

立法會
Legislative Council

LC Paper No. CB(1)2603/08-09
(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, 9 March 2009, at 2:30 pm
in Conference Room A of the Legislative Council Building

- Members present** : Hon LEE Wing-tat (Deputy Chairman)
Hon WONG Yung-kan, SBS, JP
Hon Emily LAU Wai-hing, JP
Hon WONG Ting-kwong, BBS
Hon Ronny TONG Ka-wah, SC
Hon Cyd HO Sau-lan
Hon WONG Yuk-man
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Paul TSE Wai-chun
Dr Hon Samson TAM Wai-ho, JP
- Members absent** : Hon Andrew LEUNG Kwan-yuen, SBS, JP (Chairman)
Hon CHAN Kam-lam, SBS, JP
Hon Timothy FOK Tsun-ting, GBS, JP
- Public officers attending** : Agenda Item IV

Mr Gregory SO, JP
Under Secretary for Commerce and Economic
Development

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

Mr Jeremy GODFREY
Government Chief Information Officer

Mr Stephen MAK, JP
Deputy Government Chief Information Officer
(Consulting and Operations)

Mr Dennis PANG
Assistant Government Chief Information Officer
(Digital Economy Facilitation)

Agenda Item V

Mrs Rita LAU NG Wai-lan, JP
Secretary for Commerce and Economic Development

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)

Ms Ida LEE
Principal Assistant Secretary for Commerce and
Economic Development (Communications and
Technology)B

Attendance by invitation : Agenda Item IV

Hong Kong Cyberport Management Company Limited

Mr Nicholas YANG
Chief Executive Officer

Mr Cavan CHEUNG
Chief Financial Officer

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)927/08-09 -- Minutes of meeting held on 20 November 2008)

The Deputy Chairman, Mr LEE Wing-tat, chaired the meeting in the absence of the Chairman who was out of town.

2. The minutes of the meeting held on 20 November 2008 were confirmed.

II. Information paper issued since last meeting

3. Members noted that no paper had been issued since the last meeting held on 9 February 2009.

III. Date of next meeting and items for discussion

(LC Paper No. CB(1)955/08-09(01) -- List of outstanding items for discussion

LC Paper No. CB(1)955/08-09(02) -- List of follow-up actions)

4. Members noted that the next Panel meeting would be held on Tuesday, 7 April 2009 at 4:30 pm to discuss the following items proposed by the Administration:

(a) Update on Film Development Fund; and

(b) Review on administration of Internet domain names in Hong Kong.

5. Members agreed to invite deputations and interested stakeholders to the meeting, and to post a general notice on the Legislative Council website to invite the general public to give views on items (a) and (b) above.

IV. Annual report on Cyberport

(LC Paper No. CB(1)955/08-09(03) -- Administration's paper on "Report on the Cyberport Project"

LC Paper No. CB(1)955/08-09(04) -- Paper on Cyberport Project prepared by the Legislative Council Secretariat (updated background brief))

Presentation by the Administration

6. At the invitation of the Chairman, Under Secretary for Commerce and Economic Development (USCED) updated members on the financial performance of the Cyberport Companies as reported in the audited accounts for the financial year ended 31 March 2008 (the 2007-2008 Accounts) as well as the progress made in achieving the public missions of the Cyberport Project since the last report to the Panel on 10 March 2008.

Discussion

Public missions

7. Ms Emily LAU reiterated her objection to the Cyberport Project and opined that it was a case of favouritism which provided an opportunity for the Cyberport Developer to make massive profits. She noted that at the Panel meeting held on March 2008, members had expressed disappointment at the lack of progress of the Cyberport in achieving its public missions of developing a regional centre of excellence in IT, and creating a strategic cluster of quality IT and IT-related companies for developing Hong Kong into a leading digital city in the region. She expressed disappointment that progress in the above areas was still lacking, and indicators for measuring the performance in these areas were not provided in the Administration's paper.

8. In response, Chief Executive Officer of the Hong Kong Cyberport Management Company Limited (CEO/HKCMCL) explained that apart from supporting the existing IT practitioners, it was vital for the Administration to provide resources in breeding new entrants and start-up companies so to enable them to make achievements in new economic areas. In this regard, the Cyberport Digital Entertainment Incubation-cum-Training Centre (Incu-Train Centre), which had been in operation for nearly 41 months, had admitted 62 incubatees out of a total of 108 applications under its Incubation-cum-Training Programme (Incu-Train Programme). Over 40% of these incubatees had already graduated and had in turn created a total of 343 jobs. The Cyberport had also received a number of high-ranking delegations from overseas countries and the Mainland.

