

立法會
Legislative Council

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by the Administration)

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Panel on Information Technology and Broadcasting

**Minutes of special meeting
held on Thursday, 25 March 2004, at 2:30 pm
in the Chamber of the Legislative Council Building**

Members present : Hon SIN Chung-kai (Chairman)
Hon Howard YOUNG, SBS, JP (Deputy Chairman)
Dr Hon David CHU Yu-lin, JP
Dr Hon Eric LI Ka-cheung, GBS, JP
Hon CHAN Kwok-keung, JP
Hon YEUNG Yiu-chung, BBS
Hon Emily LAU Wai-hing, JP
Hon Timothy FOK Tsun-ting, SBS, JP
Hon Albert CHAN Wai-yip
Hon MA Fung-kwok, JP

Members absent : Dr Hon Philip WONG Yu-hong, GBS
Dr Hon LAW Chi-kwong, JP

Public officers attending : Agenda Item I and II

Mr Francis HO, JP
Permanent Secretary for Commerce, Industry and
Technology
(Communications and Technology)

Mrs Betty FUNG, JP
Deputy Secretary for Commerce, Industry and
Technology
(Communications and Technology)

Agenda Item I

Miss Helen TANG
Principal Assistant Secretary for Commerce, Industry
and Technology
(Communications and Technology)

Ms Lorna WONG
Commissioner for Television and Entertainment
Licensing

Miss Angela LUK
Assistant Commissioner for Television and
Entertainment Licensing (Entertainment)

Mr Donald CHEN
Principal Assistant Secretary for Commerce, Industry
and Technology (Commerce & Industry)

Miss Pancy FUNG
Assistant Director of Intellectual Property
(Copyright)

**Attendance by
Invitation**

: Agenda Item I

The Federation of Hong Kong Film Workers

Mr CHEUNG Tung-joe
Vice Chairman

Movie Producers & Distributors Association of Hong
Kong Limited

Mr Tony SHU
Executive Secretary

Hong Kong Kowloon & New Territories Motion
Picture Industry Association Limited

Mr Patrick TONG
Vice-chairman

Mr Woody TSUNG
Chief Executive

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

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

Mr S C TSANG
Senior Council Secretary (1)7

Ms Sharon CHAN
Legislative Assistant (1)6

Action

I Measures to facilitate the development of film industry
(LC Paper Nos. CB(1) 1326/03-04(02), 1391/02-03, 1362/03-04(01) and 1378/03-04(01))

The Principal Assistant Secretary for Commerce, Industry and Technology (Commerce and Industry) (PASCIT(CT)) briefed members on the measures taken by the Government to facilitate and sustain the development of the local film industry as detailed in the information paper and the powerpoint presentation materials tabled at the meeting (subsequently issued to members on 26 March 2004 vide LC Paper No. CB(1)1379/03-04). The Chairman then invited the industry organizations to give their views on the subject.

Views of the industry organizations

The Federation of Hong Kong Film Workers (the Federation)

2. Mr CHEUNG Tung-joe, Vice Chairman of the Federation, commended the Administration for its measures to assist the development of the local film industry over the past year, in particular its vigorous effort in combating piracy and in providing support to practitioners in film shooting. In view of the manpower shortage currently faced by the film industry, the Federation had been actively engaged in providing manpower training through the sponsorship of the Film Development Fund (FDF). However, he was concerned whether the Administration would consider relaxing the existing policy on importation of labour as it was envisaged that the demand for certain skilled manpower in the film industry could not be met in the short run through training. In his opinion, the film industry was now facing a succession gap which could unlikely be filled in the near future because it took time to train up the required manpower. The sustainability of the local film industry would therefore be enhanced if certain personnel possessing the necessary skills or expertise could be imported from the Mainland. With adequate manpower resources, the local film makers would be able to continue to produce films with Hong Kong characteristics.

