

**For discussion
on 1 December 2020**

**2020 Policy Address
Policy Initiatives of
Communications and Creative Industries Branch
Commerce and Economic Development Bureau**

This paper sets out the policy initiatives related to communications and creative industries in the 2020 Policy Address and their progress. The Government will continue to capitalise on Hong Kong's unique advantages under "one country, two systems" and keep pace with the times to proactively take forward the long-term development of communications and creative industries.

Creative Industries

2. The Government's high-level commitment to developing creative industries was set out in the Chief Executive (CE)'s 2017 Policy Address. We made an injection of \$1 billion into the CreateSmart Initiative (CSI)¹ in 2018, and an injection of \$1 billion into the Film Development Fund (FDF) in 2019. As at end-September 2020, the Government has made financial commitment of over \$800 million from the CSI, and over \$300 million from the FDF. In the coming year, we will continue with our efforts to assist the trade in talent nurturing, capacity building and skill upgrading, with a view to enhancing the long-term competitiveness of our creative industries under the new normal in the midst of the COVID-19 pandemic. Where the situation permits, we will also continue external promotion of Hong Kong to explore new markets and partnerships, and will continue to leverage the opportunities brought about by the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area Development.

Proposed Injection into the CSI

3. The CE proposes to inject another \$1 billion into the CSI in this year's Policy Address to sustain the support towards our creative sectors through sponsoring projects that meet the three established strategic foci, namely nurturing talents and facilitating start-ups, expanding markets, promoting Hong Kong as Asia's creative capital and fostering a creative atmosphere in the community, with a view to using creative industries to drive our economic development.

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

4. The proposed new injection signifies the Government's unwavering commitment and support for developing creative industries as our new economic drivers. We will continue to approve projects in line with the three strategic foci mentioned above. We will also set aside dedicated funding for the Hong Kong Design Centre to implement specific flagship design events, and promote design thinking and creativity at the community level.

5. We are also acutely aware of the need to provide assistance to the trade to respond to the fundamental changes brought to the local and international trade practices and operating environments by the prolonged pandemic. We will use the new injection to assist the design and other creative sectors to adapt to the digitisation trend and the challenges arising from the use of various non-physical means to carry out exchanges and business activities online. We are keen to facilitate our local trade in keeping up with international trends and changing circumstances, developing in full their competitive edge and seizing available market opportunities.

Internship Scheme for Local Graduates

6. Nurturing talents is a key pillar to all economic sectors. To broaden the horizons of young graduates, we are working with foreign chambers of commerce to provide young graduates with internships and job opportunities in relevant industries (including creative industries) for a period of 12 months. The Government will provide subsidies to relevant companies through the "Anti-epidemic Fund" to meet part of the salaries. Depending on the job nature and working experience of participants, the subsidy is limited to \$10,000 per month. We have conducted preliminary discussions with some foreign chambers of commerce and received positive feedback. We would finalise the implementation details of the subsidy scheme as soon as possible and announce the arrangements in due course.

Promotion of Local Film Industry

7. Since 2005, the Government has injected a total of \$1.54 billion into the FDF, to support our film industry along four strategic directions, namely nurturing talent, enhancing local production, expanding markets and building audience. The FDF has supported various film productions and other film-related projects, which have in total won more than 130 local and overseas awards. Among more than 60 film productions the FDF funding support, we have groomed 67 new directors and producers.

8. The film industry has been experiencing a prolonged challenging operating environment in 2019-20. In view of this, we announced this mid-July that we have earmarked about \$260 million under the FDF to launch five major measures, using a multi-pronged approach to address the needs of different fields of the film industry, to retain talent and to inject fresh impetus into the sector. The five major measures are the Directors' Succession Scheme which sponsors experienced directors to partner with and guide new directors to produce 10 to 12 films; the Film Production Financing Scheme which has been enhanced by raising the amount of Government's financing and allowing investors to have priority in recouping their share of investment. We hope that this would increase more than 10 local productions within a short period of time; the Scriptwriting Incubation Programme which aims to nurture scriptwriting talent and select a few dozen quality scripts; sponsoring trade organisations to provide free professional skill training to add value to film practitioners; and the First Feature Film Initiative which has been enhanced by increasing the production budget and the number of winning projects in order to upgrade this important platform for new directors and scriptwriters to join the film industry.

