

立法會
Legislative Council

LC Paper No. CB(1)1055/09-10
(These minutes have been seen
by the Administration)

Ref : CB1/PL/ITB/1

Panel on Information Technology and Broadcasting

Minutes of meeting
held on Monday, 14 December 2009, at 2:30 pm
in Conference Room A of the Legislative Council Building

- Members present** : Dr Hon Samson TAM Wai-ho, JP (Chairman)
Hon LEE Wing-tat (Deputy Chairman)
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon CHEUNG Man-kwong
Hon CHAN Kam-lam, SBS, JP
Hon LAU Kong-wah, JP
Hon Emily LAU Wai-hing, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon WONG Ting-kwong, BBS, JP
Hon Ronny TONG Ka-wah, SC
Hon Cyd HO Sau-lan
Hon WONG Yuk-man
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
- Member absent** : Hon Timothy FOK Tsun-ting, GBS, JP
- Public officers attending** : Agenda item IV
Mr Gregory SO, JP
Under Secretary for Commerce and Economic
Development

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

Mr Jeremy GODFREY
Government Chief Information Officer

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

Mr Jason PUN
Senior Manager (Digital Economy Facilitation)
Office of the Government Chief Information Officer

Agenda item V

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 Aaron LIU
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 VI

Mrs Rita LAU, JP
Secretary for Commerce and Economic Development

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

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

Attendance by invitation : Agenda item IV
Hong Kong Internet Registration Corporation Limited

Mr Jonathan SHEA
Chief Executive Officer

Agenda item VI

Film Development Council

Mr Wellington FUNG
Secretary-General

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

Staff in attendance : Mr Bonny LOO
Assistant Legal Advisor 3

Ms Annette LAM
Senior Council Secretary (1)3

Ms May LEUNG
Legislative Assistant (1)6

Action

- I. Confirmation of minutes of meeting**
(LC Paper No. CB(1)518/09-10 -- Minutes of special meeting held on 20 October 2009)

The minutes of the meeting held on 20 October 2009 were confirmed.

- II. Information paper issued since the last meeting**
LC Paper Nos. CB(1)664/09-10(01), -- Two submissions from Taxi and Public Light Bus Concern Group (02) and (03) on "MTR/tunnel/mobile service licence fees" or "administrative fees" and the Administration's initial response)
(Chinese version only)

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

III. Date of next meeting and items for discussion

(LC Paper No. CB(1)602/09-10(01) -- List of outstanding items for discussion

LC Paper No. CB(1)602/09-10(02) -- List of follow-up actions)

3. Members noted that the next regular meeting would be held on 11 January 2010 at 2:30 pm at Conference Room A to discuss the following items:

- (a) Making available radio spectrum in the 850MHz, 900MHz and 2000MHz bands for public mobile services; and
- (b) Establishment of the unified regulator for the electronic communications sector.

(Post-meeting note: At the request of Hon Andrew LEUNG Kwan-yuen and with the concurrence of the Chairman, an additional item "Chargeable mobile content services delivered via Short Messaging Services" was included in the agenda for the meeting.)

IV. Progress update of the review of the Administration of Internet domain names in Hong Kong

(LC Paper No. CB(1)602/09-10(03) -- Administration's paper on progress update of the review of the administration of Internet domain names in Hong Kong

LC Paper No. CB(1)602/09-10(04) -- Paper on review on administration of Internet domain names in Hong Kong prepared by the Legislative Council Secretariat (updated background brief)

LC Paper No. CB(1)602/09-10(05) -- Submission from Hong Kong Internet Service Providers Association (English version only)

LC Paper No. CB(1)656/09-10(01) -- Letter from Assistant Legal Adviser to the Administration dated 10 December 2009

LC Paper No. CB(1)656/09-10(02) -- Administration's paper dated 11 December 2009 in response to letter from Assistant Legal Adviser as set out in LC Paper No. CB(1)656/09-10(01))

Presentation by the Administration

4. At the invitation of the Chairman, the Under Secretary for Commerce and Economic Development (USCED) updated members on the latest progress on implementing the recommendations arising from the review of the administration of Internet domain names in Hong Kong. He also briefed members on the recent development relating to the Chinese language country code top level domain (ccTLD) for Hong Kong. Details of the appointment of the Consultative and Advisory Panel (CAP) of Hong Kong Internet Registration Corporation Limited (HKIRC), the draft Memorandum of Understanding (MOU) documentation comprising a legally-binding Designation Agreement (the Agreement) together with a non-binding MOU and the introduction of the Chinese language ccTLD for Hong Kong were set out in the Administration Paper (LC Paper No. CB(1)602/09-10(03). USCED invited members to comment on the draft MOU documentation. He said that taking into account members' comments and following the approval by the HKIRC Board of Directors (the Board) of the MOU documentation at its meeting in January 2010, the MOU documentation was targeted to be signed in the first quarter of 2010.