3. Despite the measures taken by the Administration to combat piracy of film products, Mr CHEUNG Tung-joe pointed out that piracy remained rampant. The film industry was especially concerned about illegal downloading of movie works from the Internet. As far as he understood, the music industry earlier on also faced a similar problem of music being downloaded from the Internet, which had dealt a heavy blow to the industry and resulted in business loss. In this connection, he urged the Administration to take appropriate measures expeditiously to combat the infringing act of illegal downloading of movies from the Internet.

4. Mr CHEUNG Tung-joe further advised that through the Film Services Office (FSO) of the Television and Entertainment Licensing Authority (TELA), the film industry had discussed with the Hong Kong Police Force (the Force) and tentatively looked into the feasibility of seeking assistance (such as traffic control) from police officers to facilitate location shooting. He hoped that the Commerce, Industry and Technology Bureau (CITB) would provide appropriate assistance in this regard. In this connection, the Chairman suggested that the industry could also consider seeking the assistance of the Hong Kong Auxiliary Police Force.

Movie Producers & Distributors Association of Hong Kong Limited (MPDA)

5. Mr Tony SHU, Executive Secretary of MPDA said that MPDA shared the view of the Federation that it was imperative to take appropriate measures to combat illegal downloading of movie products from the Internet. As regards the provision on the definition of an author of a film under existing section 11(2)(b) of the Copyright Ordinance (the Ordinance) (Cap.528), MPDA proposed that it would be more appropriate to amend the provision as "in the case of a film, the investor and the producer". Regarding the requirements on parallel importation of a copy of copyright work under the Ordinance, he remarked that the film industry was generally concerned whether there would be difficulties in the enforcement of these requirements. Under the existing sections 35(4) and 118(1) of the Ordinance, it was a criminal offence to import (otherwise than for private and domestic use) or sell a copy of copyright work which was an infringing copy by virtue of its parallel importation if the work had been published in Hong Kong or elsewhere for less than 18 months. As the meaning of "on the first day of publication of the work" was not clearly defined under section 35(4), MPDA considered that certain difficulties would arise in the course of proving whether a copy of parallel imported copyright work was in compliance with the 18-month importation requirement under the Ordinance. As such, he urged the Administration to examine the issues as soon as possible.

6. In view of new business opportunities arising from the "Mainland and Hong Kong Closer Economic Partnership Arrangement" (CEPA) for the development of Hong Kong's film industry, Mr Tony SHU considered it essential for the Mainland authorities to consider relaxing the right and network for the distribution of movies and television programmes and to open the right for the import of Chinese language motion pictures into the Mainland so that interested

operators in Hong Kong were able to export Chinese language motion pictures produced in Hong Kong to the Mainland market. As far as he understood, the China Film Group Corporation was at present the only company in the Mainland granted with the right to bring into the Mainland Chinese language motion pictures produced in Hong Kong. MPDA further suggested that the Administration should examine whether 35 mm movie products processed and developed in Hong Kong could be included under CEPA so that the operators concerned could benefit from zero tariff when exporting such products to the Mainland for distribution. MPDA further called on the Mainland authorities to lower or remove the existing tariff on Hong Kong movie products exported to the Mainland with a view to alleviating the burden of Hong Kong film makers.

Hong Kong Kowloon & New Territories Motion Picture Industry Association Limited (MPIA)

7. Mr Patrick TONG, Vice-chairman of MPIA, strongly requested the Administration to take measures promptly to tackle illegal downloading of movie products from the Internet. In his opinion, the situation had been deteriorating to the extent that the overall interest and development of the film industry was being jeopardized. He stressed that permitting the illegal downloading of movie products from the Internet was tantamount to encouraging infringing acts by the public and hence, the interests of copyright owners of film works would be at stake. He pointed out that the music industry had already suffered from a heavy blow earlier on having regard that songs could be downloaded from and disseminated through the Internet in specified formats. He therefore urged the Administration to take effective measures to avoid similar problems in the film industry.

