

## Chapter 17

# Communications, the Media and Information Technology

*Hong Kong people are among the most informed in the world, due largely to the city's dynamic news media. At last count in 2007, there were close to 700 daily newspapers and periodicals published in Hong Kong. Some 76 per cent of households have broadband connections, the second highest level in Asia. Mobile phones, too, are ubiquitous with a penetration rate of 152 per cent, also one of the world's highest. And, some 1 million households subscribe to Internet Protocol Television (IPTV) services — the highest penetration rate in the world.*

Excellent communications have been an essential element in Hong Kong's development as an international business and financial centre. The city has one of the most sophisticated telecommunications markets in the world, and its people are kept well informed by an efficient and vigorous media.

Hong Kong has a fully liberalised and highly competitive telecommunications market. Since the launch of third generation (3G) mobile services in 2004, the take-up rate has grown rapidly. By the end of the year, more than 2 004 000 mobile phone users were enjoying 3G or 3.5G advanced services such as video calls, video streaming/downloading and interactive real-time gaming. The Government has completed the auction of spectrum for the provision of mobile service based on the CDMA 2000 standard, which is one of the major mobile communications standards in the world that is capable of providing high-speed data services. The service will be rolled out in November 2008. Moreover, the Government will allocate radio spectrum for the provision of services based on broadband wireless access (BWA) technologies through open auction in the fourth quarter of 2008 to promote the use of broadband technologies even further.

Hong Kong has a vibrant broadcasting industry offering a wide range of services. The two terrestrial television broadcasters officially launched digital broadcasting on December 31, 2007. In addition to 13 domestic channels in Chinese and English provided by the two commercial broadcasters free of charge, TV viewers can access some 270 local and overseas television channels with programmes in different languages being provided by three licensed operators on subscription. There are three radio stations, including one run by the Government called Radio Television Hong Kong (RTHK), broadcasting on 13 channels. RTHK also produces TV programmes of public interest broadcast through the free TV channels. Hong Kong is a regional

broadcasting hub with 16 licensed satellite television broadcasters providing about 170 channels for the Asia-Pacific region.

The Government continues to review the broadcasting policy and regulatory regime in the light of technological and market convergence and new services coming on stream. The Government conducted a public consultation exercise on mobile TV and related digital broadcasting services which went on from January to May 2007. In March 2007, the Committee on Review of Public Service Broadcasting submitted to the Government a review report on future policy and arrangements for public service broadcasting in Hong Kong.

Hong Kong is one of the world's major film production centres. It produced 60 films in 2007. The film industry is a flagship of Hong Kong's creative industries. The Government is committed to promoting its development and has introduced a host of measures to assist it in strengthening its competitiveness in both the local and global markets.

### **The Mass Media**

Hong Kong's mass media at the end of 2007 included 44 daily newspapers, a number of electronic newspapers, 689 periodicals, two domestic free television programme service licensees, three domestic pay television programme service licensees, 13 non-domestic television programme service licensees, one government-funded public service broadcaster and two sound broadcasting licensees.

The availability of the latest telecommunications technology and keen interest in Hong Kong's affairs have attracted many international news agencies, newspapers with international readership and overseas broadcasting corporations to set up regional headquarters or representative offices here. The production of regional publications in Hong Kong underlines its importance as a financial, industrial, trading and communications centre.

### *The Press*

The registered Hong Kong press at year-end included 19 Chinese-language dailies, 13 English-language dailies (one in Braille and another in internet edition), seven bilingual dailies and five in Japanese. Of the Chinese-language dailies, 14 cover mainly local and overseas news, three specialise in finance and the others cover horse racing. The larger papers include overseas Chinese communities in their distribution networks and some have editions printed outside Hong Kong, in particular in the United States, Canada, the United Kingdom and Australia.

One of the English dailies publishes a daily Braille edition, in conjunction with the Hong Kong Society for the Blind, as well as an internet edition. One English daily and four bilingual dailies are published on the Internet. Hong Kong is the base for a number of regional publications such as the *Far Eastern Economic Review* and business and trade magazines. The *Financial Times*, *The Wall Street Journal Asia*, *International Herald Tribune*, *USA Today International* and *Nihon Keizai Shimbun* are printed in Hong Kong.

