (Atg PSCIT(CT)) said that the Administration was open to the suggestion for a second-round consultation of the draft

Guidelines. She said that after reviewing the submissions received, the Administration would decide on the way forward, including the need for a second-round consultation.

21. At the invitation of the Chairman, the Director-General of Telecommunications provided the following preliminary comments:

- (a) On “safe harbour” provisions, the consultation draft had already provided for some form of “safe harbour” in that if the combined market share in the relevant market of the parties to the merger was less than 15%, the TA would take the view that it was unlikely that a detailed investigation or intervention by TA would be needed. However, where the combined market share of the parties to the merger was 40% or more, it was likely that the TA would make a detailed investigation of the transaction. In cases where the combined market share was between 15% and 40%, the TA would decide on a case by case basis as to whether a detailed investigation was required, depending on concentration of the market.
- (b) As regards the adoption of HHI to be used as a “safe harbour” criterion, the Administration had reservation about its applicability in Hong Kong. Given that the law concerned only the carriers, the HHIs of carrier markets in Hong Kong mostly exceeded the HHI limit of 1 800 commonly adopted in other jurisdictions above which a market would be regarded as highly concentrated. For example, the HHI of domestic leased lines and commercial fixed telephone lines markets in Hong Kong were 7 050 and 5 900 respectively, both of which exceeded the 1 800 limit. Nevertheless, the Administration would study the suggestion, as well as the industry's suggestion of other “safe harbour” provisions.
- (c) In the case of Singapore, approval was not given to any M&A involving failing firms as a matter of course. Hong Kong adopted an approach with considerations consistent with those adopted in the United Kingdom and Australia. For example, if without the acquisition, the failing/failed firm would simply exit the market and would no longer pose as a viable competitive force in the market, the acquisition of the failing firm or failed firm might not be the cause of any substantially lessened competition. However, if the assets of the failing firm were likely to exit the market, the distribution of the failing firm's customer base among the remaining market participants would be determined by market forces. An acquisition would tend to deliver those customers to the acquirer of the failing firm, thereby increasing its market share. Furthermore, whether there was another acquirer which would potentially cause less impact on competition in the market would also need to be considered. The TA would need to closely look at these and other factors when considering M&As involving failing/failed firms.

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- (d) It would not be appropriate to delineate the scope of TA's consideration of the benefit to the public in the future Guidelines since this might amount to limiting TA's power under the Ordinance.

Admin 22. Summing up, the Chairman requested the Administration to provide a detailed response to the views of members and deputations raised at the meeting and in the submissions, in particular industry's concern about "safe harbour", "failing firm" and "benefit to the public" provisions, and to confirm whether there would be a second-round consultation on the draft Guidelines.

Admin 23. Members noted that the substantive provisions in the Ordinance would only come into operation after the Guidelines had been issued. The relevant Commencement Notice was subsidiary legislation subject to negative vetting. As such, the Chairman urged the Administration to improve and finalize the Guidelines in consultation with the industry and other interested parties prior to gazettal of the Commencement Notice.

V International Telecommunication Union TELECOM WORLD 2006

LC Paper No. CB(1)20/03-04(01) -- Information paper provided by the Administration

LC Paper No. CB(1)124/03-04(01) &(02) -- Past paper and the extract of minutes in respect of an item considered by the Finance Committee meeting held on 21 June 2002

24. The Chairman informed members that the Administration had made a bid to host the International Telecommunication Union (ITU) TELECOM WORLD 2006 (World 2006). It intended to seek the approval-in-principle of the Finance Committee for a commitment of \$70 million for hosting the event.

25. At the invitation of the Chairman, Atg PSCIT(CT) briefed members on the background, justification and financial implications of hosting World 2006. She reported that the Administration had just made a presentation to the ITU on why Hong Kong would be the right choice for hosting World 2006 at the ITU TELECOM WORLD 2003 held in Geneva from 12 to 18 October 2003. Having successfully hosted ITU TELECOM Asia in 2000 and 2002 (Asia 2000 and Asia 2002), the Administration was confident that Hong Kong could organize a successful event for all involved.

