

立法會
Legislative Council

LC Paper No. CB(1)1501/09-10
(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, 8 February 2010, at 2:30 pm
in Conference Room A of the Legislative Council Building

Members present : Dr Hon Samson TAM Wai-ho, JP (Chairman)
Hon LEE Wing-tat (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon CHEUNG Man-kwong
Hon CHAN Kam-lam, SBS, JP
Hon LAU Kong-wah, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon WONG Ting-kwong, BBS, JP
Hon Cyd HO Sau-lan
Hon IP Kwok-him, GBS, JP

Members absent : Hon Emily LAU Wai-hing, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Ronny TONG Ka-wah, SC
Hon Mrs Regina IP LAU Suk-ye, GBS, JP

Public officers attending : Agenda item IV

Mr Duncan PESCOD, JP
Permanent Secretary for Commerce and Economic
Development (Communications and Technology)

Mr Alan SIU, JP
Deputy Secretary for Commerce and Economic
Development (Communications and Technology)

Mrs Marion LAI, JP
Director-General of Telecommunications

Mr Chaucer LEUNG Chung-yin
Head, Regulatory 1
Office of the Telecommunications Authority

Agenda item V

Mr Duncan PESCOD, JP
Permanent Secretary for Commerce and Economic
Development (Communications and Technology)

Mr Jeremy GODFREY
Government Chief Information Officer

Mr Bassanio SO
Deputy Government Chief Information Officer (Policy
and Customer Service) (Acting)

Mr CHEUNG Siu-wah
Chief Systems Manager (Digital Economy
Facilitation)²
Office of the Government Chief Information Officer

**Attendance by
invitation**

: Agenda item V

Hong Kong Cyberport Management Company Limited

Mr Mark CLIFT
Chief Operating Officer

Mr Cavan CHEUNG
Chief Financial Officer

Dr David CHUNG
Head (IT Operations)

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

Staff in attendance : Ms Annette LAM
Senior Council Secretary (1)³

Ms May LEUNG
Legislative Assistant (1)6

Action

I. Confirmation of minutes of meeting

(LC Paper No. CB(1)1055/09-10 -- Minutes of meeting held on
14 December 2009)

The minutes of the meeting held on 14 December 2009 were confirmed.

II. Information papers issued since the last meeting

(LC Paper No. CB(1)975/09-10(01) -- Submission on mid-term review of
(Chinese version only) the domestic free television
programme service licences from a
member of the public

LC Paper No. CB(1)982/09-10(01) -- Submission on fair usage policy on
(Chinese version only) broadband access for mobile
service from a member of the
public

LC Paper Nos. CB(1)995/09-10(01) -- Submission on information
and (02) security in relation to the series of
(Chinese version only) personal data leakage incidents
involving Hong Kong Police Force
from Hong Kong Human Rights
Monitor and the Administration's
response

LC Paper No. CB(1)1070/09-10(01) -- Submission on contractual
(Chinese version only) disputes over mobile phone
service from a member of the
public)

2. Members noted that the above papers had been issued for the Panel's
information.

III. Date of next meeting and items for discussion

(LC Paper No. CB(1)1057/09-10(01) -- List of outstanding items for
discussion

LC Paper No. CB(1)1057/09-10(02) -- List of follow-up actions)

3. Members noted that the next regular Panel meeting would be held on
8 March 2010 to discuss the following items proposed by the Administration:

- (a) Development of digital audio broadcasting; and
- (b) Spectrum Utilization Fee.

(Post-meeting note: At the Administration's request and with the concurrence of the Chairman, item (b) was replaced by "Landing of new submarine cables".)