Several organisations represent people working in the news media in Hong Kong. The Newspaper Society of Hong Kong represents Chinese and English newspaper organisations. It is empowered to act in matters that affect the interests of its members.

The Hong Kong Journalists Association is the biggest industry-wide union of journalists and one of the most active. Formed in 1968, it has more than 400 members. It pays special attention to a range of press freedoms and ethics concerns as well as to professional training and the handling of labour disputes. Other media organisations include the Hong Kong News Executives' Association, the Hong Kong Federation of Journalists and the Hong Kong Press Photographers Association. The long-established Foreign Correspondents' Club offers its members social facilities and a range of professional activities, including news conferences and briefings.

During the year, the Mass Communications Training Board of the Vocational Training Council continued to run training programmes to help people working in the media, advertising and public relations sectors to improve their skills. The board also co-organised courses, talks and seminars with professional bodies such as the Hong Kong News Executives' Association, the Hong Kong Advertisers Association, the Hong Kong Public Relations Professionals' Association, the Hong Kong Journalists Association and the Hong Kong Federation of Journalists.

## **Information Policy**

The Secretary for Home Affairs has overall responsibility for policy formation on information and related matters, while the Director of Information Services advises the Government on the presentation of its policies, and on public relations matters generally, in Hong Kong and overseas. The main aims are to ensure an open exchange of information in the community, to keep the media fully informed of government plans, policies and activities, and to promote Hong Kong's image abroad.

## **Information Services Department**

The Information Services Department (ISD) serves as the Government's public relations consultant, news agency, publisher and advertising agent. It provides the link between the Administration and the media and, through the latter, enhances public understanding of government policies, decisions and activities.

The department comprises four divisions: Local Public Relations, Publicity and Promotions, Public Relations Outside Hong Kong, and Administration.

### *Local Public Relations Division*

The division oversees the work of Information Grade officers seconded to government bureaux and departments. They serve as Press Secretaries to Principal Officials or work in the 34 bureau and department information and public relations units. They help formulate and implement public relations and publicity strategies, advise their bureau or department heads on public relations matters, answer media enquiries and questions from the public, prepare press releases, and organise press conferences and special promotional activities.

The News Sub-division operates a 24-hour press enquiry service. During typhoons, major disasters and other emergencies, ISD will activate its Combined Information Centre to coordinate responses to media enquiries and disseminate information and public announcements.

The Government News and Media Information System (GNMIS) channels press releases, photographs and video clips through a single system accessible to journalists on the Internet.

All press releases are also uploaded onto the Internet at [www.info.gov.hk/gia](http://www.info.gov.hk/gia). In addition, major government press conferences and events, including the annual Policy Address by the Chief Executive and the Budget Speech by the Financial Secretary, are webcast live on the Internet.

The Government's electronic bulletin, [news.gov.hk](http://news.gov.hk), serves as a communications channel to enhance ties between the Government and the media, business, industry, academia and the community, presenting news and information throughout the day, seven days a week, in a dynamic multimedia format. By year-end, [news.gov.hk](http://news.gov.hk) had posted 8 252 news and features stories. It had also developed and posted dozens of short videos to its Reel HK page, and added more than 68 new image collections to its Photo Gallery page. Visitors to the site may sign up for free daily e-mails of news summaries, weekly City Life alerts and HK for Kids updates. The e-bulletin now has about 8 500 subscribers.

The e-bulletin attracted about 6 million visitors and more than 61 million page views during 2007.

The Media Research Sub-division keeps the Government informed of public opinion expressed in the news media. It produces daily reports summarising news and editorial comments in the Chinese and English press as well as on radio and television. It also produces special reports on subjects of interest to the Government.