9. Ms Emily LAU opined that the number of visits by overseas and Mainland delegations could not be taken as indications of the Cyberport's achievement in fulfilling its public missions. Permanent Secretary for Commerce and Economic Development (Communications and Technology) (PSCED(CT)) advised that the Cyberport had made certain progress in achieving its public missions. The Incu-Train Centre had been playing an active role in developing and supporting small and medium enterprises (SMEs) in the digital entertainment and digital

multi-media industry. As of January 2009, 36.5% of the commercial tenants were SMEs. A programme involving the Microsoft Corporation which would further encourage the incubation of SMEs had just been unveiled at the Cyberport. In terms of digital media, the Cyberport was the host to the only training centre in Hong Kong which possessed a unique state-of-the-art digital multi-media creation facility. The quality of IT/telecom facilities and services at the Cyberport was second to none in Hong Kong.

10. Mr Paul TSE enquired about concrete examples and quantifiable information which could reflect the achievement of the Cyberport in fulfilling its public missions of developing a regional centre of excellence in IT. CEO/HKCMCL responded that all tenants at the Cyberport had achieved or had the potential to achieve excellence in IT. Successful tenants included the Centro Digital Pictures Limited and the Outblaze Limited which were approached by the IBM Corporation proposing to acquire their assets. He was confident that more similar companies would be nurtured at the Cyberport in time.

11. At the request of the Deputy Chairman, CEO/HKCMCL agreed to provide examples and quantifiable information/statistics to illustrate the progress in achieving the six public missions of the Cyberport project, in particular, those relating to developing a regional centre of excellence in IT, to nurture and support the development of small and medium IT enterprises and creating a strategic cluster of quality IT and IT related companies for developing Hong Kong into a leading digital city in the region.

Support for SMEs

12. Mrs Regina IP enquired about the support for incubatees which had a competitive edge in the international market under the Incu-Train programme. Sharing a similar view, Mr Paul TSE enquired about the average rentals of the office and arcade and the subsidies provided to incubatees, as well as the eligibility criteria for the subsidies.

13. In response, CEO/HKCMCL advised that the Incu-Train Centre specialized in the incubation and training of SMEs engaged in digital entertainment and digital content production. The incubatees enjoyed a rent-free office and financial assistance in equipment rental and training expenses of up to 75% at the Cyberport. Amongst the 62 incubatees, 27 of them had already graduated, the success rate of which ranked amongst the highest internationally. CEO/HKCMCL added that foreign companies setting up offices at the Cyberport would not be entitled to any subsidies. Only companies registered in Hong Kong were allowed to apply for the Incu-Train Programme. Although there had been marked upward adjustment in the rentals for new leases, the average rental for office accommodation for both old and new leases was HK\$13/sq ft. In response to Mr Paul TSE's enquiry and at the request of the Deputy Chairman, CEO/HKCMCL agreed to provide the average and the range of rental rate for office premises in the Cyberport.

14. Ms Cyd HO enquired about the tangible benefits brought about by the

Cyberport in terms of the number of research deliverables made by the SMEs at the Cyberport, their contributions to the Gross Domestic Product (GDP) of Hong Kong and the profits tax paid. CEO/HKCMCL responded that as at end January 2009, the 27 Incu-Train alumni had developed 64 original intellectual properties (IPs) during their incubation periods. As such companies were start-ups, it was premature to assess their contributions to the GDP. It was hoped that the companies would continue to grow and contribute to the Hong Kong economy and the public coffer. At the request of the Deputy Chairman, CEO/HKCMCL undertook to provide a list of the 64 original IPs developed by the Incu-train incubates as far as practicable.

15. Mr WONG Yung-kan enquired about measures taken by the Cyberport to retain its incubatees. CEO/HKCMCL responded that individual tenants with genuine difficulty in paying rents were given special consideration on a case-by-case basis. He stressed that the mission of the Incu-Train Programme was to support the development of digital entertainment industry for the benefit of the whole of Hong Kong rather than to retain its incubatees within the Cyberport. Apart from on-site incubatees, the Incu-Train Programme also admitted off-site incubatees. In fact, 12 out of the existing 62 incubatees were off-site incubatees. Instead of contractually binding the incubatees from relocating their bases, HKCMCL relied on the Cyberport's own competitiveness to retain the incubatees.