8. Mr Patrick TONG further said that MPIA was very concerned about the rental right of movie products. At present, rental service of movie video compact discs (VCDs) was prevalent in Hong Kong. Individual operators only needed to purchase the retail edition of movie VCDs to commence the rental business of movie products. As such, MPIA opined that this would only discourage consumers from buying movie VCDs, which would in turn affect the retail business and proceeds of the film industry. He pointed out that the existing Copyright Ordinance did not cover the rental right of movie products mainly because the Law Reform Commission and the Administration had considered it unnecessary to legislate on such right when consultation on proposed amendments to the Ordinance took place prior to 1997. As the retail business of movie products was not a major activity before 1997, operators providing movie rental service had to buy the edition of movie products for rental purpose (e.g. video tapes and laser discs) directly from the distributors before they could provide the service. However, with the advancement of technology and reduction in the production costs of VCDs, the current prices of movie products had dropped substantially. Since the rental right of movie products was not subject to statutory regulation, Mr Patrick TONG said that the retail business of movie products had suffered a severe loss, which accounted for about a 50% decrease in overall business turnover. In this connection, he urged that

the Ordinance be amended to include provisions on the rental right of movie products so that movie products for retail purposes would be duly protected, thereby safeguarding the interests of operators engaged in the retail business of movie products. Mr Patrick TONG commended the Customs and Excise Department for its effort in combating piracy in the territory. Nevertheless, he urged that in addition to protecting the copyright of Hong Kong's movie products locally, the Administration should also consider seeking appropriate copyright protection for such products in overseas markets having regard that Hong Kong's movie products had often been the subject of infringement in places like South-east Asia.

Effectiveness of the Film Guarantee Fund (FGF)

9. Mr CHAN Kwok-keung expressed concern about the use of the FGF. As the two-year period for the FGF would end in April 2005, Mr CHAN enquired about the possibility of using the remaining resources of the Fund to continue to provide support for the development of the film industry even after the expiry of the FGF. He was also concerned about bad debts, if any, being incurred from projects sponsored by the fund.

10. In response, the Permanent Secretary for Commerce, Industry and Technology (Communications and Technology) (PSCIT(CT)) said that the Government had set aside \$50 million from the FDF to set up the FGF on a two-year basis in April 2003. Given that the FGF had only been in operation for a short period of time, it would be too early to assess the effectiveness of the scheme at the present stage. He pointed out that the FGF had so far received and approved five applications. The total approved loan guarantee was over \$11.2 million and the total budget of the films involved was around \$40 million. He undertook that the Administration would assess in detail the effectiveness of the operation of the FGF by the end of this year and revert to members. PSCIT(CT) said that the Administration would examine whether it should continue to use Government resources to provide loan guarantee for film projects, and consider how to deploy and use the remaining resources in the FGF before the trial period of the scheme expired in April 2005.

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11. PSCIT(CT) stressed that although the FGF only provided loan guarantee for film projects instead of giving direct financial support to film makers, the Administration still needed to make financial commitment for the approved projects under the scheme. On the way forward for the FGF, PSCIT(CT) reiterated that upon expiry of the FGF, the Administration would consider whether or not to maintain the Fund to continue providing loan guarantee for film production, having regard to the actual utilization of the Fund and the needs of the film industry.

12. The Deputy Secretary for Commerce, Industry and Technology (Communications and Technology) (DSCIT(CT)) added that the FGF was established to provide loan guarantee to participating lending institutions on a pilot basis to encourage these institutions to offer loan facilities to film makers,

thereby promoting the establishment of a financing infrastructure and encouraging film production activities. As the FGF was implemented on a pilot basis for two years, whether or not the scheme would eventually continue to operate was subject to the outcome of a review upon the expiry of the pilot period.

Admin 13. The Chairman suggested that the Administration should report to the Panel the outcome of the review on the FGF in 2005.