Discussion

Termination arrangement and protection of privacy

5. Ms Cyd HO referred to the termination provisions in the draft Agreement whereby both parties concerned (the Government and HKIRC) had the right to terminate the Agreement upon giving due notice. She enquired whether, in the event of a termination, a mechanism would be put in place to protect the privacy of the registrants' data in the handing over of such data to the new designee, and whether provisions had been included in the MOU documentation for those registrants to retrieve their personal data if they did not wish to use the service of the new designee.

6. In response, USCED and the Government Chief Information Officer (GCIO) said that the draft Agreement contained provisions which obliged HKIRC to transfer its duties and relevant assets to a successor registry in a way which would protect the interests and preserve the rights of ".hk" domain name registrants. HKIRC was also required to ensure that there was no failure or disruption in the provision of services of domain name registration and domain name system in the transfer. They highlighted that the handing over would be made in compliance with the laws in force in Hong Kong including the Personal Data (Privacy) Ordinance (Cap. 486) which would require HKIRC to obtain the prior consent of the registrants before handing over the data to the new designee. The Administration would discuss with HKIRC to include in the MOU documentation the option and arrangements for registrants not to continue with the new designee. At the Panel's request, the Administration undertook to provide a paper on measures to be put in place in the event of a termination of the Agreement to safeguard privacy and protect personal data in the handing over of such data to the new designee, and the mechanism for registrants to opt out of the service of the

new designee and retrieve their personal data.

Subscription fees and the use of surplus

7. The Chairman and Ms Emily LAU noted that the subscription fees of ".hk" domain names were much higher than those of ".com" domain names. They urged HKIRC to consider lowering the charges so as to encourage more individuals and businesses to subscribe to ".hk". Noting that there were currently about 180 000 registrants subscribing to ".hk" domain names and the number of registrants was on the rise, the Chairman enquired about HKIRC's company policy on the deployment of company income/surplus. He called on the Administration to consider reaching an agreement with HKIRC to ensure effective deployment of the company reserves.

8. In response, USCED said that these issues were matters for HKIRC to determine and for CAP to advise on. The Chief Executive Officer of HKIRC (CEO/HKIRC) said that the Board, in consultation with the stakeholders via CAP, regularly reviewed the relevant fees and charges, having regard to the market situation, the charges of other providers, and prudent financial management. Apart from the sustained provision of quality service to the registrants, HKIRC had actively supported projects and related activities to promote the use of the Internet in Hong Kong for the benefits of the whole community. The Administration undertook to convey members' concerns to the Board through CAP for consideration.

Admin

The appointment of the Consultative and Advisory Panel

9. Ms Emily LAU referred to the list of CAP members at Annex A to LC Paper No. CB(1)602/09-10(03). She enquired about the processes for the nomination and selection of individuals to serve on CAP. Noting that some nominated persons were not appointed to CAP, she enquired about the selection criteria and the reasons for non-selection. She also asked whether CAP members were appointed in their personal capacity or as representatives of their stakeholder groups tasked with the responsibility to facilitate communication between HKIRC and the stakeholder sectors they represented.

10. USCED responded that CAP, formed in June 2009, was made up of a broad spectrum of stakeholders and professionals to advise the Board on issues and company policies involving the governance and operation of HKIRC. CAP comprised 12 members nominated by organizations and associations from various stakeholders. Six former directors who had served on the Board and who accepted HKIRC's invitation to serve on CAP were also appointed to CAP for the first two years to provide continuity. GCIO highlighted that the Administration had not been involved in the selection of CAP members from amongst those nominated. To address members' and public concern over HKIRC's independence from the Government, HKIRC had selected representative organizations to make nominations and the Government had determined the composition of CAP following the independent recommendation of HKIRC. He advised that CAP members were not appointed in their personal capacity and would serve as a

communication link between their stakeholder groups and HKIRC. CEO/HKIRC added that to avoid overlapping of two persons representing the same organization, some nominees were not selected to serve on CAP. Ms Emily LAU enquired about the attendance of the Board and CAP, and whether the attendance records of the meetings were published on the HKIRC website. CEO/HKIRC undertook to follow-up.