IV. Review of telephone directory enquiry services

(LC Paper No. CB(1)1057/09-10(03) -- Administration's paper on review of telephone directory enquiry services

LC Paper No. CB(1)1057/09-10(04) -- Relevant newspaper cutting
(Chinese version only)

LC Paper No. CB(1)1080/09-10 -- Administration's paper on
(tabled at the meeting and subsequently issued via email on 8 February 2010) review of telephone directory enquiry services (power-point presentation materials))

Presentation by the Administration

4. At the invitation of the Chairman, the Permanent Secretary for Commerce and Industry (Communications and Technology) (PSCED(CT)) gave a brief introduction on the review currently being conducted by the Telecommunications Authority (TA) on the telephone directory enquiry services (directory services). Head, Regulatory 1 of the Office of the Telecommunications Authority (H(R)1/OFTA) then gave a power-point presentation on the background of the provision of directory services, the major findings of the consumer survey conducted by the Social Sciences Research Centre of the University of Hong Kong and commissioned by the Office of the Telecommunications Authority, and the summary of views received during the public consultation exercise held from 6 November 2009 to 19 January 2010. PSCED(CT) added that the TA would consider carefully Panel members' views and the views collected during the public consultation before deciding the way forward.

Discussion

Cost recovery for telephone directory enquiry services

5. Mr LEE Wing-tat objected to putting a charge on the "1081/1083" directory enquiry services (DQ services) which was currently free of charge. He noted that while a small number of heavy users made a disproportionately large number of inquiry calls, the vast majority of people were occasional users who only made a few DQ calls a month. He opined that the Administration and telecommunications operators should explore other measures to separately tackle

the problem of high usage by certain users and commercial set-ups instead of simply impose charges on all users. Speaking from his own experience, he said that the waiting time of the existing DQ services, especially during the peak hours, was as long as 10 minutes, which was far from satisfactory and needed to be improved. It was unacceptable that users enquiring about telephone numbers of Government departments in emergencies had to wait so long and be charged for the enquiries.

6. Mr CHAN Kam-lam said that on the whole the existing DQ services had been operating smoothly. Given the substantial demand for the DQ services, he was of the view that service providers should continue to provide free DQ services in fulfillment of the licence obligation. More types of directory services in addition to the basic free DQ services should be developed to enhance the directory services.

7. In response, PSCED(CT) informed the meeting that the public could access directory information about Government services by calling 1823 which was free of charge. He said that the advent of new technologies and the increasing popularity of the Internet and mobile phone services had enabled users to gain access to the DQ services while on the move. In view of the rapid development of the telecommunications industry, the Administration saw the need to review the directory services to keep pace with the changing situation and to come up with measures considered most appropriate in the current context. The Administration recognized the importance of DQ services and would continue to urge the service providers to strive to improve the quality of such services.

8. Ms Cyd HO said that the DQ services was an important business infrastructure conducive to promoting economic activities particularly for the catering, entertainment, and tourism industries. As such, instead of introducing a per-call charge which would discourage the use of DQ services, such services should continue to be provided free and be further enhanced to enable more efficient and easier access to directory information. As business entities stood to benefit from the DQ services, they should shoulder part of the costs of maintaining the call centre rather than getting enquirers to pay.

9. The Chairman agreed with Ms Cyd HO that DQ services was an important business infrastructure. He expressed concern that a per-call charging scheme might create confusion to consumers arising from the complication of the charging mechanism and discourage the helping sentiment in the community.

10. Mr IP Kwok-him said that he was against fee charging for DQ services which he anticipated would not be acceptable to the community. Referring to the cost recovery schemes, he enquired about the feasibility of requiring enquirers to listen to an advertisement before the enquiry was answered and asked whether the Government would further pursue the option. The Chairman also enquired about the survey respondents' preference for the two possible options of charging calls made in excess of the capped number of free DQ calls as compared to requiring heavy users to listen to an advertisement before the enquiry was answered.

11. Mr CHAN Kam-lam was of the view that both options might not be worth pursuing. He said that while a short advertisement might not serve its advertising purpose, too long an advertisement would on the other hand prolong the enquiry time and lower the quality of DQ service. He said that although commercial set-ups and business entities, particularly those in the service sector, might make more use of or benefit from the DQ services, their subscription fees which in general were higher than that of the users of residential line had already taken into account the additional cost.