Resources for projects which were beneficial to the long-term development of the film industry

14. Mr MA Fung-kwok was concerned about how the Administration would sponsor the three specific activities stated in paragraph 13 of the paper through internal redeployment of resources in the face of fiscal constraints. The activities in question included sponsoring part of the expenditure of the 2005 Hong Kong Film Awards (HKFA) Presentation Ceremony, organizing training courses for film workers on the application of advanced digital techniques to create visual effects in film production, and conducting feasibility studies on the registration systems for film scripts and film titles and for box office records as proposed by the industry. In response, DSCIT(CT) said that the Administration had planned to redeploy about \$5 million from its internal resources for specifically sponsoring the aforesaid three activities in the next three years, i.e. from 2004-05 to 2006-07.

15. Mr MA Fung-kwok expressed reservation on the adequacy of the resources currently earmarked for sponsoring the three activities in the next three years. As far as he understood, the Government had sponsored the HKFA Presentation Ceremony through the FDF in the past few years with an average amount of \$2 to \$3 million each year. On this basis, Mr MA considered that the earmarked \$5 million would not amount to adequate financial commitment for the three activities.

16. Responding to Mr MA's concern, PSCIT(CT) said that the Administration would closely monitor the actual use of the FGF. If the utilization rate of the FGF remained low when it ceased to operate in April 2005 and no serious bad debts had been incurred arising from the projects sponsored by the Fund, the Administration would seriously consider the possibility of deploying the balance of the fund to sponsor film development projects directly. Given that at the present stage, the registration systems for film scripts and film titles and for box office records proposed by the industry would only require some feasibility studies, PSCIT(CT) pointed out that the proposal might not necessary give rise to any financial burden on the Government. While the Administration would sponsor part of the expenses of the HKFA Presentation Ceremony in 2005, the organizer would still seek to raise funds and secure sponsorship for the ceremony through various means. PSCIT(CT) further said that the future mode of providing financial support for the sustainability of the film industry would be examined in the context of the review on the FGF. The Chairman suggested

that Mr MA might consider raising further questions on the FGF during the forthcoming special meeting of the Finance Committee.

Sponsorship for the HKFA Presentation Ceremony

17. Mr CHEUNG Tung-joe, Vice Chairman of the Federation, said that the expenses for organizing the HKFA Presentation Ceremony had all along been met by private and commercial sponsorship. In view of the unfavourable economic conditions in Hong Kong after 1997 and the setting up of the FDF in April 1999, the organizer of the HKFA Presentation Ceremony made an application to the Government seeking sponsorship for part of the expenditure of the Ceremony. The average estimated expenditure of the Ceremony was about \$2 million each year, except in 2000 when the event was held in the Hong Kong Coliseum and an expenditure of \$3 million was thus incurred. Mr CHEUNG Tung-joe pointed out that based on past experience, the actual expenditure would be less than the estimated expenditure having regard that many internationally renowned directors, actors and film producers had not been able to attend the Ceremony due to other commitments. Nevertheless, being a spectacular event of the film industry and serving the purpose of promoting Hong Kong, Mr CHEUNG considered that the 2005 HKFA Presentation Ceremony should be held in the Hong Kong Coliseum. Notwithstanding that three major events of the local film industry would be held in March 2005, namely the HKFA Presentation Ceremony, the FILMART and the Hong Kong International Film Festival, Mr CHEUNG remarked that the latter two events were fully sponsored by the Government whereas the HKFA Presentation Ceremony was organized by the film industry. He further pointed out that at present, the preparation work of the Ceremony was undertaken by volunteers. Mr CHEUNG Tung-joe supplemented that in recent years the China Central Television in the Mainland had successfully purchased the television programme of the Ceremony for broadcasting in the Mainland. In this connection, he opined that the Administration should continue to provide further sponsorship for the HKFA Presentation Ceremony so as to fully reflect the status of Hong Kong as the Film Capital of Asia.

