

立法會
Legislative Council

LC Paper No. CB(1)2483/08-09
(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, 11 May 2009, at 2:30 pm
in Conference Room A of the Legislative Council Building

Members present : Hon Andrew LEUNG Kwan-yuen, SBS, JP (Chairman)
Hon LEE Wing-tat (Deputy Chairman)
Hon CHAN Kam-lam, SBS, JP
Hon Emily LAU Wai-hing, JP
Hon Timothy FOK Tsun-ting, GBS, 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

Member absent : Hon WONG Yung-kan, SBS, JP

Public officers attending : Agenda Item IV

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

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

Mr Kevin CHOI
Principal Assistant Secretary for Commerce and
Economic Development (Communications and
Technology)A

Mr T F SO
Assistant Director (Operation)
Office of the Telecommunications Authority

Agenda Item V

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)

Ms Ava CHIU
Deputy Government Chief Information Officer
(Policy and Customer Service)

Agenda Item VI

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

Ms Maisie CHENG
Commissioner for Television and Entertainment
Licensing

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

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

Mr Joey LO
Council Secretary (1)3

Ms May LEUNG
Legislative Assistant (1)6

Action

I. Confirmation of minutes of meeting

(LC Paper No. CB(1)1269/08-09 -- Minutes of meeting held on
8 December 2008)

The minutes of the meeting held on 8 December 2008 were confirmed.

II. Information paper issued since last meeting

2. Members noted that no paper had been issued since the last meeting held on 7 April 2009.

III. Date of next meeting and items for discussion

(LC Paper No. CB(1)1492/08-09(01) -- List of outstanding items for
discussion

LC Paper No. CB(1)1492/08-09(02) -- List of follow-up actions)

3. Members noted that the next Panel meeting would be held on Monday, 8 June 2009 at 2:30 pm to discuss the following items proposed by the Administration:

(a) Review of the Public Non-Exclusive Telecommunications Services and Services-Based Operator Licensing Regimes; and

(b) Report on the follow-up actions for fixed mobile convergence.

4. Members noted that the Administration had provided a written response to members' concern about the review of the administration of Internet domain names in Hong Kong raised at the meeting held on 7 April 2009. Ms Emily LAU and Mr Ronny TONG suggested, and members agreed, to include the item in the

agenda for the June meeting.

5. Ms Emily LAU and Mr LEE Wing-tat expressed grave concern over the deferral in releasing the consultation paper on public service broadcasting and the future of the Radio Television Hong Kong as well as the opening up of radio/TV channels for use by the community. They urged that the Secretary for Commerce and Economic Development be invited to brief the Panel before the end of the current legislative session on the latest progress of the matter and the timetable for the consultation exercise. The Chairman instructed the Secretariat to follow up with the Administration for the meeting arrangements.

(Post-meeting note: The item "Public consultation on public service broadcasting including issues related to the future of Radio Television Hong Kong and the opening up of radio/TV channels for use of the community" was scheduled to be discussed at the Panel meeting to be held on 13 July 2009.)

IV. Digital terrestrial television update

(LC Paper No. CB(1)1492/08-09(03) -- Administration's paper on progress update on the implementation of digital terrestrial television broadcasting

LC Paper No. CB(1)1492/08-09(04) -- Paper on the update on the progress of the implementation of digital terrestrial television broadcasting in Hong Kong prepared by the Legislative Council Secretariat (updated background brief)

LC Paper No. CB(1)1505/08-09(01) -- Submission from a member of the public expressing concern about the progress of the implementation of digital terrestrial television broadcasting in Hong Kong (Chinese version only)

LC Paper No. CB(1)1556/08-09(01) -- Administration's paper on digital terrestrial television update (power-point presentation material)
(tabled at the meeting and subsequently issued via e-mail on 12 May 2009)

6. With the aid of power-point, Principal Assistant Secretary for Commerce and Economic Development (Communications and Technology)A (PAS(CT)A) updated members on the latest development of digital terrestrial television (DTT)

services since the official launch by the two domestic free television programmes service licensees, i.e. Asia Television Limited (ATV) and Television Broadcasts Limited (TVB) on 31 December 2007. He briefed members on the progress of the phased network rollout, DTT programme channels of ATV and TVB, as well as market supply of consumer products including DTT receivers and integrated digital TV (iDTV) sets. He also updated members on public response, DTT take-up, publicity, and consumer education programmes, details of which were set out in the Administration's paper (LC Paper No. CB(1)1492/08-09(03)) and power-point presentation material (LC Paper No. CB(1)1556/08-09(01)). Members noted that the DTT network had been expanded to cover 18 districts, serving 75% of the population in August 2008. The launch of five new fill-in stations by end 2009 would further extend the coverage to 85% of the population, or an additional 700 000 people. With the construction of 17 more transmitting stations between 2010 and 2011, the ultimate DTT coverage would be on a par with that of existing analogue coverage.