9. In the coming year, the Government will continue to make good use of the FDF, to support the local film industry's long-term development along the four directions aforementioned.

Telecommunications and Broadcasting

Fifth Generation Mobile Communications (5G)

10. Four mobile network operators (MNOs) in Hong Kong launched commercial 5G services in the second quarter of this year, aiming to extend the coverage of 5G networks to 90% within this year. With more 5G mobile phones and service plans gradually available in the market targeting different users, it is expected that 5G's vast potential for mobile communications and smart city applications will be unleashed progressively. We have made a series of preparations to continue the support for the extension of 5G networks and services.

Spectrum Supply

11. Further to the supply of a total of about 4 500 MHz of 5G spectrum to the market in 2019, we plan to further release more 5G spectrum in different bands (including spectrum in the 4.9 GHz mid-band, and the 600 MHz and 700 MHz low-band) in 2021 to satisfy the future demand of the telecommunications market and support the continuous development of 5G services in Hong Kong. Besides, the Office of the Communications Authority (OFCA) will also continue

to monitor technological and market development to prepare for the future supply of spectrum.

Facilitating the Installation of Base Stations by Operators

12. To facilitate the extension of 5G network coverage by operators, we have opened up more than 1 000 suitable government premises. More government premises under a “demand-led” model and public facilities (such as sheltered bus stops, payphone kiosks and smart lampposts) were also opened up for MNOs to install base stations with streamlined application processes and nominal rental (\$1 per year). Together with those installed in private properties, OFCA has approved more than 2 000 new 5G base stations. On top of that, over 2 600 existing base stations were upgraded by operators to provide 5G coverage. Overall, the progress of network roll-out is satisfactory.

13. To further facilitate the installation of base stations by operators, OFCA has worked with the Buildings Department to streamline the approval processes for installation of telecommunications facilities like antennas and transceivers of 5G small cell sites on external walls of buildings², with a view to expediting the approval for the relevant minor works while ensuring building safety. On 5G indoor coverage, we will also set up a user-friendly web-based platform next year to facilitate operators’ self-service registration of low-power indoor base stations³, for which immediate approval will be given. This would expedite the installation of 5G indoor base stations (e.g. those in shopping malls, conference venues, commercial buildings, etc.) and extension of network coverage.

14. While facilitating the installation of base stations by operators, we understand the public’s concerns about radiation safety of base stations. We will continue to adopt the radiation safety standards⁴ recognised by the World Health Organization to strictly vet the applications, conduct on-site measurements of radiation level of our own accord or at the request of members of the public, as well as step up publicity and education on base station radiation safety to avoid unnecessary public anxiety.

² To streamline the approval processes by including the metal supporting frames for antennas and transceivers for public telecommunication services projecting from the external walls of buildings as minor works (with certain limitations on the projection of the frame and the weight of the antenna/transceiver).

³ i.e. indoor public mobile services base stations with power not exceeding 2 watts. Such low-power base stations are bound to meet the radiation safety requirements of the International Telecommunication Union.

⁴ The non-ionising radiation safety limits set by the International Commission on Non-ionizing Radiation Protection.

Broadband Services in Remote Areas

15. The six tender projects under the “Subsidy Scheme to Extend Fibre-based Networks to Villages in Remote Areas” have been all awarded. Successful telecommunications operators are now carrying out the network extension works in a progressive manner, and the new fibre-based networks are expected to be completed in phases from 2021 onwards, benefitting 235 villages and about 110 000 villagers, and providing the backbone infrastructure for the extension of 5G coverage.