Registration for film scripts and film titles and box office records

18. Regarding the Administration's intention to examine and improve the registration for film scripts and film titles, Mr MA Fung-kwok considered that these matters mainly pertained to how the film industry would establish a recognized mechanism and had no apparent relationship with the protection of intellectual property rights. As to the subject of box office records, Mr MA expressed concern that individual practitioners in the industry had attempted to mislead the consumers through dishonest practices and faked box office records. He was especially concerned about the role played by the Administration in dealing with the malpractice. PSCIT(CT) replied that the Administration would examine with the industry on how to enhance the transparency and credibility of the box office records. It would also make reference to overseas experience to ascertain whether a registration system for film scripts and film titles fell within

the purview of intellectual property rights, and whether such a system should be established in Hong Kong. The Administration would also consult the film industry in this regard.

Issues relating to the rental right of movie products and illegal downloading of movie products from the Internet

19. Mr MA Fung-kwok shared the concerns of the film industry about illegal downloading of movie products from the Internet and the rental right of such products. PASCIT(CI) said that the existing provisions on rental right in the Ordinance were in line with the requirements of the relevant international agreements. In view of the request of the film industry that the provisions on rental right in the Ordinance be extended to cover movie products, the Administration would examine the provisions relating to rental right in the context of the future review on criminal liabilities of end-users under the Ordinance and consult the film industry accordingly. As regards illegal downloading of movie products from the Internet, PASCIT(CI) advised that under the existing provisions in the Ordinance, a person would be liable for a criminal offence if he distributed infringing copies of copyright products on the Internet. There had been successful prosecutions against the aforesaid offences. Regarding the various modes of illegal downloading of movie products from the Internet, notably "Bit Torrent" (BT) as mentioned in MPIA's submission, PASCIT(CI) said that due to the rapid development of technology and the absence of decided cases from other jurisdictions, the Administration would study the downloading act and the different modes of transmission of copyright works on the Internet so as to ascertain whether such act and modes of transmission would give rise to criminal liability. Following the study, the Administration would then decide whether specific measures had to be formulated to address the issue.

20. Mr Woody TSUNG, Chief Executive of MPIA, briefly explained the illegal downloading of movie products from the Internet by BT. He said that through sowing a "seed" on the Internet, such as in a news group or on a web page, BT would enable a number of Internet users to locate the files of certain movie products simultaneously through peer to peer (P2P) transfer and to download the files. Although the "seed" did not constitute a copyright infringing tool under the Ordinance, Mr TSUNG pointed out that the act of openly sowing "seeds" on the Internet to inform others of the location of the files of movie products to be downloaded had obviously induced others to commit an infringement act. Against this background, he urged the Administration to consider making the unauthorized downloading of movie products from the Internet a criminal offence. Ms Emily LAU urged the Administration to duly follow up the concerns of the deputation.

21. The Chairman pointed out that the illegal downloading from the Internet involved copyright issues and would therefore come within the ambit of the Commerce and Industry Branch of the Bureau. Besides, this problem of unauthorized downloading would jeopardize the interests of the creative

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industries, including the film industry and the music industry. The Chairman therefore suggested and members agreed that the subject be referred to the Panel on Commerce and Industry for further study with the Administration and the relevant industries.

Development prospect of the film industry

22. Ms Emily LAU said it might be difficult for the Panel to assess the current state of development of the film industry because the Administration's paper had not provided information on box office receipts over the past few years. As such, she sought the deputations' views on the future prospect of the film industry.

23. Mr CHEUNG Tung-joe, Vice Chairman of the Federation, said that the film industry was at a low ebb in 2003 due to the outbreak of the Severe Acute Respiratory Syndrome. Although 140 new films were shot in 2004, representing an increase of about 70% from the 79 films shot in 2003, he did not consider that the film industry was now in a vibrant state. While expecting that CEPA would bring about new business opportunities for the local film industry and facilitate co-production of films by Hong Kong and Mainland companies for distribution in the Mainland, Mr CHEUNG remarked that Hong Kong film companies were still unable to co-produce films on certain topics with their Mainland counterparts due to the cultural difference in both places. With the gradual opening up of the Mainland market, he anticipated that Hong Kong film makers would in due course have more opportunities to cooperate with their Mainland counterparts so that more films produced in Hong Kong could be introduced to the Mainland. Given that film production companies in Hong Kong were currently focusing on the Mainland market as a result of CEPA, Mr CHEUNG Tung-joe pointed out that they might overlook the development needs in other places. He reiterated that the Federation was now gravely concerned about the succession gap in the film industry, and hoped that the Administration would adopt effective measures to help the film industry resolve the problem.