Admin

11. Mr WONG Yuk-man noted that the selection of individuals to serve on CAP required the approval of at least 75% of the directors of HKIRC. He was concerned that the four Government-appointed directors which made up 50% of the Board membership would be able to control the membership of the CAP and veto any proposals that were not to the Administration's liking. He questioned why the number of Government-appointed directors could not be reduced.

12. USCED and GCIO explained that given the concern expressed that the Government-appointed directors should not dominate the decision-making process, the 75% approval requirement was proposed to ensure that those selected enjoyed wide support amongst elected and appointed directors, and that neither elected nor appointed directors on their own could determine the membership of CAP.

Designation Agreement and MOU

13. Ms Cyd HO referred to paragraph 8 of LC Paper CB(1)602/09-10(03) which stated that the draft Agreement imposed "a legally-enforceable duty on the part of HKIRC to, among other things, establish and maintain a complaint handling process to provide for conciliation or redress of grievances arising from domain name registration service", which "will help to uphold the principles in managing and administering ".hk" domain names in the public interest, including in particular upholding the rights of freedom of speech, of publication, of communication and of religious belief in accordance with the laws in force in Hong Kong". She pointed out that while Clause 11 of the Agreement provided that the validity, interpretation and implementation of the Agreement should be governed by the laws of Hong Kong, there was no requirement in the Agreement that the complaint handling process must have regard to the principles referred to in paragraph 8 of the paper. She also sought explanation of Clause 9 on Waiver and Clause 10 on Severability.

14. In response, USCED explained that the MOU documentation comprised a legally-binding Agreement together with a non-binding MOU. The Agreement covered legally binding elements such as the duties of HKIRC, intellectual property rights and termination arrangements while the MOU set out principles which both parties agreed to observe, but which could not be conveniently expressed in legally-binding language. He noted that Clause 2.1(g) of the draft MOU placed a duty on HKIRC to adopt the principles of upholding the rights of freedom of speech, of publication, of communication and of religious belief in its management and administration of ".hk" domain names. He further said that Clauses 9 and 10 of the draft Agreement were common provisions in legal commercial agreements. In response to members' enquiry, the Assistant Legal Adviser confirmed that those two clauses were "boilerplate" (i.e. standard) provisions commonly found in

commercial agreements.

15. Ms Cyd HO remained unconvinced. She said that although the principles were set out in Clause 2.1(g) of the draft MOU, the MOU did not create any legally-binding obligations on either party. She questioned why the protection of these rights was not included in the draft Agreement and urged the Administration to consider including the said principles in the legally-binding Agreement. Mr WONG Yuk-man shared a similar view. In this connection, the Assistant Legal Adviser concurred with Ms HO that the principles set out in Clause 2.1(g) of the draft MOU did not create any legally-binding obligations on either party, and that the Administration might consider including in Clause 3 of the draft Agreement a provision to the effect that HKIRC must have regard to the principles set out in Clause 2.1 of the draft MOU in managing and administering the .hk domain names.

16. In response, USCED said that to retain a degree of flexibility, it was considered expedient to retain the principles which both parties agreed to observe in the MOU. GCIO added that if an individual had a grievance, he could seek redress and conciliation through the complaint handling process established under Clause 3.1(d) of the draft Agreement. The MOU also provided for an open and transparent dispute procedure, with the ultimate sanction being to dissolve the Agreement. In the event of a termination of the Agreement which was unlikely, the Agreement also placed post-termination obligations on HKIRC to ensure a smooth transition to protect the public interest.

Admin

17. At the request of Ms Cyd HO and Ms Emily LAU, the Administration undertook to provide a definition of "competent authority" in Clause 10.1 of the draft Agreement, as well as a written response to the comments raised by the Legal Service Division (LSD) of the Legislative Council Secretariat as contained in LC Paper No. CB(1)656/09-10(01) before finalizing and executing the Agreement and the MOU. USCED said that the suggestions made by the LSD were mainly for the purpose of improving clarity and removing textual uncertainty in the draft Agreement and the draft MOU. The Administration would discuss the suggested comments and members' views with HKIRC and their respective legal advisers before finalizing the texts of the Agreement and the MOU.

Summing up

18. The Chairman requested the Administration to take note of members' views and to provide a written response pursuant to members' requests before finalizing the Agreement and the MOU.

(Post-meeting note: The Administration's written response in respect of paragraphs 6, 7 and 17 was circulated to members vide LC Paper No. CB(1)1029/09-10(01) on 28 January 2010.)