Supporting the Upgrade of Satellite Master Antenna Television (SMATV) Systems

16. Spectrum in the 3.5 GHz band was previously used to provide fixed satellite services. The Communications Authority (CA) re-allocated the 3.5 GHz band in April 2020 to mobile services for the provision of 5G services. To enable the co-existence of SMATV systems with 5G systems, OFCA has launched a subsidy scheme to offer a subsidy of \$20,000 each to some 1 600 eligible SMATV systems in Hong Kong for implementing technical upgrades⁵, so that the public can continue to enjoy high-quality satellite television services.

Providing Land for the Construction of External Telecommunications Facilities

17. As a major telecommunications hub in the region, Hong Kong has sound and excellent external telecommunications facilities, including well-established optical fibre cables and communications satellite systems⁶. To meet Hong Kong’s future demand of our communications and other related industries, we are working with the Lands Department (LandsD) for the planning and preparatory work. We expect to release suitable land lots at Chung Hom Kok Teleport in 2021 for the industry to construct external telecommunications facilities, further enhancing the overall capacity and diversity capability of Hong Kong’s external communications networks and reinforcing Hong Kong’s role as a regional telecommunications hub.

18. The CA imposes restrictions on 5G mobile services base stations operating in the 3.5 GHz band in Tai Po by MNOs to protect satellite earth stations for telemetry, tracking and control (TT&C stations) there from

⁵ The subsidy scheme, lasting for one year, accepts applications from 27 November 2019 to 26 November 2020. It was collectively funded by all successful spectrum assignees of the 3.5 GHz band, i.e. the four MNOs, while OFCA administered the subsidy scheme on their behalf.

⁶ Currently, Hong Kong has more than 180 satellite earth station antennas, eight submarine optical fibre cable landing stations, 11 regional or transcontinental submarine optical fibre cable systems and 20 overland cross-border optical fibre cables, meeting Hong Kong’s medium to long-term external telecommunications demand.

interference. The industry and the public have expressed concerns about the arrangement. To promote comprehensive 5G development in Hong Kong, we have been proactively discussing with two satellite operators the relocation of affected facilities in their TT&C stations currently in Tai Po. At present, the land for one of the operators has been granted by the LandsD for the relocation of relevant facilities to Chung Hom Kok Teleport. Good progress is achieved as the other operator is discussing details with various departments. Having considered the time required for specific planning and relocation works, we expect that the problem of the “5G restriction zone” in Tai Po will be thoroughly solved with the above arrangements.

Encouraging Wider Application of 5G

19. We have earmarked a total of \$60 million under the Anti-Epidemic Fund to provide funding support to public and private sectors for the early deployment of 5G technologies during the economic uncertainty and the epidemic. The scheme subsidises 50% of costs for projects deploying 5G technologies, subject to a cap of \$500,000 for each project. As at 9 November, we have received over 180 subsidy applications, of which 20 applications have been approved, covering innovative applications from various sectors (e.g. remote mechanical maintenance, e-sports car racing systems, 4K/8K live broadcast of musical performance or sports coaching, etc.) These projects provide examples to demonstrate the wider application of 5G.

20. To continue our efforts to develop 5G applications, we have extended the application period of the subsidy scheme by six months to 31 May 2021 and strengthened the promotion and co-operation with different bodies (e.g. Hong Kong Science and Technology Park, Cyberport, Hong Kong Applied Science and Technology Research Institute, the Hong Kong Productivity Council, etc.) to encourage various industries to deploy 5G technology. Regarding public services, we will, together with the Innovation and Technology Bureau (ITB)⁷ and the Office of the Government Chief Information Officer (OGCIO), strive to facilitate the early introduction and application of 5G technology by government departments and public bodies, so as to demonstrate Smart Government and set a leading example for various trades and industries.

⁷ The ITB set up the TechConnect (block vote) in 2017 to support government departments in implementing technology projects, so as to enhance operational efficiency and improve public services by use of 5G technology. Meanwhile, OGCIO, in collaboration with different departments, will also arrange proof-of-concept and technical testing in the Smart Government Innovation Lab for suitable 5G application proposals, so that government departments can enhance public services by using 5G technology more effectively.