Discussion

Improving programme quality and content

7. Mr CHAN Kam-lam noted that ATV and TVB currently shared one multiplex to simulcast their four analogue television programmes. In addition, they each took up one additional multiplex to provide new DTT channels. He was of the view that although technological advances had generally improved the reception quality, the digital and high-definition television (HDTV) programming of both ATV and TVB in terms of quality and variety were far from satisfactory. While he appreciated that programme development and scheduling were commercial decisions of individual broadcasters, he hoped that the Government would urge the two free TV broadcasters to expedite their programme development and deliver more diversified and higher quality digital TV entertainment to Hong Kong viewers. He also called on the Government to explore measures to bring in competition to increase programme choices for the viewing public. Referring to the recent press reports about ATV's plan to cut down on its HDTV programmes, Dr Samson TAM asked whether the Administration had any plan to bring in new competitor(s).

8. In response, the Permanent Secretary for Commerce and Economic Development (Communications and Technology) (PSCED(CT)) said that the Beijing Olympics held in August 2008 had helped drive the interest and boosted the digital take-up significantly. This showed that programme quality and content was a key factor governing the DTT take-up rate. He highlighted that since the launch of DTT services, the two broadcasters had been striving to introduce a new variety of programmes and to revise their programmes strategy and programming schedule with a greater reference to audience preference and market needs. On top of a round-the-clock HDTV channel introduced since the kick-start in end-2007, TVB had introduced two new standard-definition television (SDTV) channels, one targeting the younger generation, and the other a 24-hour interactive news channel.

On the other hand, ATV had provided a combination of HDTV and SDTV channels featuring programmes originated from Hong Kong, the Mainland and Taiwan, and would launch an SDTV infotainment channel featuring mainly local productions in late 2009. The Office of the Telecommunications Authority (OFTA) would continue to hold regular meetings and discussions with ATV and TVB to follow up on issues related to the DTT network roll out as well as programme development. He stressed that the development of digital programmes was an on-going process and the Administration would encourage the two broadcasters to enrich their digital TV programmes and introduce other value-added services. The Broadcasting Authority was now conducting the mid-term review of the licences of the two broadcasters. Both ATV and TVB would have to submit their six-year investment plans that would also contain their programming proposal. Public hearings would be held for members of the public to express their views on the services provided by the two licensees. Apart from the two free TV broadcasters providing DTT programmes, the Government had provided resources for the Radio Television Hong Kong to produce their own HDTV programmes or outsource its programme production to bring in more variety and new perspective.

DTT take-up and the timing of the analogue switch-off

9. Mr Ronny TONG enquired about the Government's plan for phasing out analogue broadcasting and the timing for the analogue switch-off. While he appreciated that the analogue-to-digital migration would result in more effective deployment of the spectrum, Mr TONG expressed concern that households who could not afford to purchase DTT receivers or iDTV sets would be deprived of free television programme services as a result of the termination of analogue broadcasting. He opined that the Government should adopt a more flexible approach in retaining analogue broadcasting instead of setting a deadline for a complete switch-off, forcing people to change to a more expensive form of entertainment.

10. Dr Samson TAM held the view that given the general world trend and the economic benefits of the switching over to digital broadcasting, the Administration should actively explore measures to encourage and facilitate an early take-up of DTT so that economic benefits of a switch-over could be realized as early as possible. He urged the Administration to draw up a timetable for the analogue switch-off on the basis of some objective criteria such as the DTT take-up rate, and the proportion of population/households that had switched over to DTT. Noting that 75% of the Hong Kong population were already covered by the DTT network in August 2008 and that only 72 6000 households had switched to DTT via set-top boxes, iDTV sets or computers, Dr TAM expressed concern about the low DTT take-up. He asked whether the Administration would consider providing economic incentives/financial assistance to low-income families who could not afford the cost of the switch-over.