### *Publicity and Promotions Division*

The Publicity and Promotions Division helps bureaux and departments mount publicity campaigns and related activities locally and outside Hong Kong. It is responsible for advertising, creative design, photography and many of the Government's publications. The larger local campaigns conducted or supported by the division during the year covered a wide range of subjects such as the celebration activities for the 10th Anniversary of the Establishment of the Hong Kong Special Administrative Region (HKSAR), Hong Kong as a co-host city of the Beijing 2008 Olympic and Paralympic Games, District Council Election, Legislative Council By-election, environmental protection, road safety, civic education, and the West Kowloon Cultural District public engagement exercise.

It also assists in the organisation of major promotional activities such as exhibitions, cultural performances, film festivals and media partnership projects in overseas countries and the Mainland.

The division handles about 4 000 titles and produces a wide variety of government publications, including the Hong Kong Annual Report and its internet

version. A large number of free publications such as booklets, leaflets, fact sheets, brochures, posters and government forms are distributed by the division each year. In 2007, the division sold 384 950 government books and miscellaneous printed items through its sales outlet and online bookstore. Photographs are also sold by the division.

### *Public Relations Outside Hong Kong Division*

The division helps develop and implement the Government's public relations and communications strategy outside Hong Kong, working closely with the Government's Economic and Trade Offices overseas and in the Mainland. Its Overseas Public Relations Sub-division promotes and monitors Hong Kong's image overseas. It is also in close liaison with about 100 foreign media organisations based in Hong Kong, handling press enquiries, disseminating news and arranging interviews. It runs a programme for visiting journalists, produces summaries of overseas reports on Hong Kong and distributes promotional material on Hong Kong worldwide.

The Brand Management Unit is responsible for Brand Hong Kong which is used to promote Hong Kong as Asia's world city through a variety of channels locally, overseas and on the Mainland. The unit, in conjunction with government departments and the private sector, organises activities for international and Mainland audiences. In Hong Kong, it showcases the city's attractions for visitors and the business community.

The Visits and International Conferences Sub-division runs the department's Sponsored Visitors Programme through which opinion formers, political leaders and think-tank members are invited to visit Hong Kong as guests of the Government to enhance their understanding of the Special Administrative Region. The sub-division also arranges programmes for non-sponsored visitors coming to Hong Kong on private trips. In addition, it runs an Overseas Speakers Programme to enhance foreign investors' understanding of the competitive edge and latest developments of Hong Kong. Arrangements are made for senior government officials and prominent local personalities to address targeted audiences abroad.

## **Promoting Hong Kong Overseas**

### *Europe*

The Brussels Economic Trade Office (ETO) organised Chinese Lunar New Year celebratory events in 12 cities across Europe during the whole of February and March. Some 2 000 guests attended the celebrations. The Hong Kong Academy for Performing Arts (HKAPA) and the King's Harmonica Quintet performed at the start of each function winning high praise for their quality renditions. The HKAPA also gave a special concert, featuring Chinese and western music, to mark Valentine's Day in Brussels on February 14. It was open to the public and was broadcast by local television stations.

Several Hong Kong government officials visited Europe during the year. In May, the then Financial Secretary, Mr Henry Tang, met Director-General of the World Trade Organisation, Mr Pascal Lamy, in Geneva and the Federal Minister of Finance, Mr

Hans-Rudolf Merz in Bern, as well as members of the Swiss banking community. He also visited Cannes to lend support to members of the Hong Kong film industry who were attending the 60th anniversary of the Cannes Film Festival.

In February, the Secretary for Commerce, Industry and Technology, Mr Joseph Wong, also lent his support to the Hong Kong film industry by making a side-trip to Berlin, where Hong Kong was taking part in the Berlinale film expo. The tour also took him to Brussels where he met European Commissioner for Trade, Mr Peter Mandelson, and Belgian Vice Prime Minister and Finance Minister, Mr Didier Reynders.

In May, the Secretary for Health, Welfare and Food, Dr York Chow, travelled to The Hague, Brussels and Berlin on a fact-finding visit to look at food safety measures there and at the way healthcare was financed in that part of the world. He then went to Geneva to attend the World Health Organisation's 60th World Health Assembly.

The Secretary for Justice, Mr Wong Yan Lung, visited Dublin in October to sign an agreement with the Irish Government on the Surrender of Fugitive Offenders. He called on the Minister for Justice, Equality and Law Reform, Mr Brian Lenihan, and the Attorney General of Ireland, Mr Paul Gallagher.