24. While CEPA was conducive to the development of the manufacturing, retail and tourism businesses in Hong Kong, Mr Patrick TONG, Vice-chairman of MPIA, was of the view that CEPA did not bring about direct benefit to the retail business of movie products. In view of rampant downloading of films from the Internet and the absence of statutory protection for the rental right of movie products under the Ordinance, he considered that a negative impact had been created on the development of the film industry. Despite the higher number of films being shot this year as compared to that of last year, he pointed out that most of the film production companies in Hong Kong aimed at recouping the costs of their production within a short period of time. He expected that with the gradual opening up of the Mainland market and enhanced awareness of the need to protect intellectual property rights in the Mainland, there would be more room for the development of Hong Kong's film industry and for more locally produced films to be sold to the Mainland market.

25. Mr Albert CHAN was concerned whether the measures mentioned in paragraph 14 of the paper to strengthen manpower training and enhance technological capabilities, especially the “Training Programme for Film Workers” organized by the Administration together with the industry and the Institute of Vocational Education of the Vocational Training Council (VTC), could achieve the aim of providing suitable professionals for the development of the film industry in Hong Kong. Mr CHAN referred to overseas experience where governments often provided manpower training at different levels, including theoretical and technical aspects, to facilitate development of the film industry on an on-going basis. He was concerned whether the Administration would introduce similar arrangements to develop a package of measures for the provision of comprehensive and complete training for the local film industry. In reply, PSCIT(CI) said that the proposed measures contained in paragraph 14 of the paper had been devised in response to the local film industry's demands over the past year for skilled and semi-skilled personnel. The focus of training was on skills enhancement to address the shortage of practitioners in film production. He understood that many overseas universities offered specific degree courses on film production and had produced many internationally renowned actors and film production personnel. Locally, a number of universities, the Hong Kong Academy for Performing Arts and VTC were offering formal programmes for those who aspired to pursue a career in the film industry. PSCIT(CI) stressed that the film industry should not consider manpower training solely from the supply side and request the Administration to address the issue of manpower training. The industry should also take into consideration the actual demand of the market and seek to arrive at a proper balance between the demand and supply sides.

26. Mr CHAN Kwok-keung asked whether the Federation had made applications under the Admission of Talents Scheme and the Admission of Mainland Professionals Scheme to meet the shortage of the required personnel in the film industry as mentioned above. Mr CHEUNG Tung-joe said that as far as he understood, the industry had not made any application under the two Schemes referred to by Mr CHAN.

27. For the purpose of resolving the problem of insufficient expertise currently encountered by the film industry and examining the possibility of importing relevant skilled personnel from overseas or the Mainland, the Chairman invited CITB and relevant bureaux, departments such as the Security Bureau, Education and Manpower Bureau and the Immigration Department to carry out discussion with the film industry with a view to working out a feasible solution.

II 2004 Digital 21 Strategy

LC Paper No CB(1)1326/03-04(01)	-- Information paper provided by the Administration
LC Paper No CB(1)1206/03-04(01)	-- Booklet on "Digital 21 Strategy : Sustainability and Opportunities" provided by the Administration
LC Paper No CB(1)370/03-04	-- Extract of minutes of the meeting held on 23 October 2003 on "Public consultation paper on 2004 Digital 21 Strategy"
LC Paper No CB(3)389/03-04	-- Progress report of the motion on "Digital 21 Strategy" carried at the Council meeting on 17 December 2003

28. At the invitation of the Chairman, PSCIT(CT) briefed members on the background on the 2004 Digital 21 Strategy. He highlighted that the Digital 21 IT Strategy in 1998 and the revised Strategy promulgated in 2001 had focused on putting in place the right environment, infrastructure, skills and culture to encourage the development and adoption of IT by the entire community. Given that the Hong Kong community was now a mature and avid user of IT, the challenge of the 2004 Digital 21 Strategy was to sustain the momentum created in the last five years and to continue to harness the benefits of IT for Hong Kong.