11. PSCED(CT) said that as DTT broadcasting had been rolled out for only 15 months, it was too early at the present stage to make a decision on the timing of the

switch-off. The Administration would continue to monitor the extent of DTT coverage, the DTT take-up rate, the price of DTT receivers and consumers' readiness before taking a decision on the timing of the analogue switch-off. The Administration, in collaboration with the Consumer Council and other relevant organizations, had rolled out a series of promotion and publicity programmes to promote public understanding and early take-up of DTT services. To facilitate the public to check the current status of DTT coverage of a particular residential or commercial premises, the OFTA had provided a free hotline and e-mail services for public enquiries, and launched an on-line database on DTT coverage and the DTT-readiness of various buildings. Moreover, the overall prices of DTT receivers were expected to continue to fall, providing added incentives for consumers to switch over to enjoy better quality audio-visual experience provided by DTT services. As such, while there was a switch-over cost, the nominal additional cost of purchasing a DTT receiver was relatively small as the reception of digital programmes, same as analogue programmes, was free. The Administration would also make reference to overseas experience in countries such as France, the United States and the United Kingdom and take into consideration various options, including the provision of subvention to encourage a switch-over.

12. The Chairman noted that in some overseas countries, such as the United States, DTT programmes were made available to households through cable TV network. He asked whether the Administration would consider adopting this approach for cost saving in constructing DTT transmission network, and also to enable more households to receive HDTV programmes without having to purchase DTT receivers.

13. In response, PSCED(CT) and PAS(CT)A said that different countries had adopted different models to cater for their needs according to their unique circumstances. In view of wide geographical area of the United States and in order to supplement the transmission network of terrestrial TV, cable TV was required to transmit terrestrial TV programmes to households through their network. However, such approach might discourage terrestrial TV operators from investing in programme and network development, thus hampering the overall development of terrestrial TV. Unlike the United States, the two domestic free TV programme service licensees in Hong Kong were required to provide universal coverage as Hong Kong was a relatively compact geographical area and densely populated city. This would be conducive to the continued development of terrestrial TV in Hong Kong, and the viewing public in Hong Kong would have the benefit of a wide range of programme choices offered by free TV, pay TV, broadband TV, and IPTV. Apart from the general entertainment programmes, the extensive coverage of different networks would also enable the transmission of important information in case of emergencies.

14. In response to Mr Ronny TONG's enquiry about the use of the spectrum to be freed up after the termination of analogue broadcasting, PSCED(CT) said that the spare spectrum released could be usefully deployed for a number of new value-added services such as mobile television, new interactive multimedia services,

and applications. He highlighted that the Administration had yet to form its views on the future deployment of the released spectrum and would consult the Panel as and when appropriate.

15. The Chairman referred to the submission from a member of the public on the subject (LC Paper No. CB(1)1505/08-09(01)) and requested the Administration to provide a written response to the concerns raised.

(Post-meeting note: The Administration's written response was circulated to members vide LC Paper No. CB(1)1799/08-09(01) on 3 June 2009.)

V. Progress update on E-Government development

(LC Paper No. CB(1)1492/08-09(05) -- Administration's paper on progress update on E-Government development

LC Paper No. CB(1)1492/08-09(06) -- Paper on the update on E-Government programmes prepared by the Legislative Council Secretariat (updated background brief))

16. At the invitation of the Chairman, Under Secretary for Commerce and Economic Development (USCED) briefed members on the latest progress on E-Government development, as set out in the Administration's paper (LC Paper No. CB(1)1492/08-09(05)).

Discussion

Developing the professional workforce

17. Dr Samson TAM said that it was important for the Administration to ensure that the Office of the Government Chief Information Officer (OGCIO) and other Government departments had sufficient IT professionals to drive the E-Government programme. There had been feedbacks from the industry that contract staff employed by the Information Technology Management Unit (ITMU) for provision of IT support to various Government departments did not possess the right skills and experience to manage IT initiatives. In addition, the hiring of contract staff would affect the service continuity of the ITMU. He opined that more resources should be provided to recruit competent IT project managers in the Government. With the advent of the information age, he enquired whether and when the Administration would resume the recruitment of IT professionals for the civil service.

18. In response, Government Chief Information Officer (GCIO) advised that since the inception of the ITMU, the Government had more than doubled the size

of its IT programme without increasing the total number of IT staff within the civil service. This had been achieved through the wider use of outsourcing. Over the years, the role of the Government IT staff had changed from managing IT operations to helping develop IT strategies, shape and manage projects as well as recruit contractors in systems development. To change the future mode of operation of the Government IT profession to meet the challenges of the IT era, the Government IT Skills Framework was launched in 2008 with reference to international best practices. Recognizing the need for staff at an appropriate level of seniority and skills to work on integrating IT strategies with the business strategies of the bureaux/departments, the Administration would make sure that officers responsible for ensuring the quality of strategy and project development were civil servants who were familiar with the best practices expected of the ITMU. While supporting IT projects from a policy perspective, the OGCIO would make sure that bureaux/departments would have a manpower plan for developing IT strategies. In this connection, he informed members that an in-service recruitment exercise had just been run to fill 11 of the vacancies for IT posts. The OGCIO was discussing with the Civil Service Bureau as to how and when open recruitment for the Government's IT professionals would be resumed.