V. Digital terrestrial television update

(LC Paper No. CB(1)602/09-10(06) -- Administration's paper on progress update on the implementation of digital terrestrial television broadcasting

LC Paper No. CB(1)602/09-10(07) -- Paper 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)658/09-10(01) -- Administration's paper on digital terrestrial television latest progress of implementation (power-point presentation materials))
(*tabled at the meeting and subsequently issued via email on 15 December 2009*)

Presentation by the Administration

19. Following a brief introduction by the Permanent Secretary for Commerce and Economic Development (Communications and Technology) (PSCED(CT)), the Principal Assistant Secretary for Commerce and Economic Development (Communications and Technology (A)) (PASCED(CT)A) gave a power-point presentation on the latest progress of implementation of the digital terrestrial television (DTT) services including progress on network rollout, supply of receiver products in the consumer electronics market, public response and the latest publicity. Details were set out in the Administration Paper (LC Paper No. CB(1)602/09-10(06) and power-point materials in LC Paper No. CB(1)658/09-10(01).

Discussion

DTT coverage and reception

20. Mr WONG ting-kwong noted that five new fill-in stations would be launched on 31 December 2009, and 17 more would be constructed between 2010 to 2011. He enquired about the DTT coverage after the completion of these additional stations, and whether there would still be places that could not receive DTT signals.

21. PASCED(CT)A replied that the launch of the five new stations by end 2009 would further extend the digital coverage to about 85% of the population, or an additional 700 000 people would be covered. The completion of 17 more fill-in stations would bring the ultimate DTT coverage on par with that of the existing analogue coverage (i.e. more than 99% of the population). However, due to the hilly terrain of Hong Kong, certain places, especially areas with less population,

might suffer unsatisfactory DTT reception. He said that the Administration would closely monitor the situation and liaise closely with the two free television programme service licensees to study how best to maximize the DTT coverage and improve television reception.

Capability of Asia Television Limited

22. Mr LEE Wing-tat expressed concern that the quality and variety of the television programmes provided by the Asia Television Limited (ATV) were far from satisfactory. He held the view that ATV had under-performed in respect of its digital high-definition television (HDTV) programmes commitment. He noted with grave concern the recent press report about the resignation of ATV's Chairman, and questioned ATV's capability in fulfilling the licence requirement of providing quality service and alternative programme choices for the viewing public.

23. In response, PSCED(CT) said that ATV and the Television Broadcasts Limited (TVB) had been assigned three digital multiplexes to provide DTT services to the viewing public. They shared one multiplex for the digital simulcast of their four analogue television programmes. In addition, each broadcaster took up one additional multiplex to provide new digital television programme channels and services. He said that the assessment of programme quality and standard was subjective depending on individual preferences, and the choice of programming was essentially a matter for the broadcasters to determine in response to market demand. Both ATV and TVB were in the process of reviewing the roll out of their DTT channels with a view to introducing a greater variety of television programmes (both standard definition television (SDTV) and HDTV) originated from Hong Kong, the Mainland and Taiwan as well as increasing the total digital television broadcast time. He said that the two broadcasters had taken the lead in launching DTT services. So far, the provision of DTT services was in line with their commitment and in time with the overall roll-out plan. The Administration would take into consideration all relevant factors in assessing the capability of the licensees. As regards the change in ATV's chairmanship, PSCED(CT) said that the management of ATV had assured the Administration that the change would not affect the operation of ATV, and the Administration would closely monitor developments.

24. The Chairman noted members' concern and informed the meeting that the issue of "Mid-term review of the domestic free television programme service licences" had been tentatively scheduled for discussion in March 2010. Mr LEE Wing-tat urged that a special meeting be held as soon as practicable to review the capability of ATV. Sharing a similar view, Ms Cyd HO also called for an early meeting to discuss the issue, preferably by end December 2009 or in January 2010. Mr CHAN Kam-lam however cautioned against the LegCo's intervention in ATV's change in management which was an internal matter of ATV unless it was established that ATV could no longer fulfill its licence obligation. The Chairman requested the Administration to liaise with the Broadcasting Authority to expedite the mid-term review and to revert to the Panel as soon as practicable

VI. Review of Film Development Fund

(LC Paper No. CB(1)602/09-10(08) -- Administration's paper on report on the review of the operation of the Film Development Fund Scheme

LC Paper No. CB(1)602/09-10(09) -- Paper on the review of Film Development Fund prepared by the Legislative Council Secretariat (updated background brief)