Financial performance

16. As regards Mr WONG Yung-kan's enquiry on how the Cyberport could achieve its financial results in the wake of the financial crisis, CEO/HKCMCL advised that the satisfactory financial results in 2007-2008 were due to the effort in controlling expenditure over the past few years. HKCMCL would continue to control its expenditure, notably in energy consumption which made up about 50% of its total expenditure.

17. Mr WONG Yuk-man opined that the Cyberport Project was designed to provide an opportunity for the real estate developer to make massive profits from the ancilliary residential development. This explained why the project income of the Cyberport Portion was meagre as compared to that of the Residential Portion. In response, CEO/HKCMCL advised that within the first three-year period of its operation, the Cyberport Portion had managed to achieve a positive cash flow position. Cash flow from the third to the fifth financial year had been steadily on the rise. USCED supplemented that the share of surplus proceeds from the sale of the residential units between the Government and the developer pro-rated to the respective capital contributions was set out in Annex C to the Administration's paper.

18. Mr WONG Ting-kwong noted that the operating expenses of the Digital Media Centre (DMC), iResource Centre (IRC) and Incu-Train Centre had been reduced from HK\$ 10.8 million in 2007 to HK\$ 10.7 million in 2008 whilst the marketing, promotion and project expenses had increased from HK\$9.48 million in 2006 to HK\$17.39 in 2008. He enquired about the rationale behind the reduction

in training-related expenses and the sharp increase in marketing and promotion expenses. He doubted whether the marketing and promotion expenses were used for the benefit of the tenants of the Cyberport Arcade.

19. In response, CEO/HKCMCL stressed that the marketing, promotion and project expenses were used mainly for the fulfillment of the public missions of the Cyberport. Promotion fees were collected from the tenants of the Cyberport Arcade. Most of the operating expenses of DMC, IRC and Incu-Train Centre were fixed expenses such as staff costs and hardware costs. Whilst such expenses had been put under control, the number of incubatees rose steadily. At the request of the Deputy Chairman, CEO/HKCMCL agreed to provide an account for the increase in the marketing, promotion and project expenses and the decrease in the operating expenses for DMC, IRC and Incu-Train Centre for 2006-2008.

20. Noting that the operating revenue of the Cyberport Companies for the year ended 31 March 2008 was only \$319 million whilst the operating expense before depreciation was \$296 million, Mr Ronny TONG was concerned whether the operating profit would continue to decline in the wake of the financial crisis and even turn into a deficit in 2008-2009.

21. The Chief Financial Officer of HKCMCL explained that the operating profit was on a rising trend over the past three years. The operating profit before financial costs, tax and depreciation and excluding project income from the ancillary development was \$103 million in 2007-2008, as compared with the operating profit of \$36 million in 2006-2007 and the operating loss of \$17 million in 2005-2006. The Companies were expected to maintain sustained growth in operating profit regardless of the economic downturn.

Office and arcade occupancy

22. Noting that 19 out of the 52 commercial tenants of the Cyberport were SMEs, Mr WONG Ting-kwong queried whether such a proportion of SME tenants represented "an appropriate level of office tenancy for SMEs as its core tenants", as stated in the Administration's paper. CEO/HKCMCL responded that SMEs were regarded as core tenants as support in terms of training and rental concessions were available to them. Taking into account the 62 start-up incubatees which had been excluded from the 52 commercial tenants, the percentage of SMEs out of the total number of commercial tenants would be much higher, thereby reflecting the importance attached to SMEs by HKCMCL.

New initiatives

23. Noting that the Cyberport had been admitted by the China Digital Rights Management (DRM) Forum as a standard drafting committee member, Dr Samson TAM enquired about the measures taken to secure more opportunities to participate in DRM issues in the Mainland. He also enquired about the measures taken by the Cyberport to develop mobile television (mobile TV) service in Hong Kong.

