

# **立法會**

## ***Legislative Council***

LC Paper No. CB(1)2469/03-04  
(These minutes have been seen  
by the Administration and  
cleared by the Chairman)

Ref : CB1/PL/ITB/1

### **Panel on Information Technology and Broadcasting**

**Minutes of meeting**  
**held on Monday, 12 July 2004, at 2:30 pm**  
**in Conference Room A of the Legislative Council Building**

**Members present** : Hon SIN Chung-kai, JP (Chairman)  
Hon Howard YOUNG, SBS, JP (Deputy Chairman)  
Dr Hon Eric LI Ka-cheung, GBS, JP  
Hon CHAN Kwok-keung, JP  
Dr Hon Philip WONG Yu-hong, GBS  
Hon YEUNG Yiu-chung, BBS, JP  
Hon Emily LAU Wai-hing, JP  
Dr Hon LAW Chi-kwong, JP  
Hon MA Fung-kwok, SBS, JP

**Members absent** : Dr Hon David CHU Yu-lin, JP  
Hon Timothy FOK Tsun-ting, GBS, JP  
Hon Albert CHAN Wai-yip

**Public officers attending** : Agenda Item III  
  
Mr Robin GILL, JP  
E-government Coordinator  
Communications and Technology Branch  
Commerce, Industry and Technology Bureau  
  
Ms Joyce TAM  
Assistant Government Chief Information Officer  
The Office of the Government Chief Information Officer

Mr Raymond CHAN  
Chief Systems Manager  
The Office of the Government Chief Information  
Officer

Agenda Item IV

Mr M H AU, JP  
Director-General of Telecommunications

Ms Gracie FOO  
Deputy Director-General of Telecommunications

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

Mr Y K HA  
Assistant Director  
Office of the Telecommunications Authority

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

**Staff in attendance** : Ms Debbie YAU  
Senior Council Secretary (1)1

Ms Sharon CHAN  
Legislative Assistant (1)6

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**I Confirmation of minutes and matters arising**

LC Paper No. CB(1)2319/03-04 -- Minutes of the Panel meeting  
on 14 June 2004

The minutes of the Panel meeting on 14 June 2004 were confirmed.

**II Papers issued since last meeting**

LC Paper No CB(1)2316/03-04(01) -- Consultation paper on "Proposals to contain the problem of unsolicited electronic messages"

2. Members noted the paper issued since last meeting.

**III Progress update on E-government programme**

LC Paper No CB(1)2317/03-04(01) -- Information paper provided by the Administration

LC Paper No CB(1)2326/03-04(01) -- E-Government Booklet on "Creating Value for all" provided by the Administration

LC Paper No CB(1)723/03-04 -- Information note on the Electronic Service Delivery Scheme prepared by the Secretariat

LC Paper No CB(1)1044/03-04 -- Extract of minutes of the meeting held on 12 January 2004 on "Progress update on E-government Programme"

3. At the invitation of the Chairman, the E-government Coordinator, Commerce, Industry and Technology Bureau (EGC/CITB) reported on the progress over the past six months in taking forward the next developmental wave of E-government. The Administration would deepen the programme and focus more sharply on service quality and effectiveness so as to bring value to customers as well as to the Government. As such, the future focus would be on driving up utilization, engaging customers and promoting joined-up projects to facilitate service integration and transformation. EGC/CITB also briefed members on the new institutional arrangements, the review of the Electronic Service Delivery (ESD) Scheme, the implementation of the non-immigration applications on the smart identity (ID) card and the development of other major e-government initiatives.

**Non-immigration application of the Smart Identity Card**

4. Noting that over 340 000 one-year free e-Certs had been embedded onto the smart ID cards, Mr Howard YOUNG enquired about the number of cardholders who had used the e-Certs to carry out on-line transactions. He also sought information on the fee level to be charged for extension of the e-Certs

after one year.

5. In reply, EGC/CITB said that some of the e-Certs might have been used for commercial transactions such as on-line banking and on-line betting. As such, the Government was not in a position to keep track of such statistical information. He also advised that the Administration was in the course of considering the level of fee to be charged for extension of the e-Certs and a decision would be made in due course.