LC Paper No. CB(1)658/09-10(02) -- Administration's paper on report on review of the operation of the Film Development Fund Scheme (power-point presentation materials))
(tabled at the meeting and subsequently issued via email on 15 December 2009)

Presentation by the Administration

25. Following a brief introduction by the Secretary for Commerce and Economic Development (SCED), the Deputy Secretary for Commerce and Economic Development (Communications and Technology) (DSCED(CT)) gave a power-point presentation on the review of the operation of the Film Development Fund (FDF) Scheme and the proposed measures to improve the operation of the Scheme in response to the needs of the local film industry. Details were set out in the Administration's paper (LC Paper No. CB(1)602/09-10(08)) and power-point materials (LC Paper No. CB(1)658/09-10(02)). In brief, the Finance Committee (FC) had approved an injection of \$300 million into FDF with an expanded scope to fund small-to-medium film productions. From October 2007 (when the FDF started to receive applications for financing film productions) up to 31 October 2009, a total of 22 applications had been received. Of these, 14 had been approved at a total funding amount of \$38.8 million. As regards other film-related projects which were beneficial to the healthy and long term development of the film industry, a total of 35 applications had been approved since July 2007, with a total approved funding at \$52.4 million. As at end October 2009, the uncommitted balance of FDF was \$213.9 million. DSCED(CT) said that the FDF had been found to be effective in nurturing new blood and in promoting the long-term sustainable development of the film industry. Subject to the views of Panel members, the proposed improvement measures would be implemented with effect from the first quarter of 2010. The FC would be informed of the review.

Discussion

Promoting long-term development of the film industry

26. Mrs Regina IP commended the Administration for the successful implementation of the FDF Scheme which had been effective in nurturing new

directors and producers, as well as assisting small-to-medium companies in film production. She also welcomed the proposed measures drawn up to better meet the needs of the local film industry. She invited views from the Administration and the industry on areas for improvement and specific measures to leverage on the advantages of the local film industry to further promote the long-term healthy development of the industry.

27. In response, SCED said that the Government attached great importance to promoting the development of the film industry which was a flagship of the creative industries. Efforts had been and would continue to be made to capitalize on the business opportunities arising from the liberalization measures under the "Mainland and Hong Kong Closer Economic Partnership Arrangement" (CEPA), to step up cooperation with the Mainland film market and to actively support the local film industry in expanding the Mainland, Taiwan and Southeast Asian markets for Hong Kong movies.

28. The Secretary-General of the Film Development Council (SG/FDC) added that the liberalization measures under CEPA had provided the golden opportunities to access the huge Mainland film market. To make full use of the advantages provided under CEPA, the "Hong Kong Film: New Action" project was rolled out in December 2008. The objective of the project was to open up more business opportunities for the local film industry in the Mainland and the Southeast Asian markets, to promote local film directors of the new generation to these markets, to nurture film talents, and to facilitate the long-term development of the Hong Kong film industry. Delegations formed by members of the Hong Kong film industry had paid visits to Guangdong and Beijing to promote Hong Kong movies as well as films co-produced by Hong Kong and the Mainland. Under the banner of "Hong Kong Film: New Action" during the "Hong Kong International Film & TV Market" held in March 2009, exchange forums and promotional booths were organized for the new generation directors to meet with buyers, distributors and producers from the Mainland, Taiwan and the Southeast Asian countries including Singapore and Malaysia, to pave way for future co-operations (including investments, sales and distribution) and establish market network to attract more investments from outside Hong Kong. Business matching had in fact brought about some successful cases of joint venture. Continued efforts would be made in this regard.

Nurturing talents

29. Mr CHAN Kam-lam said that training for artistes and various members of a film production crew was important to lay a solid foundation for the long-term sustainable development of the local film industry. Referring to the golden era in the 60s and 70s where local films and artistes were well sought after by audiences in the Southeast Asian region, he urged the Administration to put in more resources on nurturing new blood and successors so as to provide the new impetus to regain the popularity of Hong Kong films in the region. Mr WONG Ting-kwong held a similar view. He called on the Administration to actively explore and examine effective means, in collaboration with training institutes, for nurturing both front-stage and back-stage staff to help revive the local film industry.