24. CEO/HKCMCL responded that the opportunity of becoming a drafting committee member was made possible by the reaching of strategic partnership agreements with Mainland institutes such as the Shenzhen Hi-Tech Industrial Park and the Tianjin Hi-Tech Industrial Park. The Cyberport would endeavour to sign more similar agreements with Mainland institutes to broaden its participation in DRM issues in the Mainland. He added that similar to the 3G service, the development of mobile TV service in Hong Kong was taken forward in collaboration with the Hong Kong Wireless Technology Industry Association.

25. The Deputy Chairman enquired about the new initiatives taken to improve the tarnished image and the public's perception and recognition of the Cyberport Project. CEO/HKCMCL responded that on a strategic level, the scope of Phase 2 of the Incu-Train programme would be broadened whilst remained under the areas of digital entertainment, digital media and digital lifestyle. To facilitate rapid expansion in the global market, HKCMCL would step up effort in the establishment of global platforms. In fact, the Sony Playstation platform had just been established at the Cyberport after three years of negotiation with Sony Computer Entertainment. In addition, HKCMCL had recently succeeded in attracting the Microsoft Corporation to set up its platform at the Cyberport. CEO/HKCMCL added that he would recommend to HKCMCL Board of Directors the introduction of the concept of microfinance (i.e. the provision of financial services to low-income clients) to the Incu-Train Programme, so that the incubatees could contribute back to the society.

(Post-meeting note : The information provided by the Administration was circulated to members vide LC Paper No. CB(1)2564/08-09(01) on 7 September 2009.)

V. Funding to support creative industries

(LC Paper No. CB(1)955/08-09(05) -- Administration's paper on "Funding to support creative industries")

Presentation by the Administration

26. At the invitation of the Deputy Chairman, the Secretary for Commerce and Economic Development (SCED) and PSCED(CT) briefed members on the proposal to set up a \$300 million CreateSmart Initiative (CSI), and to centralize the management of various existing funding resources relating to creative industries under a proposed dedicated office, namely Create Hong Kong (CreateHK). Members were also briefed on the eligibility and assessment criteria as well as the modus operandi of the CSI.

Discussion

The CreateSmart Initiative (CSI)

27. Mr Paul TSE asked what specific target sectors of the creative industries would be covered by the CSI, and whether the service industry would be eligible for financial support under the CSI. He also expressed concern as to whether the provision for CSI would duplicate the \$56 million commitment under the Innovation and Technology Fund for the digital entertainment sector. SCED replied that CSI would not cover those projects that were currently supported through individual schemes, such as the Film Development Fund (FDF), Film Guarantee Fund (FGF) and the DesignSmart Initiative (DSI). Other main-stream creative industries including architecture, comics, digital entertainment, advertising, music and publishing, etc would all come under the support of CSI. Project applications that were innovative and conducive to the sustained development of creative industries in Hong Kong would be considered for funding support. SCED highlighted that there would not be any overlap in funding support as the various existing funding schemes had well-defined and specific scopes with their terms and conditions approved by the Finance Committee. The Administration would liaise closely with the industry to define the scope of the CSI to fund projects that were in line with the strategic direction to drive the development of creative industries.

28. Mrs Regina IP enquired about the estimated timeframe for the entire pool of \$300 million CSI funding to be taken up, and whether the fund would be replenished. SCED replied that there was no preset annual utilization ceiling for CSI. The Administration would liaise closely with the industry to promote the fund to the industry. The utilization of the fund would depend on industry response. The key focus at present was to finalize the scope, eligibility and assessment criteria as well as the terms and conditions of the fund. The Administration would then closely monitor the utilization of the fund and review the need for increasing the commitment.

29. In response to Mr WONG Ting-kwong's enquiry, SCED advised that for better coordination and cost-effective management of funding resources, the combined total commitment of \$1 billion made up of the FDF (\$320 million), FGF (\$30 million), DSI (\$250 million), the non-recurrent commitment for the Hong Kong Design Centre (HKDC) (\$100 million) and the proposed \$300 million for CSI would all be centralized under the management of CreateHK which would be set up under the Communications and Technology Branch of the Commerce and Economic Development Bureau, with PSCED(CT) being the controlling officer.

30. The Deputy Chairman called on the Administration to put in place a fair, open and transparent vetting and approval mechanism to ensure a fair assessment of the applications and approval of funds. The Administration noted the suggestion.