6. Members noted that the Leisure and Cultural Services Department (LCSD) was planning to enable the public to book sports and leisure facilities (the Leisure Link booking service) using the smart ID card at self-service kiosks, which would be installed at sports and leisure venues, starting from early 2006. Ms Emily LAU was very concerned about the long lead time required for making available such e-booking service since the technology had been ready. She also enquired whether this new e-booking system would help prevent the alleged unauthorized sale/transfer of sports facility permits as referred to by Mr Albert CHAN at the Panel meeting held on 12 January 2004; and whether the new arrangement would relieve the public from having to queue up overnight for reservation of venues at community halls.

7. On the lead time required to make available the e-booking of sports and leisure facilities using the smart ID card, EGC/CITB explained that as the installation of self-service kiosks had to go through the tendering process, equipment testing and commissioning, an 18-month lead time was reasonable. On measures taken to prevent abuse of the booking procedures, EGC/CITB remarked that under the General Conditions of Use of LCSD Recreation and Sports Facilities, the venue hirer must be one of the users for the facility being booked. The person would be required to produce his/her identification document for verification at the check-in counter before using the facility. As regards on-line booking of facilities at community halls/centres, EGC/CITB referred to the Administration's earlier written reply on the subject (vide LC Paper No. CB(1)1274/03-04(01)) and recapped that there were practical difficulties in setting up a single on-line booking system for all districts because currently, booking arrangements varied between districts. These ranged from "first-come-first-served" to lots drawing or queuing.

8. Ms Emily LAU was unconvinced of the Administration's explanation. She did not see why a more user-friendly and efficient system could not be worked out to obviate the need for overnight queuing. Noting Ms LAU's concern, EGC/CITB agreed to look into the matter further with the Home Affairs Bureau to see if certain business re-engineering could be undertaken to standardize the booking arrangements. In this connection, Ms LAU further requested the Administration to provide a report on the way forward on the feasibility of on-line booking of facilities in community halls/centres.

## Joined-up and Government-wide Projects

### *Property Information Hub*

9. In reply to Mr Howard YOUNG's enquiry on the scope and purpose of the Property Information Hub, EGC/CITB advised that the Hub was to provide one-stop access to property information held by different Government departments. To ensure that the services to be delivered by the Hub would meet customers' needs, a survey had been conducted in late 2003 to collect the views and service requirements from the property sector. In addition to information from the Land Registry, which was currently made available to solicitors' firms, the Hub would also provide access to information held by the Rating and Valuation Department. Data from other Government departments such as the Lands Department would also be included into the Hub in due course. EGC/CITB further said that a service fee would be charged for using the Hub, the level of which would be set on a cost-recovery basis and in response to market requirements.

### *Integrated Criminal Justice Process*

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10. Considering that the Integrated Criminal Justice Process (ICJP) was a highly sensitive and complex subject, Ms Emily LAU urged that the Administration should consult the Panel on Administration of Justice and Legal Services and the Panel on Security as early as possible. In addition to commissioning a Privacy Impact Assessment on ICJP, Ms LAU suggested that the Administration should also consult the Privacy Commissioner for Personal Data on the privacy implications of the ICJP. In response, EGC/CITB confirmed that it was the Administration's intention to consult the Privacy Commissioner for Personal Data in due course. It would also brief the aforesaid two Panels after finalizing the way forward.

### Utilization of E-government services

11. Noting that realizable and notional savings were expected to result from the implementation of the E-government programme, the Chairman reiterated his view that the concurrent provision of government services via the conventional mode and the electronic means was most costly. He urged the Administration to seriously consider ways to reduce counter service, which was in line with the direction to drive e-utilization under the Digital 21 Strategy. To rationalize the reduction of counter service and to encourage the use of e-options, the Chairman suggested that the Administration might consider converting existing District Offices of the Home Affairs Department, which were frequently visited by the public, into E-government service centres. To boost e-utilization, staff who were currently engaged in providing counter service could be deployed to provide assistance to those visitors who were not well-versed in using computers to obtain the service they required.