26. Ms Emily LAU noted the Administration's assessment that hosting the event was expected to bring direct economic benefits of around \$1.2 billion to Hong Kong. Whilst expressing support in principle for the proposal, Ms LAU was concerned about the financial commitment, in particular the possibility, if any, that the Administration would require additional funding in excess of \$70 million.

27. In response, Atg PSCIT(CT) pointed out that the estimated expenditure of \$70 million was a reliable estimate based on experience gained in hosting Asia 2000 and Asia 2002. A substantial amount of the funding would be spent on social receptions, publicity and promotion, hospitality services and security etc. which were necessary requirements for hosting the event. Notwithstanding the Administration's effort to make the best estimate on the basis of available information, Atg PSCIT(CT) said that it would be difficult to confirm at this stage that hosting the event would not cost more than \$70 million. As such, Ms Emily LAU cautioned that the estimated expenditure should be presented to the Finance Committee in a clear manner to avoid ambiguity and limit the Administration's discretion in varying the funding commitment. The Administration took note of Ms LAU's concern.

Admin

28. In this connection, the Chairman and the Clerk supplemented that generally speaking, where additional funding was required on top of the approved amount, the approval of the Finance Committee had to be sought. Members also noted that if the Administration's bid to host World 2006 was successful, it would collate all the necessary information and submit a more detailed budget to the Finance Committee for approval in due course.

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29. In reply to Ms Emily LAU, Atg PSCIT(CT) said that the actual Government expenditures for hosting Asia 2000 and Asia 2002 were \$8.8 million and \$10 million respectively. The corresponding number of participants for the events were about 51 000 (including exhibition personnel and their guests) and 21 000 (not including exhibition personnel and guests). The Administration would confirm the number of participants and actual expenditures of Asia 2000 and Asia 2002 in the paper to be submitted to the Finance Committee. At the request of Ms LAU and Mr Albert CHAN, the Administration would also include information on the economic benefits brought to Hong Kong by each of the two past regional events, and if possible, their cost-effectiveness, as well as further details of the estimated direct economic benefits of some \$1.2 billion brought to Hong Kong by World 2006.

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30. Referring to the recent chaotic arrangements in showcasing the "Hong Kong Harbour Fest", Mr Albert CHAN was worried that similar chaos might happen again in other mega events such as World 2006. He was gravely concerned that in addition to damaging the international reputation of Hong Kong, ill-delivered events would also waste public money at the expense of other areas of service such as social welfare.

31. In response, Atg PSCIT(CT) reiterated that based on the previous successful experience in hosting Asia 2000 and Asia 2002, the Administration was confident

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that it would make World 2006 a successful event in Hong Kong. Indeed, the ITU had expressed satisfaction in the way in which the two regional events had been hosted in Hong Kong. In this regard, Mr Albert CHAN enquired about the government officials responsible for organising the event. The Administration said that it would inform members in its submission to Finance Committee of the details of the project teams which assisted the ITU in hosting Asia 2000, Asia 2002 and World 2006 (if the bid was successful) in Hong Kong.

32. On the selection of site for World 2006, the Chairman considered that the chosen venue, International Exhibition Centre (IEC) Phase I, was relatively remote and less accessible than the Hong Kong Convention and Exhibition Centre in the city centre. He was also worried that the capacity of hotels in Hong Kong might not be able to cope with the accommodation needs of some 100 000 overseas visitors coming to Hong Kong for the event.

33. In response, Atg/PSCIT(CT) pointed out that IEC Phase I at the Hong Kong International Airport was scheduled for commissioning in late 2005/early 2006. It was a suitable venue for World 2006 because of its size and facilities. She added that according to available information, the travelling time between IEC Phase I and the majority of the hotels in Hong Kong by 2006 would be within half an hour, which was considered relatively short by international standard.