31. Mrs Regina IP said that in addition to financial support, the protection of intellectual property (IP) and copyright were important for the development and expansion of Hong Kong creative industries in the Mainland market. She enquired what measures and initiatives under the Hong Kong and Mainland Closer Economic Partnership Arrangement (CEPA) had been put in place to help Hong Kong's creative industries move into the Mainland market, such as in film and digital entertainment sectors.

32. Citing the Hong Kong film industry's entry to the Mainland market as an example, SCED advised that through coordination with the relevant Mainland authorities, a number of measures had been introduced under CEPA to facilitate the release, distribution and shooting of Hong Kong films in the Mainland and further expansion in the Mainland market. As a result, there had been a significant increase in the number of co-produced films by Hong Kong and the Mainland. She assured members that the Administration would continue to step up its effort to leverage on the enhanced economic integration with the Mainland, particularly the Pan Pearl River Delta region, to promote the development and expansion of local creative industries in the Mainland.

Vision and mission

33. Dr Samson TAM enquired about the measures undertaken to facilitate start-ups and the development of local small and medium-sized creative establishments. SCED replied that HKDC, in collaboration with the Hong Kong Science and Technology Parks Corporation, had jointly developed programmes and services at the InnoCentre including an incubation programme for design start-ups. Under the Incubation-cum-Training Programme of Cyberport, office space, access to specialized hardware and software facilities, business development advice, legal services and marketing support were provided to incubatees/new start-ups in the digital entertainment sector at discounted rates to help them develop commercially viable products and services and grow into sustainable enterprises in digital entertainment. Training opportunities and international connection were also provided to enhance their technical know-how and business skills for continuous professional development. Apart from generating demand for innovation and creativity that would enlarge the local market size for creative industries, efforts were also made to explore and develop overseas and Mainland markets. CSI would support various creative industry sectors to carry out promotional projects or to participate in trade fairs/exhibitions and other promotional activities overseas and on the Mainland.

34. Mr WONG Yung-kan expressed concern that despite the setting up of a number of new agencies such as the Innovation and Technology Commission, the Office of the Government Information Officer and HKDC over the past few years to promote innovation, technology and design, not much substantial achievement had been made. He asked what concrete measures the Administration would implement to achieve the vision of building Hong Kong into a regional creative capital. Mr WONG and Dr Samson Tam also enquired about the initiatives undertaken to attract overseas creative industry establishments to invest and develop their businesses in Hong Kong.

35. SCED replied that Hong Kong had an edge in a number of creative industries sectors, including motion pictures, television, digital entertainment, design and architecture, etc. In particular, Hong Kong films were well received in Taiwan, Southeast Asia, and the Mainland while Hong Kong design and architecture were internationally recognized. On attracting overseas creative

establishments to come to Hong Kong, SCED said that international events in partnership with overseas countries had been organized to showcase and promote Hong Kong's creative industries. The Business of Design Week co-organized with Holland in 2008 was a successful example. Work was underway to explore partnership with France in holding the event in 2009. She added that Hong Kong had a highly competitive edge to attract overseas creative enterprises to come here, given the territory's cultural diversity, the abundance of creative talents, sound legal framework, simple tax regime, robust IP and copyright protection, and free flow of information. Dr Samson TAM called for more new initiatives to drive the development of Hong Kong into a regional creative capital.

36. Ms Cyd HO commented that the vision and mission of building Hong Kong into a regional creative capital and fostering a conducive environment for creative industries were very vague and without enough substance. She said that comprehensive strategies and long-term policy should be drawn up to provide a clear roadmap for promoting creative industries in Hong Kong. SCED advised that the seven strategic areas as set out in Annex A to the Administration's paper (No. CB(1)955/08-09(05)) had provided a clear strategic direction to drive the development of creative industries in Hong Kong. The Administration would continue to consult the trades and formulate long-term strategies and detailed implementation plans in collaboration with industries representatives and stakeholders.

Nurturing human capital

37. Ms Emily LAU sought elaboration on the use of \$120 million set aside for nurturing creative human capital that would form the backbone of the creative economy in Hong Kong. PSCED(CT) advised that the allocation would be used mainly for the provision of scholarship and support for talented youths and students to participate in overseas exchange programmes, international creative competitions and internship programmes over a period of three years. The funding would also support research and training projects in various fields within the creative industries. The Deputy Chairman considered the indicative breakdown of the estimate funding requirements (paragraph 26 of the Administration's paper) too general. He requested the Administration to give a detailed account for the estimate funding requirements under the \$300 million CSI. The Administration undertook to include the information in the submission to the Finance Committee.