12. Referring to the survey findings on cost recovery schemes, the Director General of Telecommunications (DG of T) advised that 63% of the respondents did not agree to recovering the cost of DQ calls by means of listening to advertisements while around 35% found it acceptable. About 58% of the respondents disagreed to charging for additional DQ calls while 40% agreed. She highlighted that the TA was still in the process of reviewing the directory services and would consider carefully the findings of the public consultation and members' views before deciding the way forward. She assured members that the Administration would keep in view the situation after the implementation of any decision.

Deregulating White Pages and developing other directory services

13. Mr IP Kwok-him enquired about the number of copies of White Pages that were printed and distributed for free. He also asked about the cost per copy of the printed White Pages and Yellow Pages and of answering one DQ call. Noting the relatively low public demand for White Pages, he supported the proposal to withdraw the mandatory requirement for fixed network operators (FNOs) to provide such directories since online and telephone inquiries were more convenient and handy. He said that the resources could be better utilized in other areas, such as on improving the current DQ and Internet directory services, resulting in enhanced benefits to the community. Mr CHAN Kam-lam shared Mr IP's view that the resources thus released should instead be redeployed to areas with greater consumer demand to further enhance the existing DQ services.

14. Referring to the trend of the increasing use of mobile phone services and the Internet, PSCED(CT) said that the usage pattern of directory services had undergone changes with the advent of new technologies. Over the years, certain services deemed to be essential in the old days might have lost their importance in the present day context. For example, instead of flipping through the Yellow Pages, people might turn to access directory information online. DG of T further explained that under the current licensing regime, FNOs were required to publish White Pages and distribute them free of charge to their subscribers. The provision of Yellow Pages and Internet directory services were not mandatory and were the industry's own commercial initiative. Survey results showed that the respondents' frequency of using White Pages and their perception of the importance of White pages were generally very low. The TA was therefore of the preliminary view that the mandatory requirement for provision of White Pages should be removed. The operating costs for the provision of directory services varied among different

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service providers depending on their mode of operation, the capital outlay and the deployment of human resources. More than a hundred thousands of copies of White Pages were printed in a year. The Chairman requested the Administration to provide as far as practicable the estimated average cost per copy of the printed White Pages and of answering each telephone directory enquiry call.

15. Ms Cyd HO said that with the proposed deregulation of printed directory, other means, such as the provision of DQ services through short messaging services (SMS), should be explored for the convenience of the enquirers. Mr CHAN Kam-lam said that while he welcomed the use of SMS as a means for access to telephone directory information, SMS should only be a supplementary and not a substitute for the basic free DQ services as some sectors of the community, such as the elderly, might not be familiar with the use of SMS. On whether to extend the requirement of directory services to also cover mobile phone numbers, Mr CHAN said that it should be for mobile phone users to decide whether to include mobile phone numbers in the directory database having regard to privacy consideration and the possibility of attracting unsolicited telemarketing calls.

16. In response, DG of T highlighted that after the deregulation of the printed directories, the public could still make telephone number enquiries through a number of channels available, including access to the existing DQ services through fixed line or mobile phone while on the move or online access through the Internet Yellow Pages portal and the online White Pages. In view of the increasing popularity of SMS, she believed that telecommunications operators would actively consider the business opportunities of providing such service having regard to the market demand.

17. Mr IP Kwok-him and the Chairman enquired whether consideration would be given to requiring service providers to offer services similar to the global positioning services whereby inquirers, by giving a telephone number or name of a certain restaurant or cinema, would be provided with the addresses and the location maps of the searched number. In response, DG of T and H(R)1/OFTA said that FNOs were not currently required to provide such services. The provision of such services would depend on commercial consideration of individual service provider and the market demand. At present, users could obtain full company directory information including the company name, telephone number, addresses and location maps of certain places such as restaurants and cinemas on the Internet by inputting the name of the business entity to be searched. PSCED(CT) added that the development of new technologies for service applications would bring about new business opportunities. While service providers were encouraged to provide the community with the most advanced services, the possible impact on traditional services had to be taken into account in mapping the way forward.

