

**For discussion  
on 29 October 2019**

**2019 Policy Address  
Policy Initiatives of  
Communications and Creative Industries Branch  
Commerce and Economic Development Bureau**

This paper sets out the progress of the policy initiatives related to communications and creative industries in the 2019 Policy Address. The Government will continue to capitalise on our advantages under “One Country, Two Systems”, ideal geographical location, free and open market, highly efficient and transparent regulatory regimes, strong rule of law, as well as a business environment that follows international standards, to seize the opportunities and tackle the challenges arising from the economic development of the world and the Mainland of China.

**Creative Industries**

2. We made a one-off injection of \$1 billion into the CreateSmart Initiative (CSI)<sup>1</sup> in 2018, and another one-off injection of \$1 billion into the Film Development Fund (FDF) in May 2019. In the coming year, we will expend more resources and efforts on enhancing talent nurturing for the industry and consolidating professional capabilities of the trade in developing multiple skills, in order to enhance the long-term competitiveness of our creative industries. At the same time, we will strengthen promotion outside Hong Kong of our unique advantages, expansion of markets and establishment of partnerships. We will also continue to leverage the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area) Development to promote development of our creative industries.

3. The CSI covers seven of the eight creative sectors. Projects funded by the CSI and their implementation details are at paragraphs 14 to 18. For support to the film sector under the FDF, the work progress and work plans for the coming year are set out below.

***Promoting Further Development of Film Industry***

4. Among the eight creative sectors, the film industry is unique and

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<sup>1</sup> The CSI is the dedicated funding scheme for promoting the seven non-film creative sectors, including advertising, architecture, design, digital entertainment, music, printing and publishing, and television.

important in displaying Hong Kong's soft strength. Since 2005, the Government has injected a total of \$1.54 billion into the FDF, to support our film industry along four strategic directions, namely, nurturing talent, enhancing local production, expanding markets and building audience. The FDF has supported various film productions and other film-related projects, which have in total won more than 110 local and overseas awards. Among more than 60 film productions supported by the FDF, we have groomed 59 new directors and producers.

5. In the coming year, the Hong Kong Film Development Council (HKFDC) will continue to provide support for our film industry through the FDF, with the following work priorities:

#### Nurturing Talent

6. The First Feature Film Initiative (FFFI) under the FDF has been very successful and widely supported by the trade since its launch in 2013. New film talent have produced quality films with brilliant reviews and box office results. In view of this, we took the initiative to enhance the FFFI since May 2019, by doubling the total number of winning teams each year from three to a maximum of six and significantly raising the sponsorship amount by around 50%, as well as stepping up training by experienced filmmakers for the winning teams. The sixth edition of the FFFI, the application period of which just ended in August 2019, has received enthusiastic response with an increase in the number of applications by 40% from last year. It is expected that the enhancement measures would help encourage more talent to join the film sector.

7. Apart from continuing with the training courses for different professional production and post-production practitioners (such as film editors and visual effects designers) of the film sector, the HKFDC will, together with the trade, provide dedicated support for the scriptwriting segment by enhancing scriptwriting training and launching script clinic, etc. to groom talent. In addition, we are exploring with the trade suitable projects to provide support for scriptwriting and with a view to enhancing the quality of films.

#### Enhancing Local Production

8. The Film Production Financing Scheme (FPFS) is one of the earliest support schemes and most welcome by the trade. We have planned to raise the production budget limit under the FPFS from \$25 million to \$60 million to cover mid-budget productions, while increase the Government's maximum co-financing amount from \$6 million to \$9 million, so as to encourage local film productions and increase the production volume. The trade's response is highly

positive, considering that such measures would help enhance local production, and strengthen the competitiveness of Hong Kong films in the local and overseas markets.

9. In response to the diversified growth of the film industry and the ubiquity of multi-media platforms, we will explore with the trade a new short film production training scheme to equip young filmmakers with the necessary scriptwriting and creative skills.

### Expanding Markets

10. To further facilitate entry of Hong Kong films and film practitioners to the Mainland market, relevant Central authorities announced in April this year five relaxation measures, as follows:

- (a) To remove the restriction on the number of Hong Kong people participating in Mainland film productions;
- (b) To remove the restriction on percentage of artistes and requirement of Mainland-related plots in films jointly produced by the Mainland and Hong Kong (Mainland-Hong Kong co-productions);
- (c) To waive the registration fees for establishing Mainland-Hong Kong co-production projects;
- (d) To allow Hong Kong films and film practitioners to be nominated for awards in Mainland film festivals; and
- (e) To allow Hong Kong film companies to apply for incentives for distributing and promoting outstanding Mainland films and Mainland-Hong Kong co-productions in Hong Kong, Macao and overseas.