Full Digital Television Broadcast

21. Hong Kong will implement full digital TV broadcast on 1 December 2020. Spectrum vacated after analogue switch-off can be used to meet the growing demand for high value-added mobile telecommunications services to improve coverage and relieve currently congested indoor mobile hotspots such as MTR stations.

22. Over the past two years, the Government has widely promoted the arrangements for full digital TV broadcast in phases through a number of channels, including various sets of TV and Radio announcements in the Public Interest, count-down reminders shown on analogue TV channels, promotional messages on TV and radio programmes, advertisements in newspapers, and on public transport such as MTR and buses, and roving exhibitions in the community.

23. According to the latest survey findings, by October 2020, 95% of Hong Kong households had already switched to digital TV, while only about 2.2% (around 58 000) of households were still using analogue TV and among those only less than 10% of households had not switched to digital TV owing to financial reasons. These figures show that most Hong Kong residents are ready for full digital TV broadcast.

24. In January 2020, the Government engaged the Hong Kong Council of Social Service (HKCSS) to launch the Community Care Fund Digital TV Assistance Programme (Assistance Programme), which aims to assist needy analogue TV households in obtaining digital TV sets or set-top boxes so that they can continue to watch local free TV programmes after the implementation of full digital TV broadcast. The Assistance Programme provides eligible households with “one-stop” services, including delivery and installation of either a digital set-top box or digital TV set as well as disposal of an old analogue TV set. As at 25 November 2020, the HKCSS has successfully installed digital TV receivers for more than 19 700 eligible households. Although the Assistance Programme will run until 15 July 2021, the Government encourages eligible analogue TV households to apply for the Assistance Programme as soon as possible for early installation of suitable equipment to receive digital TV.

Review of the Broadcasting Ordinance and the Telecommunications Ordinance

25. Broadcasting and telecommunications technologies have been developing in leaps and bounds. The Government is conducting a review of the Broadcasting Ordinance (Cap. 562) (BO) and the Telecommunications

Ordinance (Cap. 106) (TO) in two phases: Phase One focuses on the television and sound broadcasting regulatory framework (BO Review) seeking to remove outdated broadcasting regulatory requirements to further promote the development of the local broadcasting industry amidst rapid evolution of the infotainment industry. Phase Two focuses on the telecommunications regulatory framework (TO Review) to dovetail with the advancement of telecommunications technologies, particularly for the arrival of 5G and Internet of Things (IoT) technologies.

BO Review

26. We introduced the Broadcasting and Telecommunications Legislation (Amendment) Bill 2019 (the Bill) into the Legislative Council (LegCo) in 2019. The Bill sought to amend the BO and Part 3A of the TO to relax the “cross-media ownership restrictions” and “foreign control restrictions”, and remove the “requirement of licensee being a non-subsidiary company”. The Bill was passed in LegCo on 29 October 2020. We are working with the CA on the related follow-up actions, including revising relevant codes of practice and guidelines to give effect to the measures and facilitate the development of the industry.

TO Review

27. We had completed a public consultation on the Review of Telecommunications Regulatory Framework earlier proposing four measures under two major themes, namely “Embracing the Arrival of 5G and IoT Technologies” and “Trade Facilitation”. These four measures, which include regulation of telecommunications functions of devices in the 5G and IoT era, protection of underground telecommunications infrastructure, simplifying the issue of non-carrier licences and improving the appeal mechanism under the TO, aim to promote the development of 5G and IoT technologies. In order to implement the above measures, we need to retain two supernumerary posts in this Branch to make amendments to the TO. Since these two supernumerary posts have yet to be approved by LegCo, we are reviewing the work plan and progress of the related legislative work. It is our plan to take forward the relevant work as soon as possible upon approval of the above posts.

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

**Communications and Creative Industries Branch
Commerce and Economic Development Bureau
25 November 2020**