Setting up a single call centre

18. Mr CHAN Kam-lam opined that for more efficient use of resources, the Administration should take a more active role in coordinating the setting up of a single call centre with a common directory database for all service operators to

provide the DQ services and share the operating costs. Ms Cyd HO supported that all FNOs should pool their resources together to operate a single call centre and share out the operating costs based on their business volume. Sharing a similar view, the Chairman called on the Government to actively consider the option of setting up a single call centre for all FNOs to provide the DQ services for more efficient use of resources.

19. DG of T noted the suggestion for a single call centre. She highlighted that the role of the TA as a regulatory body was to ensure that service providers had fulfilled their licence obligation to the satisfaction of the TA. She said that the current licensing regime imposed a mandatory requirement for all FNOs to provide directory services to their subscribers. A FNO might provide the DQ services by itself, jointly with other FNOs or using the service of another FNO through commercial arrangement. The relevant licence conditions also required FNOs to regularly update and exchange raw directory data with one another so as to maintain a unified directory database which contained the directory information of all fixed line telephone service subscribers. Under the current licensing regime, mobile network operators (MNOs) were required to provide directory services only if they were directed by the TA. Although the TA had yet to issue any direction in respect of DQ services, MNOs had, however, out of their own business decisions, established commercial arrangements with FNOs or set up their own systems to provide DQ services to their customers.

Summing up

20. The Chairman called on the Administration to take note of the views expressed by members.

V. Annual report on Cyberport

(LC Paper No. CB(1)1057/09-10(05) -- Administration's paper on report on the Cyberport Project

LC Paper No. CB(1)1057/09-10(06) -- Paper on Cyberport Project prepared by the Legislative Council Secretariat (updated background brief))

Presentation by the Administration

21. At the invitation of the Chairman, PSCED(CT) updated members on the progress of the Cyberport Project, as set out in the Administration's paper (LC Paper No. CB(1)1057/09-10(05)).

Discussion

Public missions of the Cyberport Project

22. Mr CHAN Kam-lam said that the Cyberport Project should not be regarded as a property development project with its success measured by the occupancy rate of the office premises and the Arcade, and the amount of rental return and profits recovered from property sales. He hoped that the Cyberport Project could take the lead in creating a strategic information and communications technologies (ICT) cluster and in spearheading the development of innovative and creative industries in Hong Kong to align with the development of the six major industries crucial to the development of the economy as announced by the Chief Executive in the 2009-2010 Policy Address. He enquired about Cyberport's contribution to the Gross Domestic Product (GDP) of Hong Kong, and called on the Cyberport management to make it the policy objectives of the company to help develop Hong Kong into a regional centre of excellence in IT and digital media training.

23. In response, PSCED(CT) said that the Hong Kong Cyberport Management Company Limited (HKCMCL) had implemented various programmes and public mission activities by its industry services support centres, the Digital Entertainment Incubation-cum-Training Centre (IncuTrain Centre), the Digital Media Centre and the Hong Kong Wireless Development Centre. Apart from promoting interests in the latest IT and digital media technology among students and young people, Cyberport was also involved with an alliance of the District Cyber Centres scheme with a view to bridging digital divide in Hong Kong.