11. To encourage the film industry to expand markets, we will continue to collaborate with the Mainland and overseas Hong Kong Economic and Trade Offices to stage or participate in film festivals and organise other promotional activities such as delegation visits, in order to promote the brand of “Hong Kong Films” in the Mainland and overseas markets.

12. We will continue to earmark funding for annual flagship events for the film industry, such as the Hong Kong Film Awards and the Entertainment Expo Hong Kong (the Expo) and the film financing platform in the Expo to match investors and filmmakers, and to help Hong Kong filmmakers secure Mainland and international funding.

### Building Audience

13. Broadening the local audience base and recruiting young film-goers are

important to sustain the long-term development of the local film industry. The HKFDC will consider ways to cultivate the interest amongst young people and students to visit cinemas, and encourage cinemas to screen more local film productions.

### ***Promoting Other Creative Industries***

14. As for the other seven creative sectors, we will continue to use no less than half of the CSI funding for nurturing talent. We will strengthen collaboration with the trade in Hong Kong, the Mainland and overseas to provide more exchange and internship opportunities for young talent and facilitate their participation in more activities and competitions. Specific measures include organising a Walt Disney Imagineering Asia Graduate Internship Programme and launching the second phase of the Design Graduates Employment Supporting Scheme. We will also continue to organise and expand the Fresh Graduate Support Schemes for digital entertainment and advertising sectors, and have provided young designers and architects with opportunities to participate in the “Think Asia, Think Hong Kong” project organised by the Hong Kong Trade Development Council in Los Angeles in September 2019 to showcase their creative works.

15. We will continue to support the trade in participating in the Mainland and overseas fashion weeks, design weeks, book fairs, exhibitions, etc., in order to explore business opportunities and promote the “Hong Kong Brand” image of our creative industries. For the Greater Bay Area, we invite Greater Bay Area cities every year to participate in the Business of Design Week (BODW). In March 2019, Create Hong Kong led a design delegation to Guangzhou and Shenzhen to share views on areas of future exchanges and collaboration between the design industries in Guangdong and Hong Kong. We will also continue to explore opportunities to deepen collaboration amongst various creative industries in Greater Bay Area cities. For the Belt and Road, we will continue to organise trade delegations to participate in trade fairs and organising activities such as exhibitions and seminars, etc. abroad<sup>2</sup>.

16. Of the \$1 billion CSI injection, \$300 million have been earmarked for the Hong Kong Design Centre (HKDC), mainly for organising five annual signature events for a period of three years starting from April 2019, namely, the BODW, DFA Awards, the Knowledge of Design Week, the Nurturing Programme of Hong Kong Young Design Talents and Fashion Asia Hong Kong; continuing organising the Design Incubation Programme and Fashion Incubation

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<sup>2</sup> Such as a delegation of the printing sector to Minsk, Belarus in October 2018, participation in a fashion week organised in Dubai in November 2018 and April 2019 respectively for promotion of Hong Kong’s fashion design, and a delegation of the digital entertainment sector to Kuala Lumpur, Malaysia in February 2019.

Programme; and promoting design thinking in the community to consolidate Hong Kong's position as a city of design excellence in Asia.

### ***Promoting Design Thinking***

17. In the past year, we promoted design thinking as a problem-solving tool within the Government and in the community. Under the new government procurement policy introduced in April 2019, we encourage government departments to apply design thinking in the procurement process to further enhance efficiency and meet the needs of the public. The Commerce and Economic Development Bureau (CEDB) pioneered the application of design thinking in the process of planning for the Hong Kong exhibition area in the China International Import Expo 2018, and will continue to apply design thinking at the Hong Kong exhibition area in the China International Import Expo 2019. The Leisure and Cultural Services Department, the Office of the Government Chief Information Officer and some public organisations such as the Ocean Park have also applied design thinking in improving their services. The CEDB has started work recently on applying design thinking to explore improvements to the services and support provided to small and medium-sized enterprises (SMEs).

18. In the coming year, we will, through the CSI, provide funding support for non-profit-making organisations and government departments to apply design thinking, in order to improve and enhance the quality of public services and facilities. At the community level, we will continue to promote design thinking to the public and various sectors through a variety of events, including organising a series of "Train the Practitioners" and "Train the Trainers" courses and making full use of the event space of the HKDC at 7 Mallory Street, Wan Chai to organise a number of exhibitions, exchange sessions, design appreciation activities, etc. so as to promote awareness and application of design thinking and design to different age groups and public enterprises. Within the Government, the CEDB will, in collaboration with the Efficiency Office and the Civil Service Training and Development Institute, continue to promote the application of design thinking in order to realise the "people-oriented" service culture and enhance service performance.