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12. Noting the Chairman's concern, EGC/CITB recapped earlier discussion that it might not be desirable to terminate all types of counter service as this might cause inconvenience to some members of the public. Nevertheless, the Administration was considering to reduce certain counter service and provide e-channels in a few departments where practicable. On the suggestion of converting certain District Offices into E-government service centres and deploying staff to assist visitors in using E-government services, EGC/CITB said that the matter would need to be further discussed with the Home Affairs Department.

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Public feedback on the E-government programme

13. Ms Emily LAU was concerned about the Administration's effort, if any, in gauging public feedback on the E-government programme. She asked whether the Administration had received complaints, criticisms, comments or suggestions on the E-government programme from members of the public. To facilitate members' consideration, Ms LAU suggested that the Administration should include a section on public feedback in future progress reports.

14. In response, EGC/CITB remarked that public feedbacks received so far were by and large positive. The problems identified were relatively minor in nature and could be dealt with quickly by technical staff in the departments concerned. He reported that in addition to the public opinion survey on the ESD Scheme, the Administration had also conducted a survey on the Common Look and Feel (CLF) design of Government websites. Public views on the user-friendliness of the Government websites such as the frequency of information updating and usefulness of the search engine etc were collected. The survey had identified several areas for improvements which would be addressed in the ongoing enhancement of CLF. Moreover, public feedbacks on the E-government programme had also been obtained in the context of the public consultation on the Digital 21 Strategy. Nevertheless, EGC/CITB agreed to include information on public views received on the E-government programme in future progress reports submitted to the Panel.

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15. In summary, the Chairman recapped that the E-government programme had been up and running since 2000 and the Panel had been receiving progress reports once every six months. As most of the E-government programme had been progressing as scheduled and was entering into the next wave of development, the Chairman suggested that in future, the Panel might consider inviting the Administration to brief the Panel annually, instead of half-yearly. Members had no objection to the Chairman's suggestion.

#### IV Review of Type II interconnection policy

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| CTB/T 56/2/1(04)   | - The Legislative Council Brief issued by the Commerce, Industry and Technology Bureau on 7 July 2004   |
| LC Paper No CB(1)1448/03-04  | -- Extract of minutes of the meeting held on 25 February 2004 on "Second consultation paper on the review of the regulatory policy for Type II interconnection"       |
| LC Paper No CB(1)2328/03-04  | -- Background brief on the policy and regulation of Type II interconnection in the local fixed telecommunications network services market prepared by the Secretariat |
| LC Paper No CB(1)2384/03-04(01)<br><i>(tabled and subsequently issued on 13 July 2004)</i> | -- Power-point presentation material on "Review of Type II interconnection policy" provided by the Administration   |

16. At the invitation of the Chairman, the Director-General of Telecommunications (DG/Tel) briefed members on the Government's decision to withdraw mandatory Type II interconnection for local fixed telecommunications network services (FTNS). The withdrawal would be fully implemented across the territory by 30 June 2008. In the run-up to this date, the withdrawal would be implemented in an orderly manner on a building-by-building basis, starting with buildings already connected to at least two self-built customer access networks. Upon the withdrawal of mandatory interconnection, interconnection terms, including charges, would be subject to commercial negotiation between the operators concerned. However, to protect consumer choice, mandatory Type II interconnection would still be maintained as a safety net in buildings which met the "essential facilities" criterion, i.e., buildings in which it was technically not feasible or economically not viable for another operator to roll out its own customer access network. DG/Tel stressed that the decision to withdraw mandatory Type II interconnection would send a clear signal to operators to invest in high bandwidth and advanced telecommunications networks. DG/Tel also highlighted that the orderly withdrawal arrangements in selected buildings would help maintain market competition and ensure consumers' choice during the transition period. It would also allow operators a reasonable period of time to adjust their business strategies and carry out their network roll-out.

17. With the aid of power-point presentation, the Deputy Director-General of Telecommunications (DDG/Tel) briefed members on the outcome of the review of Type II interconnection policy.

#### Overseas experience

18. Ms Emily LAU expressed her support in principle for the Administration's decision to withdraw mandatory Type II interconnection. Noting that according to the present timetable, mandatory Type II interconnection would have been implemented in Hong Kong for some 13 years before it was phased out in 2008, Ms LAU enquired about the situation in overseas jurisdictions.