24. The Government Chief Information Officer (GCIO) added that as HKCMCL had achieved a high level of occupancy and financial stability, it was timely to review its role in supporting the objectives of the Government's Digital 21 Strategy and embarking on a wider programme of public mission activities. To this end, specific Company Objects would be added to the HKCMCL's Memorandum of Association in order to give the Board of Directors and the management explicit guidance on achieving its public missions and to sustain the development of the benefits emerged from its public mission activities. These included promoting the development of Hong Kong as a centre for international and regional trade and collaboration in ICT products and services, facilitating the application of ICT in manufacturing, service and creative industries in Hong Kong, promoting the development of Hong Kong as a digital economy and as an inclusive knowledge-based society, and promoting the use of ICT to encourage environmentally sustainable development. Following the adoption of these Objects, HKCMCL management would propose a programme for implementing the public missions for approval by the Board of Directors, and consult with the Government to ensure that the programme was aligned with the latest action plans under the Digital 21 Strategy. As regards Cyberport's contribution to Hong Kong's GDP, GCIO said that the revenue and income of private companies accommodated in the Cyberport was not disclosed to the Administration. He however undertook to provide after the meeting information on the ICT sector's contribution to the GDP of Hong Kong.

(*Post-meeting note:* The information provided by the Administration was circulated to members vide LC Paper No. CB(1)1363/09-10(01) on 10 March 2010.)

25. The Chairman referred to the public missions of the Cyberport Project and hoped that the Project could help support and nurture the development of small and medium enterprises (SMEs) in the IT and IT related disciplines as well as the digital media industry, attract overseas innovative talents and professionals to Hong Kong, and create a strategic cluster of quality IT and IT related companies in Hong Kong that were critical to the development of Hong Kong into a leading digital city in the region. He enquired about the number of employment opportunities created for the local economy and the measures to be put in place to attract leading multinational IT companies such as the Google, Yahoo and EBay to establish their businesses in Hong Kong.

26. PSCED(CT) replied that as of end December 2009, 20 out of 50 of the commercial office tenants (i.e. 40%) were SMEs. The Cyberport IncuTrain Centre, through its IncuTrain Programme, had provided its incubatees with technological knowledge and techniques, all-round business support services and state-of-the-art infrastructure to nurture start-up companies and help accelerate the early stage development of their business. Some of the young companies were in fact subsequently acquired by multinational companies. He highlighted that the Administration and the management of HKCMCL had been working hard to put in place state-of-the-art infrastructure to attract overseas companies from the United States, Europe and China etc, to come to Hong Kong or expand their businesses in Hong Kong.

27. GCIO added that 48% of the commercial tenants in the Cyberport had an overseas origin and 38% of the commercial tenants were new to Hong Kong. They created new business and employment opportunities for the local economy. According to a survey conducted in November 2009, Cyberport office tenants employed around 3 900 workers.

The utilization of the Arcade

28. Ms Cyd HO noted with concern that the Arcade in the Cyberport was under-utilized with low patronage. The events held there were very often not well attended. She called on the Administration and the management of HKCMCL to give thoughts on how best to utilize the vacant premises to develop the Cyberport into a digital entertainment centre and a cinema hub. She enquired about the charging rate for letting out the venues and urged the management of HKCMCL to be more flexible in letting out the venues for holding art and cultural activities.

29. In response, Mr Mark CLIFT, Chief Operating Officer of the HKCMCL said that occupancy in the Arcade had been increasing over the last reporting period. While the Arcade had a specific type of design, the management had tried to use the venues for a number of purposes, particularly for conducting community activities.

The charging rate for letting out the venues was reasonable and flexible, especially for community activities or where the theme was in line with the public missions of Cyberport. He assured members that the management of HKCMCL, in consultation with its Board of Directors, would constantly review the future direction for the use of the Arcade and examine feasible opportunities to develop and diversify its uses.

Summing up

30. The Chairman noted the progress of the Cyberport Project and urged the Administration and the management of HKCMCL to continue their efforts to achieve the public missions of the Cyberport Project.

VI. Any other business

31. There being no other business, the meeting ended at 3:47 pm.

Council Business Division 1
Legislative Council Secretariat
30 March 2010