### ***Sham Shui Po Design and Fashion Project***

19. The Government proposed in the 2017 Policy Address to make full use of the traditional base for apparel and fabrics in Sham Shui Po (SSP), to combine industry and tourism, promote fashion design, develop the local economy and enrich district tourism resources. With the assistance of various stakeholders, the proposal is being implemented step by step. In early 2018, with the support the SSP District Council and the Urban Renewal Authority (URA), we have

secured space in an URA redevelopment project in the district to develop the “SSP Design and Fashion Project” (the Project). The Project, with a total floor area of 3 600 m<sup>2</sup>, will be used to groom young designers to launch their career, connect academic and trade organisations, and link up various creative sectors and professions to create synergy and enable crossovers.

20. Construction works of the Project has commenced and is expected to complete in 2023-24. We will continue to collaborate with the Tourism Commission for the development of the project to organise promotion activities with elements of fashion design and other design disciplines in SSP, such as fashion parades which combine fashion, music, digital and performing art for advance publicity and preparation. The project “Design District Hong Kong” launched in end-2018 is an example.

## **Telecommunications and Broadcasting**

### ***The Fifth Generation Mobile Communications (5G)***

21. With the completion of global and regional assignment of 5G spectrum and the launch of commercial 5G equipment and consumer products in the market, we expect that operators would launch commercial 5G services in Hong Kong in around 2020. To embrace the advent of 5G era in Hong Kong, we have made a series of preparations to lay the foundation for the launch of 5G networks and services.

### **Spectrum Supply and Assignment**

22. To fully realise the potential of 5G, co-ordination of spectrum in high, mid and low frequency bands is necessary. The Communications Authority (CA) has, since April this year, administratively assigned spectrum in the high-bands (26 and 28 GHz)<sup>3</sup>, while the mid-bands (3.5, 3.3 and 4.9 GHz)<sup>4</sup> spectrum are being auctioned (in October and November) in batches. After the switching off of analogue television (TV) broadcast on 30 November 2020, the vacated spectrum in the low-band (600-700 MHz) is expected to be deployed for mobile telecommunications use to further support the development of 5G services.

### **Facilitating the Installation of Base Stations by Operators**

23. Operators are required to install base stations for 5G networks,

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<sup>3</sup> The total bandwidth of 26/28 GHz bands is 4 100 MHz, of which 1 200 MHz of spectrum was assigned in April this year for large-scale mobile telecommunication services as per applications from operators, while another 400 MHz of spectrum is being open to applications for localised telecommunication services.

<sup>4</sup> The bandwidths of 3.5 GHz, 3.3 GHz and 4.9 GHz bands are 200 MHz, 100 MHz and 80 MHz respectively.

especially in areas with high pedestrian flow and usage. Since the announcement of a pilot scheme in March this year which opens up over 1 000 suitable Government premises for the installation of base stations by mobile service operators, the Office of the Communications Authority (OFCA) has received applications from operators, and is co-ordinating with government departments concerned for processing these applications. The scheme is progressing well.

24. To further facilitate the roll-out of 5G networks by operators, we will use a “demand-led” model to assist operators in using other suitable Government premises, and identify suitable facilities, such as bus stop shelters and public payphone kiosks, for installing 5G network equipment.

#### Broadband Services in Remote Areas

25. The tender period of the subsidy scheme implemented by OFCA to extend fibre-based networks to remote areas ended in September. We are assessing the tender documents received and expect to award qualified tender projects by the end of this year such that the telecommunications operators can commence works as soon as possible and fibre-based networks can be extended to the villages concerned in phases from 2021 onwards. Extending fibre-based networks to remote villages is an important component in the expansion of 5G coverage.

#### Provision of Land for the Construction of External Telecommunications Facilities

26. As a major telecommunications and Internet hub in the region, Hong Kong is in a leading position in terms of external telecommunications capacity, with around 230 satellite earth station antennas and eight submarine cable landing stations, connecting 11 regional and transcontinental submarine cable systems<sup>5</sup>. To meet Hong Kong’s future demand for external network facilities of our telecommunications technology and other related industries, we will provide suitable land at Chung Hom Kok Teleport for external telecommunications infrastructure, further enhancing the overall capacity and diversity of Hong Kong’s external telecommunications networks.