19. In reply, DG/Tel confirmed that many overseas jurisdictions including the United States (US), United Kingdom (UK), European Union (EU), Australia, Singapore and Canada implemented the mandatory unbundling of local loops (similar to mandatory Type II interconnection in Hong Kong). So far, no jurisdiction had been able to withdraw their local loop unbundling arrangements. US had implemented mandatory unbundling of local loops under the Telecommunications Act since 1996. In 2003, the Federal Communications Commission decided that the arrangements should continue and no sunset date had been set. UK introduced limited competition into its FTNS market in 1984 and implemented mandatory unbundling of local loops in 2000 in compliance with a EU regulation applicable to all EU countries. At present, UK had no plan to withdraw the local loop unbundling requirement. Canada declared in 1997 a timetable for partial withdrawal of its unbundling arrangement. However, after reviewing the state of competition in its fixed carrier market, it declared in 2001 that the intended withdrawal would be deferred with no present termination date. Similarly, EU, Australia and Singapore had not announced any plan to terminate their unbundling arrangement. As such, by end June 2008, Hong Kong would be the first jurisdiction to implement withdrawal of mandatory of Type II interconnection. On whether Hong Kong was well-placed to phase out mandatory Type II interconnection, DG/Tel remarked that as Hong Kong was densely populated, competing operators had been able to access 53% of all households via their self-built networks. This high penetration rate could be taken as a reliable indicator that Hong Kong's FTNS market would no longer need to rely on mandatory Type II interconnection to enhance competition and customer choice.

#### "Essential facilities" criterion

20. Noting that mandatory Type II interconnection might continue beyond 2008 for buildings which met the "essential facilities" criterion, Ms Emily LAU sought elaboration on the arrangement, as well as the estimated number of households involved.

21. In reply, DG/Tel explained that "essential facilities" was a concept under competition law. In brief, the Telecommunications Authority (TA) would assess a request for interconnection on the basis of whether the customer access network



of PCCW-HKT Telephone Limited (PCCW-HKT) could be duplicated and whether refusal to access that customer access network would foreclose competition. If PCCW-HKT's customer access network was considered "essential" for competition based on these two factors, the TA would accept the request and mandate interconnection. For example, in certain remote villages in the New Territories where it was not economically viable for competing operators to roll out their own customer access networks, TA might mandate Type II interconnection upon request. However, for buildings under a similar situation in urban areas, the households involved might have the choice of a wireless telecommunications network service. Since there was an alternative technology to ensure competition, TA might not mandate Type II interconnection. DG/Tel stressed that the "essential facilities" criterion served to ensure that certain households would not be deprived of the benefit of competition after the final sunset date for terminating mandatory Type II interconnection.

22. On the estimated number of households involved, DG/Tel said that based on the informal input from carriers, about 20% to 25% of the households in Hong Kong were either technically not feasible or economically not viable for a carrier to roll out its customer access network to them at present. Most of these households were located in remote areas or low-rise/old buildings in urban areas. The percentage was expected to drop in future with the availability of other alternatives such as those provided by wireless access technology and the upgrading of the hybrid fibre coaxial cable of the Hong Kong Cable Television Limited.

23. Mr CHAN Kwok-keung enquired whether the "essential facilities" criterion would still be applicable if most households chose to use wireless services. In reply, DDG/Tel advised that this would largely depend on whether members of the public would accept wireless services as an alternative to fixed-line telecommunications services.

#### Final sunset date

24. Mr CHAN Kwok-keung was concerned that if there was an accelerated roll-out of customer access networks covering up to 75% or 80% of all households by 2005, whether the operators which were currently providing mandatory Type II interconnection could withdraw their obligation earlier than 2008.

25. In response, DG/Tel re-affirmed that buildings connected to at least two self-built customer access networks were subject to the transitional arrangement under which Type II interconnection could be withdrawn before 2008. Under the arrangement, operators might continue to acquire new customers through Type II interconnection in the initial two-year transitional period. A one-year "grandfather" period would follow during which the regulated interconnection terms and charges for lines connected before and during the transitional period would remain applicable. After the expiry of the "grandfather" period, interconnection terms and charges would be subject to commercial negotiation between the carriers concerned.