19. Dr Samson TAM pointed out that departmental officers overseeing the work of the ITMUs in various bureaux/departments were mainly directorate officers who were not well-versed in IT and tended to consider IT projects from a user perspective rather than a technical perspective, making it very difficult for the outsourcing suppliers to satisfy their needs, thus causing delay to the completion of the projects. He enquired about the measures taken by the Administration to equip such officers with more IT knowledge so that they could have a more balanced perspective on IT projects. Sharing a similar view, the Chairman opined that apart from administrative skills, the top echelon of the relevant bureaux/departments should possess IT knowledge necessary for managing such projects.

20. Acknowledging the Chairman's view, GCIO and Deputy Government Chief Information Officer (Consulting and Operations) (DGCIO(CO)) responded that it was not necessarily undesirable to consider IT projects from a user perspective. In fact, seasoned project managers were mindful of delivering their services to suit the needs of users. Central support service had been provided to ITMUs of bureaux/departments which might not possess all the necessary expertise in carrying out the IT projects. Individual ITMUs were also required to submit a report on the progress of such projects to the OGCIO every three months.

Engaging the public

21. Mrs Regina IP expressed support for the E-Government programme which could improve the efficiency of its service delivery and make the Government more accessible to the public. However, she expressed dissatisfaction with the lack of a directly accessible personal e-mail address for most of the senior Government officials, creating the bad image of a "faceless" Government.

22. In response GCIO and DGCIO(CO) advised that information on personalized e-mail addresses of Government officials were provided via the online Government Telephone Directory. In fulfillment of the Chief Executive's commitment on public engagement announced in the 2008-2009 Policy Address, a study into the most effective means of engaging the public via the Internet was being conducted. The idea of a personalized e-mail address for every senior Government official would be considered in the context of the overall strategy of public engagement.

Engaging the small and medium sized enterprises

23. Mrs Regina IP noted that most of the Government IT projects were awarded to large IT service providers and suppliers. She suggested that the Administration should consider sub-dividing the projects into smaller items, so as to provide more opportunities for SMEs in the IT sector to bid for the contracts. In this connection, she requested the Administration to consider whether the overall Government procurement policy and the Government Procurement Agreement under the World Trade Organization (WTO GPA) would enable local ICT SMEs to bid for contracts for providing IT software programming and consulting services.

24. DGCIO(CO) advised that SMEs were able to participate in Government IT projects and in the provision of hardware, software and consultancy services. In fact, a series of hardware products and professional services had been provided by SMEs through the award of standing offer agreements. He further advised that some major projects were sub-divided into small ones and SMEs had been able to bid for them. There had been an example of SME initially hiring a handful of staff providing IT services to the Government developing into listed companies. At the request of Mrs Regina IP, PSCED(CT) undertook to relay her concern on the Government procurement commitments to the WTO GPA to the Financial Services and the Treasury Bureau.

Admin

Government Wi-Fi Programme

25. Noting the popularity of the Government Wi-Fi (GovWi-Fi) programme, Mr WONG Ting-kwong enquired whether the Administration had carried out any study into the stability and security of the GovWi-Fi programme. GCIO responded that statistics on the usage of GovWi-Fi had been regularly collected. So far, no significant complaint about the quality or security of the service had been received. The absence of any negative feedback about the service demonstrated that the service was well-received by the public. DGCIO(CO) added that the Administration was planning to brief the Panel on the progress of implementation of the GovWi-Fi programme at a future Panel meeting.

Public Transport Enquiry Service

26. Mr WONG Ting-kwong expressed concerned that the Public Transport Enquiry Service (PTES) recently launched by the Transport Department (TD) had

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been criticized for not being user-friendly and providing accurate information. GCIO responded that there had been an over-capacity problem in the first few days of the launching of the PTES as many users flocked to try out the new system simultaneously. As the TD had been sorting out the problem with the contractor concerned, the system should later be operating more smoothly. GCIO stressed that the PTES had been launched as a pilot service and the TD would be collecting feedbacks on ways to improve the system in the coming six months. In this connection, the Chairman requested the Administration to relay Mr WONG's concern on PTES to the TD for necessary action.