27. The CA will impose restrictions on 5G mobile services base stations operating in the 3.5 GHz band in Tai Po to protect satellite earth stations there from interference. The industry and the public have raised concerns about the

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<sup>5</sup> In addition, five regional and transcontinental submarine cable systems and two domestic submarine cable systems are under construction or planning, and are scheduled to put into service in 2019-2021.

arrangement. In order to thoroughly solve the problem of the 5G restriction zone in Tai Po to promote the overall 5G development in Hong Kong, we will explore with satellite operators the feasibility of relocating the satellite earth stations concerned to Chung Hom Kok Teleport.

### ***Full Digital Television Broadcast***

28. Hong Kong will implement full digital TV broadcast on 1 December 2020. Spectrum vacated after analogue switch-off will be used for high value-added mobile telecommunications services to relieve currently congested indoor mobile hotspots such as MTR stations.

29. Currently, around 90% of Hong Kong households have already been watching digital TV. In order to help households still watching analogue TV, the “Community Care Fund” allocated some \$450 million in July this year to implement the “Digital Television Assistance Programme”, which aims to assist needy analogue TV households in purchasing digital TV sets or set-top boxes so that they can continue to watch free TV after full digital TV broadcast. The Government has engaged the Hong Kong Council of Social Service to implement the Programme, for which the latter is making active preparations. It is expected that the Programme will commence from the end of this year, benefitting about 160 000 eligible households.

### ***Review of the Broadcasting Ordinance and the Telecommunications Ordinance***

30. Broadcasting and telecommunications technologies have been developing in leaps and bounds. The Government is conducting a review of the Broadcasting Ordinance (Cap. 562) (BO) and the Telecommunications Ordinance (Cap. 106) (TO) in two phases: Phase One focuses on regulation of the television and sound broadcasting regulatory framework in response to the changes and challenges brought about by the evolution of infotainment (BO Review); while Phase Two focuses on the telecommunications regulatory framework in response to the advancement of telecommunications technologies, in particular the advent of the 5G and Internet of Things (IoT) technologies (TO Review).

#### **BO Review**

31. We introduced the Broadcasting and Telecommunications Legislation (Amendment) Bill 2019 (the Bill) into the Legislative Council (LegCo) in



March 2019. The Bill amends the BO and Part 3A of the TO to implement the relaxation measures proposed in the Review of Television and Sound Broadcasting Regulatory Framework. These measures include relaxation of the “cross-media ownership restrictions” and “foreign control restrictions”, as well as removal of the “requirement of licensee being a non-subsidiary company”. They seek to remove obstacles for the traditional broadcasting sector and facilitate sustainable development of the sector amid keen competition brought about by Internet infotainment.

32. The Bills Committee held two meetings in April and May 2019 and invited licensees to attend a public hearing. It has completed clause-by-clause examination and supported the Bill. We plan to arrange the resumption of second reading debate of the Bill in due course in order to implement the relaxation measures.

### TO Review

33. The Review of Telecommunications Regulatory Framework has proposed four measures under two themes, namely “Embracing the Arrival of 5G and IoT Technologies” and “Trade Facilitation”. The four measures include: regulation of telecommunications functions of devices in the 5G and IoT era; protection of underground telecommunications infrastructure; simplifying the issue of non-carrier licences; and improving the appeal mechanism under the TO.

34. A three-month public consultation was completed in February 2019. Stakeholders are generally supportive of the direction of the proposed measures. Some of them were concerned about details of individual measures and some also suggested that the Government should introduce additional measures to further facilitate the industry. We are carefully considering the views received, and will continue to engage stakeholders and start drafting the legislative amendment provisions.

### ***Strengthening Regulation of Person-to-Person Telemarketing Calls (P2P calls)***

35. In recent years, P2P calls have caused nuisance to many members of the public. In response to public demands, we propose to amend the Unsolicited Electronic Messages Ordinance (Cap. 593) to put in place an “opt-out” arrangement and establish a do-not-call register. The objective is to reduce compliance cost of the industry as far as possible, while at the same time minimise nuisance caused to members of the public who do not wish to receive such calls.

36. We briefed the LegCo Panel on Information Technology and

Broadcasting and Panel on Commerce and Industry on the proposed legislative framework of regulating P2P calls at a joint meeting on 16 April 2019. The majority of Members supported the Government's proposal at the meeting. That said, the commerce and industry sector raised concerns that the legislation might affect marketing activities such as product and service promotion of businesses and increase compliance costs of the sector, particularly amongst SMEs. There were also concerns over effectiveness of enforcement. We are drafting an amendment bill and will, at the same time, continue to discuss and communicate with various stakeholders with a view to addressing their concerns as far as possible.

37. Members are invited to note the content of this paper.

**Communications and Creative Industries Branch  
Commerce and Economic Development Bureau  
22 October 2019**