34. On the supply of hotel rooms, Atg PSCIT (CT) said that by 2006, there would be an overall supply of more than 50 000 hotel rooms in Hong Kong, which far exceeded ITU's minimum requirement that 6 000 hotel rooms should be block booked for the event. She said that the Administration had secured support from the hotel industry in this respect.

35. Summing up, the Chairman said that the Panel was in support of the proposal. He reminded the Administration to include more detailed information in the paper to be submitted to the Finance Committee to facilitate Members' consideration.

VI Public consultation paper on 2004 Digital 21 Strategy

LC Paper No. CB(1)65/03-04(01) -- Information paper provided by the Administration

36. With the aid of power-point presentation, the Acting Deputy Secretary for Commerce, Industry and Technology (Communications and Technology) (Atg DSCIT(CT)) highlighted the key elements of the public consultation paper on 2004 Digital 21 Strategy. Specifically, she outlined the initiatives to be undertaken in the following eight main areas:

- (a) Government leadership
- (b) Sustainable e-government programmes
- (c) Infrastructure and business environment
- (d) Institutional review
- (e) Technological development
- (f) A vibrant IT industry
- (g) Human Resources in a knowledge economy
- (h) Bridging the digital divide

Infrastructure and business environment - digital broadcasting

37. Referring to media reports that the Director of Broadcasting had expressed concern about the lack of financial resources to take forward digital broadcasting, Mr CHAN Kwok-keung was concerned about the slow progress in the formulation of the policy on digital broadcasting, and the possible hindrance to the development of creative industry. Ms Emily LAU also urged for early implementation of digital broadcasting so that more radio channels could be made available for investors interested in the broadcasting industry; as well as for the use of the public so that information flow and programme diversity could be enhanced.

38. In response, the Principal Assistant Secretary for Commerce, Industry and Technology (Communications and Technology) A (PASCIT(CT)A) reported that the Government had consulted the public on the policy and regulatory proposals for digital terrestrial broadcasting in Hong Kong, including the choice of Digital Terrestrial Television (DTT) technical standard, in December 2000. In response to the consultation, the two incumbent domestic free television programme service licensees strongly urged that Hong Kong should not decide on the technical standard to be adopted until the Mainland DTT standard was promulgated. The Mainland was expected to announce the technical standard by end 2003. Meanwhile, the Administration had completed frequency spectrum planning and formulated a proposal on the regulatory framework for digital broadcasting in Hong Kong. As regards the development of digital audio broadcasting (DAB), the Administration had proposed in the 2000 consultation paper that DAB would be introduced only when it was commercially viable. In the meantime, Radio Television Hong Kong was proposing to conduct technical trials for DAB in certain areas of Hong Kong.

39. On the implementation of digital broadcasting in other countries, PASCIT(CT)A advised that the early development of DTT was not encouraging, primarily due to unfavourable investment climate and the lack of affordable consumer products. As previously undertaken, the Administration would brief the Panel on the way forward for introducing digital terrestrial broadcasting in Hong Kong around end 2003.

Institutional review - Chief Information Officer and a unified regulatory body

40. While welcoming the Administration's plan to streamline responsibilities of the Bureau and its department, Ms Emily LAU expressed her reservation on the proposal, if any, to create a Chief Information Officer (CIO) post within the Government. In response, Atg DSCIT(CT) clarified that the Administration was not seeking to create a CIO post as such. It was just proposing to study whether there should be a CIO function, either in a person or an institution, within the Government.

41. On whether the functions of the Telecommunications Authority (TA) and the Broadcasting Authority (BA) should be unified into a single regulatory body, Ms Emily LAU asked about the savings which could be achieved following the merging, if implemented.