38. Ms Emily LAU and Mr WONG Yung-kan enquired about the measures to nurture creative talents at schools and universities. SCED replied that art and creativity was an integral element of the school curriculum in primary and secondary education. For example, animation was incorporated in visual arts education curriculum to develop secondary school students' appreciation of animation and filming skills as well as creativity. Courses on design, multi-media and technology were also offered at tertiary institutions. She highlighted that apart from the school curriculum, parental support, fostering a conducive environment and a creative atmosphere within the community were also important in nurturing creative human capital.

39. The Deputy Chairman noted that a short animation film produced by Hong Kong independent film animators had won the Grand Prize in the 10th DigiCon6 Awards Competition in Tokyo in November 2007. He expressed regret that according to a media report, the Administration had turned down a suggestion to organize an award presentation ceremony for those animators in Hong Kong. The Deputy Chairman opined that to encourage local talents and promote Hong Kong's creative industries, the Administration should be more proactive in giving recognition to local creative talents who had won international and local awards.

40. In response, SCED informed the meeting that the short animation was an RTHK initiated project to commission programme production from private firms, and the objective was to encourage local animation production and groom local creative talents. A prize presentation would be organized by the Hong Kong Productivity Council during the Entertainment Expo to be held in March 2009. In addition, RTHK had also planned to include this animation in its annual TV Programme Award Winning Celebration to be held in May 2009. SCED highlighted that the Administration attached great importance to promoting Hong Kong's creative industries and would take every opportunity to commend local creative talents for their outstanding achievements in Hong Kong and overseas.

Film Development Fund

41. Noting that out of the \$320 million total commitment, the FDF had an uncommitted balance of \$241 million as at end January 2009, Mr Ronny TONG expressed disappointment at the low and slow uptake of the FDF. He said that a number of film professionals and industry players had complained to him about the cumbersome application procedures and the highly complex Production Finance Agreement. He asked whether the Administration would consider simplifying and streamlining the application and vetting procedures. He said that according to some industry professionals, the Administration's excessive control over the film project and undue emphasis on the commercial viability and profitability consideration had put off industry professionals who would otherwise apply for the fund, and thwarted the development of potential talents. He questioned the effectiveness of the FDF and asked the Administration to give some examples in which FDF had been successful in supporting the production of small-to-medium budget films that were beneficial to the long-term and healthy development of the film industry.

42. In response, SCED said that after seeking the views of industry players, the application procedures and related documentation had been simplified and were well received by the industry. The Television and Entertainment Licensing Authority had organized a number of seminars and briefing sessions to help industry players better understand the procedures and requirements. Since the injection of \$300 million into the FDF in July 2007, nine film productions were approved. Two had been theatrically released in Hong Kong and in the Mainland, fetching high box office receipts. SCED highlighted that it was the Government's policy objective that by taking the lead in providing financial support for

small-to-medium budget films and other film-related projects, the funding scheme would achieve a leverage effect of boosting private sector's confidence in investing in local film production, thus enhancing the industry's chance of securing commercial financing in the long run. She added that while it was important to allow an appropriate degree of flexibility for the industry, a vetting mechanism and some form of regulatory control was necessary to safeguard the proper use of public money, and it was important to strike a balance between the two.

43. Referring to the low salary of the film crew and directors, especially new entrants, Ms Cyd HO was concerned that the current meager salary would not be able to retain film talents in the local market. She urged the Administration to consider setting a minimum wage for the film industry to prevent the talent drain. She said that some film industry professionals had relayed to her that it was very difficult for those taking up movie directorship for the first time to secure funding support from the FDF. In response, SCED said that six out of the nine film projects approved so far were filmed by first-time directors. Funding applications were assessed in accordance with the established vetting and approval mechanism and there was no question of discrimination against new entrants.

44. Noting the objective of the FDF, Ms Cyd HO enquired about the criteria for determining whether a film could benefit the long-term and healthy development of the film industry. SCED clarified that long-term and healthy development did not mean content regulation, as the content of films were subject to the Film Censorship Ordinance (Cap. 392). A fair environment for the development of creative industries would help facilitate the long-term and healthy development of the film industry.

VI. Any other business

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