VI. Retention of the non-civil service position of Secretary-General of the Film Development Council

(LC Paper No. CB(1)1492/08-09(07) -- Administration's paper on retention of the non-civil service position of Secretary-General of the Film Development Council

LC Paper No. CB(1)1556/08-09(02) -- Administration's paper on *(tabled at the meeting and subsequently issued via e-mail on 12 May 2009)* Retention of the non-civil service position of Secretary-General of the Film Development Council (power-point presentation material))

Presentation by the Administration

27. At the invitation of the Chairman, PSCED(CT) briefed members on the Administration's proposal to retain the non-civil service position of Secretary-General of the Film Development Council (SG/FDC) for a further period of two years, as set out in the Administration Paper (CB(1)1492/08-09(07)). With the aid of power-point, Deputy Secretary for Commerce and Economic Development (Communications and Technology) (DSCED(CT)) briefed members on the salient points of the Administration's proposal. Members noted that the Finance Committee (FC) approved on 6 July 2007 the creation of the position SG/FDC for a period of two years. The SG/FDC position, which was filled through open recruitment, would lapse on 16 November 2009. The Administration therefore proposed to extend the non-civil service position of SG/FDC, currently at the equivalent rank of D2, for a period of two years after the expiry of the current term in November 2009.

Discussion

Duration and candidate for the position of SG/FDC

28. Mr Ronny TONG enquired about the need for the proposed extension of the SG/FDC position for a further period of two years. Sharing a similar view,

Mr Paul TSE opined that the position should be filled by a candidate from the film industry, and enquired if the position would be filled by a new candidate after the extension.

29. DSCED(CT) advised that SG/FDC had been playing a key co-ordinating role in supporting the work of FDC, liaising closely with members of the film industry both locally and overseas. As the FDC Secretariat was reviewing the operation of the Film Development Fund (FDF) in consultation with the film industry, SG/FDC would play a key role in conducting the review, and such work would increase in the coming years in view of the Government's commitment to promote Hong Kong's creative industries. DSCED(CT) added that the SG/FDC position was a non-civil service post which had already been, and would continue to be, filled by a person from the film industry. The Administration was of the view that the input of the incumbent SG/FDC to the development of FDC and FDF had been valuable to the Administration's work in taking forward film projects. As such, the Administration would retain such input from the industry. On the question of whether the SG/FDC position would be filled by a new candidate after the extension, DSCED(CT) advised that the performance of the present incumbent would be assessed in accordance with the normal procedures. He assured members that it was not the Administration's intention to fill the position by a civil servant.

30. Noting that SG/FDC had been playing a key role in supporting the work of FDC, Ms Regina IP enquired about the Administration's rationale for extending the SG/FDC position for only two years. DSCED(CT) advised that as FDF was in the initial phase of operation and SG/FDC was undertaking a review of its operation, the Administration had proposed to extend the position of SG/FDC for two years at this stage to allow SG/FDC to continue his work. In view of the proposed setting up of Create Hong Kong (CreateHK), the Film Services Office (FSO) of the Television and Entertainment Licensing Authority (TELA), including the Secretariat of the FDC along with the SG/FDC position, would be redeployed to the CreateHK. The Administration would look at the revised scope of responsibility of SG/FDC after the redeployment and consider the need for the position in the long run.

Improvement measures for the FDF Scheme

31. Ms Cyd HO recalled that at the meeting of the Panel on 7 April 2009, the Administration was urged by the industry deputations to streamline the cumbersome FDF application procedures. She enquired about the improvement measures undertaken in this regard. Sharing a similar concern, Mr Paul TSE enquired how SG/FDC, who played an intermediary role between the Administration and the industry, would strike a balance between the need to adhere to civil service procedures and the industry's need for flexibility. In this connection, Ms HO quoted the example of Diva Productions Limited which was in urgent need of the Administration's approval of its funding application before June 2009, but was hampered by bureaucracy. Ms HO also expressed concern over the

possible loss of film-related traditional skills such as costume and wig making if the number of films produced continue to dwindle as a result of the contraction of the industry.