29. With the aid of power-point presentation, DSCIT(CT) outlined the achievements in the last five years, the eight main areas of action of the 2004 Digital 21 Strategy and the major tasks under each area. She remarked that the progress of the 2004 Digital 21 Strategy would be assessed at the end of each year and specific targets, actions and plans for the following year would be formulated.

Infrastructure and business environment - the broadcasting industry

Digital broadcasting

30. Mr MA Fung-kwok noted that as the implementation of digital terrestrial television (DTT) broadcasting service would make more efficient use of the available spectrum and the number of TV programme channels might be increased, more TV service operators might choose to enter the market. He relayed some preliminary views and concerns of the industry that the

implementation of DTT broadcasting service in Hong Kong might impact on the viability of local content service providers. He said that at present, overseas content providers could only broadcast their programmes in Hong Kong via existing TV broadcasters. However, in the digital era, these providers such as Discovery Communications Inc could be granted a licence to operate as a multiplex operator or a programme service provider. These operators broadcast their ready-made programmes produced in their home countries by localizing them at a small cost. Given that locally produced programmes could not be broadcast in neighbouring markets as they were not yet liberalized, the producers of these programmes might not be able to raise sufficient revenue from the local market alone to remain viable, particularly in the face of competition from overseas counterparts. To address the potential problem, Mr MA said that local content service providers had initially proposed that the Administration should add a licence condition to require the future digital channel operators to broadcast a certain amount of locally produced programmes. Mr MA was concerned whether the Administration had assessed the implications of implementing DTT broadcasting service and devised necessary measures to address the concerns which would arise. The Chairman also commented that if the two domestic free television service licensees were given the right for terrestrial broadcasting in the Mainland, local content service providers would have the opportunity to access a much bigger market.

31. In response, PSCIT(CT) confirmed that the Administration had conducted an initial assessment on the implications of implementing DTT broadcasting service in Hong Kong but no final conclusion had been drawn. While it might be possible that the viability of local content service providers would be affected if the additional channels would broadcast mainly overseas programmes, it could also be possible that the digital era would provide more opportunities for the development of creative industries. PSCIT(CT) noted that currently, apart from Hong Kong Cable Television Limited (HKCTV) which broadcast locally produced programmes, other licensees were inclined to procure programmes produced in other places for broadcast in Hong Kong. The Administration expected that upon the implementation of DTT, the proportion of locally produced and overseas produced programmes broadcast on the digital channels would be broadly the same. Meanwhile, the Administration would encourage the production of quality local programmes by providing state-of-the-art facilities such as the Digital Media Centre (DMC) in the Cyberport. PSCIT(CT) nevertheless cautioned that introducing excessive protection for local productions might reduce market competition and programme diversity. The Administration would monitor closely the development of the TV programme content service market upon the implementation of DTT broadcasting service.

32. Mr YEUNG Yiu-chung enquired about the need for conducting a second consultation on digital terrestrial broadcasting (DTB) and the DTT technical standard to be adopted in Hong Kong. In reply, PSCIT(CT) explained that three years had passed since the first consultation on DTB. The second consultation paper sought to set out a total framework for the introduction of DTT broadcasting into Hong Kong and to present the Administration's latest views on

the adoption of technical standard, the implementation timetable and the licensing regime. The Administration had completed frequency co-ordination with the Mainland authorities. However, the timetable for the promulgation of technical standard in the Mainland was not yet known. As such, the Administration had proposed a "market-led" approach under which there was no officially prescribed technical standard but DVB-T would be the one recommended by the Government. A multiplex operator would have the option of adopting DVB-T or proposing another technical standard to the satisfaction of the Telecommunications Authority.