42. In response, PASCIT(CT)A pointed out that the TA was a legal person supported by a government department while the BA was a statutory committee supported by the Television and Entertainment Licensing Authority. The two regulators differed in professional competency and organizational culture. The purpose of reviewing the regulatory structure was to see whether the proposed change would better serve Hong Kong in the light of convergence and deregulation. It was too early to estimate at this stage on the savings if the proposed structural reorganization was to be implemented. Members noted that the proposal for a unified regulatory body would be a subject of public consultation in the review of the broadcasting regulatory regime in early 2004 and that legislative amendments would be required to give effect to the proposed unification, if implemented.

Technological development - open source software

43. Members noted that the Administration would promote open source software (OSS) development and adoption in the private sector, in particular among small and medium enterprises (SMEs), through provision of funding support. Mr CHAN Kwok-keung enquired about the details of funding support and the extent of adoption of OSS by SMEs.

44. On funding support for promoting OSS, Atg DSCIT(CT) recapped that the Linux Resource Centre had been established with funding support from the SME Development Fund to provide information and live demonstration to visiting SMEs. The Administration also proposed to encourage SME trade associations to apply to the SME Development Fund for funding to promote the use of OSS by SMEs in different sectors. Atg DSCIT(CT) also confirmed that the Administration would conduct a survey on OSS adoption in SMEs to identify barriers to OSS adoption and measures to promote wider adoption.

A vibrant IT industry - Mainland/Hong Kong Closer Economic Partnership Arrangement

45. Members noted that under Phase I of the Closer Economic Partnership Arrangement (CEPA), the telecommunications sector would enjoy a first mover advantage starting from 1 October 2003 in five value added services, a few months ahead of the commencement of China's obligations under the World Trade Organization. Given that CEPA was an evolving process with further scope for liberalization, the Chairman urged the Administration to set up a dedicated working group for the purpose of consulting the telecommunications sector in connection with access to the Mainland market in the ensuing Phases of CEPA. The Administration noted the Chairman's view for consideration.

Admin

Bridging the digital divide – provision of computers for public use

46. Ms Emily LAU was concerned about the adequacy or otherwise of the 150 plus additional computers to be installed in public libraries. In response, Atg DSCIT(CT) confirmed that the usage rates of public computers at convenient locations such as public libraries and the Super Cyber Centre were high. She said that the Administration would provide more facilities where resources permitted.

47. In this connection, the Chairman suggested that computers for public use should preferably be made available in districts where the residents were less well-off and might not afford buying personal computers. In other areas such as commercial districts and tourist attractions, the opportunities should be left to the private sector through operating Internet Cafes and other related fee-charging facilities. The Administration took note of the Chairman's view.

Admin

48. The Chairman referred to the World Summit on the Information Society (WSIS) to be held by ITU and the United Nations from 10 to 12 December 2003 in Geneva and urged the Commerce, Industry and Technology Bureau to be more proactive in participating in international fora such as the WSIS with a view to sharing Hong Kong's experience in bridging the digital divide. In response, Atg DSCIT(CT) advised that the Hong Kong Special Administrative Region was not a sovereign state and could only participate as a member of the delegation of the Government of the People's Republic of China. The Administration would brief members on its role, involvement and participation in the WSIS at the next Panel meeting on 10 November 2003. Nevertheless, she recapped that the Director-General of Telecommunications chaired a panel discussion on "Connectivity and the Information Society in Asia" at the Tokyo Preparatory Conference for WSIS organized by the ITU in January 2003.

Admin

Benchmarking

Admin

49. In response to Ms Emily LAU's concern about Hong Kong's position on the international front, Atg DSCIT(CT) said that the Administration would include a comparison between Hong Kong and other advanced economies in respect of the rate of adoption of information and communication technologies when reporting to members the results of the annual thematic surveys on IT usage and penetration in household and the business sector.

50. In conclusion, the Chairman said that members might be interested in deliberating further on the proposals in the consultation paper, such as by way of a motion debate.

VII Any other business

51. There being no other business, the meeting ended at 4:30 pm.

Council Business Division 1
Legislative Council Secretariat
1 December 2003