32. DSCED(CT) agreed that there was room for improvement in the FDF Scheme. The filling of the SG/FDC post by a person from the film industry aimed at formulating policies and measures which catered for the needs of the industry. Improvements were being made in this regard. For instance, FDF had already approved 12 applications for financing film production with a total funding of around \$33 million. On preserving traditional skills, DSCED(CT) advised that the Administration had been subsidizing film-related training courses through FDF, and would continue to promote FDF to the industry. The Commissioner for Television and Entertainment Licensing (CTEL) added that being a person from the film industry, SG/FDC was fully aware of the industry's requirement for flexibility, and maintained close contacts with the industry to gauge their views. As for the case of Diva Productions Limited, CTEL noted that the subsidy had already been granted.

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33. Ms Emily LAU requested the Administration to provide SG/FDC's detailed action plan in response to the concerns raised by the industry regarding the current funding arrangement. Performance indicators, such as the target number of films to be produced each year, should be included when submitting the funding proposal to FC.

34. CTEL advised that in response to the requests from the industry, FDC started to review the operation of FDF in March 2009. A working group, consisting of industry members, was formed to collect and assess the feedback from the film industry. The Administration would conduct a number of consultation sessions with the stakeholders including various film associations and trade organizations. During the consultation which was anticipated to be completed in June 2009, the industry associations had expressed diverse opinions on improving the operation of FDF. The Administration would formulate improvement measures based on the feedback received. Regarding the target number of films to be produced each year, it was hard to make an accurate prediction as the productions were dependent on the creative inspirations of the industry. For budgeting purpose, it was estimated that the FDF would fund the production of 10 films this year.

35. Ms Emily LAU enquired if the consultation with industry associations could be completed before the Administration submitted the proposal of retaining the post of SG/FDC to FC. Noting that 19 applications for FDF funding had been received so far, Ms LAU suggested that the Administration should raise the target number of films to be subsidized each year to cope with the demand.

36. PSCED(CT) responded that the target applicants of FDF were new producers producing small productions, whereas the established producers were expected to find their own source of funding. Although there were 19 applications

for funding, not all of them were justified for the subsidy. The Administration therefore considered the target number of 10 films reasonable. Although the industry consultation was still underway, the Administration would provide response to the concerns raised by the industry when submitting its proposal to retain the post of SG/FDC to FC for consideration.

37. Mr LEE Wing-tat enquired about the Administration's initial response to the industry's call for improvements, including raising the ceiling of Government subsidy to \$15 million and streamlining the cumbersome application procedure. In response, CTEL advised that as diverse views were raised in the on-going consultation with industry associations, time was needed for analyzing the feedback and formulating an improvement proposal which would be widely accepted by the industry. The Administration had no predetermined views at this stage on the improvement proposal. Meanwhile, the Administration had been fine-tuning the application procedure in consultation with the industry, and had organized seminars and provided samples of the legal documents to the industry to facilitate their completion of the legal procedures relating to their applications.

Admin

38. As regards the result of the FDF Scheme, Ms Regina IP enquired about the FDF subsidized films which had managed to make a profit. DSCED(CT) advised that of the 12 FDF subsidized films, only two had been released to date. Taking into account proceeds from the Mainland market, the box office performance of both films was promising. Information on the rest of the films would be provided to members when available at a later stage. In this connection, Mr Paul TSE enquired if there was any requirement for the FDF subsidized film to make a profit. Noting recent concerns from the industry that too much emphasis had been put in pandering to the Mainland market by the Hong Kong film industry at the expense of creativity, he enquired if it was mandatory for FDF subsidized films to target the Mainland market. Mr TSE also enquired about other assistance provided to the industry in addition to the FDF.

(Post-meeting note: The information provided by the Administration was circulated to members vide LC Paper No. CB(1)1799/08-09(02) on 2 June 2009.)

39. CTEL advised that the FDF aimed to provide financial support for the production of small and medium-sized films rather than to make a profit. Whilst it was common for big budget productions to engage big casts and well established directors, small and medium-sized productions provided a stepping stone for new entrants to enter the market. In vetting the funding applications, priority would be given to those films which were mainly shot and post-produced locally. Whilst the applicants had to provide a viable production budget for the film to the FDC, whether the film was targeted for the Mainland market was not a factor for consideration. On other assistance to the industry, CTEL advised that apart from the FDF, the FSO of TELA led by SG/FDC also provided a one-stop service for the industry in facilitating location shooting and promotion.

40. The Chairman concluded that the Panel supported in principle the Administration's proposal to retain the non-civil service position of SG/FDC for a further period of two years.

VII. Any other business

41. There being no other business, the meeting ended at 4:20 pm.

Council Business Division 1
Legislative Council Secretariat
19 August 2009