30. In response, SCED and DSCED(CT) said that to address the industry's concern about the successor problem, more resources would be deployed for the training of film practitioners and young talents. In addition to the existing courses for television (TV) and film production crew organized by the Academy for Performing Arts, the Hong Kong Baptist University (HKBU) would be provided with funding support for launching an Academy of Film to offer degree and diploma courses related to movie production. The move would help attract more young talents to join the film industry, enabling the industry to nurture successors and enhance both the quality and quantity of local film productions. Funding support would also be provided to finance the research and development of new film-related technology as well as the production of teaching kits to incorporate elements of film and animation in the new secondary curriculum of visual arts.

31. Ms Cyd HO expressed concern that traditional skills on hair-setting, costume and stage properties making which were often passed on through the apprenticeship scheme might be lost with the institutionalization of training in tertiary institutes. She said that apart from theoretical training at tertiary level for film producers and directors, practical skill training for other ancillary film-related trades (such as props men, mechanics, floor managers, and production assistants, etc) were also important to cater to the industry's needs for different talents at various skill levels.

32. SCED agreed that theoretical training and practical skills were both important. She said that some actors and camera men had become famous directors through the apprenticeship mode of training in the past. She assured members that in drawing up the course curriculum, the HKBU had discussed and sought the views of the film industry to ensure that the training curriculum would meet the practical needs of the industry. DSCED(CT) reiterated that degree and diploma courses on various film-related trades would be offered to suit students' preferences and to meet the industry's needs for different skills.

33. Mrs Regina IP opined that knowledge about history and literature was a core element essential for the development of creative industries. It was therefore important that more efforts be made on the education front to help cultivate and enhance the cultural level and quality of Hong Kong people. Concurring with Mrs IP, Mr WONG Ting-kwong said that the nurturing of talents for the film industry was a long-term effort that required ongoing cross-departmental collaboration and coordination among relevant bureaux including the Home Affairs Bureau and the Education Bureau. SCED undertook to convey members' views to the relevant bureaux.

Admin

Extending the scope of FDF Scheme

34. Mr WONG Ting-kwong said that Members of the Democratic Alliance for Betterment and Progress of Hong Kong supported the proposed improvement measures to raise the ceiling of the production budget of a FDF-financed film project from \$12 million to \$15 million; to raise the upper limit of Government's

contribution per approved film project from 30% to 40%, and to remove the 10 years' time-limit for relevant film-making experience in respect of the applicant, the film director or producer. Noting that there was an uncommitted balance of \$213.9 million as at end October 2009, he urged the Administration to consider lowering the threshold for approving funding support so that more film productions could benefit from the Scheme. Suggestion was also made for the Administration to consider extending the FDF Scheme to also finance TV programme productions such as TV drama series. Sharing a similar view, the Chairman called on the Administration to explore support measures to assist independent local production companies to produce and market TV programmes for the local and the Mainland TV stations.

Admin

35. In response, SCED said that funding support under FDF Scheme was approved in accordance with the terms and criteria as approved by the FC. Changes in the coverage and eligibility criteria of the FDF Scheme would require comprehensive policy consideration and FC's approval. SCED agreed to take note of the suggestion for consideration.

36. Mr WONG Yuk-man expressed support for the FDF Scheme and the proposed improvement measures. He however noted that the current pay for script writing was too meager to attract people of the right calibre to engage in script writing. He suggested the Administration to consider providing financial incentive similar to the subsidy scheme of Taiwan whereby bonus would be awarded to successful film projects to encourage quality production.

Revenue sharing in respect of films distributed in the Mainland

37. The Chairman noted that the Administration could possibly recoup its investment for three of the four theatrically released films. He asked how much and by what time the sales income of a theatrically released film would be recouped, and whether the profits would be ploughed back to the Scheme to finance other film projects. He also enquired about the percentage of the total box office revenue receivable by the production companies in respect of a film distributed in the Mainland.

38. In reply, SCED said that the actual amount of revenue that would be made available for distribution to the financiers of the respective films had yet to be finalized, pending the finalized account and audited statement on the income and expenditure from the production companies. Any revenue that was recouped would go to the Treasury.

39. SG/FDC added that normally about 80% of the sales income of a film would be received 12 months after the film had been theatrically released. Due to currency control, so far about 40% of the sales income had been received. In general, production companies would share profits in the range of 8%-12% of the total box office receipts in respect of a film distributed in the Mainland as compared to around 20% revenue sharing in the local film market.

40. In response to the Chairman's call to strive for a reasonable revenue sharing rate comparable to the local market practice, SCED said that, as a pilot, efforts would be made to improve the situation for Hong Kong films imported into Guangdong Province.

VII. Any other business

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

Council Business Division 1
Legislative Council Secretariat
3 February 2010