Operators' concerns

26. Ms Emily LAU enquired about the operators' responses to the Government's policy decision. In reply, DG/Tel advised that the Government's decision had taken into account the views received during the two rounds of public consultation on the subject. Most of the suggestions had been taken on board. For example, a final sunset date was set for mandatory Type II interconnection so as to provide greater certainty for the industry. Moreover, the period for transitional arrangements had also been shortened in the light of further assessment of the time needed for new network roll-out. DG/Tel said that the operators had by and large accepted the Government's decision and had indicated willingness to co-operate in implementing the withdrawal.

27. As regards the views expressed by individual operators, DG/Tel reported that PCCW-HKT, Hutchison Global Communications Limited and Hong Kong Broadband Network were in support of the decision and urged for an early implementation of full withdrawal. PCCW-HKT had further suggested that the broadband and narrowband voice services be treated differently for the purpose of withdrawing obligations for Type II interconnection. However, the Administration was of the view that in an era of convergence and rapid technological development, new services continued to emerge and the distinction between the two types of services was becoming blurred. It was therefore not appropriate to consider the withdrawal of mandatory Type II interconnection separately for narrowband and broadband services. DG/Tel further informed members that those operators which had relied on Type II interconnection to provide services preferred to retain the existing arrangement. If it was finally decided that mandatory Type II interconnection should be withdrawn, these operators considered that a longer transitional period should be introduced.

28. Ms Emily LAU was concerned about whether the Government's decision would promote network investment. DG/Tel confirmed that after the final sunset date, competing operators might provide service either through self-built customer access networks or via Type II interconnection arranged under commercial negotiations. It would be up to individual operators to make their commercial decisions on whether to invest and roll out their own network infrastructure, or to provide services via Type II interconnection.

29. Ms Emily LAU cautioned that if competing operators chose to roll out their own customer access networks, there would be a lot of road excavation works which would cause much inconvenience to the general public. In response, DG/Tel assured members that to minimize inconvenience to the public, the Office of the Telecommunications Authority (OFTA) would continue to co-ordinate among operators in projects involving road excavation works. Besides, the extent of road works for rolling out networks was much smaller in scale and would unlikely cause great inconvenience to the public. In this connection, Ms Emily LAU was keen to ensure that the coordination effort of OFTA would be effective in minimizing the inconvenience caused by road excavation works for network roll-out.

Appeals against TA's determination/direction in relation to interconnection

30. Members noted that under section 36A of the Telecommunications Ordinance (TO) (Cap 106), TA might determine the terms and conditions of interconnection. The Chairman asked if TA's determination under section 36A was subject to appeal in case, for example, operators could not agree on the monthly interconnection charge for broadband services and seek TA's determination. He also enquired about the timeframe for completing a determination.

31. In response, DG/Tel confirmed that both TA's determination under section 36A and TA's direction in relation to any interconnection under section 36B of TO were not subject to appeal. However, according to the ruling in a recent court case, if TA had issued a direction in relation to an interconnection under section 36B with a view to preventing anti-competitive behaviour, the direction would fall within the purview of the Telecommunications (Competition Provisions) Appeal Board (Appeal Board). DG/Tel pointed out that this ruling had the effect of expanding the scope of the Appeal Board's jurisdiction beyond the original legislative intent. He further clarified that TA's determination under section 36A was outside the scope of the ruling but an aggrieved operator might seek judicial review against TA's determination. On the time taken to complete a determination under section 36A of TO, DG/Tel advised that in general, it took about six and half months to complete a complicated case. He stressed that in principle, the terms and conditions of interconnection should best be determined by the operators concerned. TA would not exercise his right to make a determination unless commercial negotiation failed.

**V Any other business**

32. The Chairman thanked members and the Secretariat for their support for the Panel in the past four years. He also said that he would ask the Clerk to update the "List of outstanding items for discussion" and "List of follow-up actions" for members' comments, if any, and to forward these two lists to the Panel for consideration in the next legislative term.

*(Post-meeting note: The two lists have been updated and circulated to members on 15 July 2004 vide LC Paper No CB(1)2393/03-04. No comments have been received from members.)*

33. There being no other business, the meeting ended at 4:00 pm.