Coverage of television broadcasting service

33. Mr Albert CHAN reiterated his concern that despite the various initiatives set out in the 2004 Digital 21 Strategy, the fundamental problem of unsatisfactory reception of the services of the two free domestic television broadcasters remained unsolved. He cited the example that newly developed high-rise buildings in districts such as Tsuen Wan had blocked the transmission of signals from the two domestic free television stations to other buildings in the vicinity. He urged the Administration to formulate and implement effective measures to tackle the persistent problem which had frustrated many residents. He suggested that when proposing to construct a new building, the developer should be required to conduct an assessment on whether the building, when completed, would cause interference to the transmission of TV signals to nearby buildings and if yes, to propose remedial measures to overcome the problem. The Chairman shared Mr CHAN's view and called upon the Administration to critically examine the matter and take necessary action such as amending the building-related legislation to give effect to this requirement.

34. In response, PSCIT(CT) pointed out that the technical problem of "line of sight" whereby TV signals might be blocked by buildings would not arise when DTT broadcasting was fully implemented. At present, the Office of the Telecommunications Authority (OFTA) was assisting the two free domestic TV broadcasters in re-locating their transmission stations to facilitate the reception of TV signals where interference occurred. As owners/owners' committees of certain buildings might be reluctant to house the transmission stations at their buildings, it took time for OFTA to negotiate with the buildings concerned. OFTA would continue to follow up problem cases. The Administration also took note of Mr Albert CHAN's and the Chairman's views on future improvement.

Institutional review - Chief Information Officer

35. The Chairman was concerned about the appointment of the Chief Information Officer (CIO). He remarked that there were pros and cons of appointing an in-service officer or an outside candidate to take up the post of CIO.

36. In response, PSCIT(CT) said that it was important that the CIO should possess strong leadership as well as ample technical expertise. The CIO should play a cross-agency role in driving changes in the business processes of government departments and achieve a good return from E-government initiatives. On whether the post of CIO should be filled by an in-service officer or an outside candidate, the Administration was open-minded but would strive to appoint the most suitable candidate with the right calibre and qualifications.

Sustainable E-government programme

37. Noting that 90% of the amenable public services had been covered by an e-option following the implementation of the E-government programme in the last four years, Mr YEUNG Yiu-chung was concerned whether the conventional mode of delivering public service would be retained for certain sectors of the population who were unable to use IT.

38. In response, PSCIT(CT) reckoned that it was indeed costly to maintain both the electronic and the conventional modes of delivery of public services. However, some counter service might need to be retained because certain sectors of the community did not have ready access to computers. To maximize the cost-effectiveness of E-government projects and achieve better utilization of the e-option, the Administration would improve its service standards according to customers' needs. PSCIT(CT) nevertheless stressed that existing counter service would gradually be phased out only when there was a general adoption and high utilization of the e-option for public services.

Technological development - open source software

39. In reply to Mr CHAN Kwok-keung on the market share of locally developed open source software (OSS) in the use of OSS, PSCIT(CT) remarked that while the Administration did not have information on the market share of the locally developed OSS, it had been promoting wider OSS adoption by encouraging OSS development such as software application systems in the private sector. He envisaged that there would be a wider adoption of local OSS in two to three years' time.

III Any other business

(Letter dated 13 March 2004 from Anti-Pornographic & Violence Media Campaign (LC Paper No. CB(1)1362/03-04(02) - *issued on 23 March 2004*)

40. Members noted the aforesaid letter.

(Post-meeting note: On the advice of the Chairman, members have been consulted vide LC Paper No. CB(1)1400/03-04. In their replies, most members agreed that issues related to the regulation of pornographic and violent materials transmitted through the mass media should be taken up by the Panel. They also agreed that the Panel should post a general notice on the website of the Legislative Council to invite written submissions on the subject. Subject to the response from the public, the Panel will decide on the meeting date to discuss the subject. Members have been notified of the arrangements vide LC Paper No. CB(1)1604/03-04.)

41. There being no other business, the meeting ended at 4:05 pm.

Council Business Division 1
Legislative Council Secretariat
20 May 2004