The Director of Immigration, Mr Lai Tung-kwok, visited Frankfurt, Brussels, London, Paris and The Hague in late March/April to introduce the HKSAR's new electronic passport — with biometric data — to his European counterparts. The passport was hailed as one of the most technologically-advanced and beautifully-designed travel documents to date.

Celebrations were organised in many European countries to mark the 10th Anniversary of the Establishment of Hong Kong as a Special Administrative Region of China. In June, the Brussels Office held three receptions — in the Berlin Konzerthaus, the Monnaie Theatre in Brussels and the Musée d'Orsay in Paris. Thirty-six student artists from the HKAPA performed at the functions treating guests to Cantonese opera, Chinese music and contemporary dance. A total of 1 200 guests, comprising diplomats, government officials and business people attended the receptions.

In December, with the support of Cathay Pacific Airways and Sofitel, the Brussels Office organised a five-day Hong Kong Food Festival at a hotel near the Champs-Élysées in Paris. Demanding French diners had a chance to taste Hong Kong cuisine at its best. The festival was a big success.

The Hong Kong Film Panorama 2007-08, hosted by the Brussels ETO for the fourth consecutive year, featured 14 films, including several award-winning titles. The festival toured eight cities — Antwerp, Amsterdam, Barcelona, Brussels, Graz, Hamburg, Vienna and Berlin — as part of the Asia-Pacific Week exposition, a biennial cultural event organised by the Berlin City Government.

The London ETO organised a series of events to celebrate the 10th Anniversary of the Establishment of the HKSAR. These included a dragon boat festival in London on July 1, receptions and seminars in London, Moscow, St Petersburg, Helsinki, Oslo, Copenhagen and Stockholm, and photo exhibitions in London and Moscow. The

London ETO also lent support to the Hong Kong film season promotions in London, Manchester, Oslo, Copenhagen and Stockholm and two arts exhibitions in Manchester. In addition, it organised four recitals by leading Hong Kong pianist Colleen Ka-Ling Lee in London, Glasgow, Newcastle and Helsinki.

The first of a series of Hong Kong Week promotions in Europe was held in Russia in September featuring Hong Kong's trade, tourism and culture. The London ETO also organised concerts by the Hong Kong Chinese Orchestra in St Petersburg and Moscow.

Hong Kong made its third appearance in the City of London Lord Mayor's Show with a spectacular display that included a full-size dragon boat, a Brand Hong Kong Star Ferry carrying Chinese musicians, and a float with six 'floating children' from Hong Kong's Cheung Chau island — a pair of whom was dressed as Olympic equestrians. A breathtaking acrobatic display was held outside the Lord Mayor's residence at Mansion House, watched by more than 500 000 people. The show was broadcast nationwide in Britain to about 2 million viewers and also to the BBC's 300 million viewers around the world.

The London ETO organised Chinese New Year receptions in London, Glasgow, Cardiff, Belfast, Stockholm, Helsinki, Warsaw, Budapest, Prague, Copenhagen, Oslo, Riga, Zurich, Bratislava, Moscow and St Petersburg. Several of these functions included business seminars.

### *North America*

During the summer, the Washington ETO presented the 12th annual 'Made in Hong Kong Film Festival' co-sponsored by the Smithsonian Institution's Freer Gallery of Art.

In October, to mark the 10th Anniversary of the Establishment of the HKSAR, the Washington ETO and The Centre for Strategic and International Studies co-organised a one-day conference titled, 'Hong Kong on the Move: American and Hong Kong Perspectives on the First Ten Years of the Hong Kong Special Administrative Region'.

The conference was opened by the Chairman of Hong Kong Exchanges and Clearing Limited, Mr Ronald Arculli, and Congressman, Mr Donald Manzullo. The Financial Secretary, Mr John C Tsang, delivered the keynote address. The Director-General of Trade and Industry, Mr Joseph Lai, Government Economist, Mr Kwok Kwok-chuen, and Deputy Director of Health, Dr Gloria Tam, spoke at the conference.

In October, the Financial Secretary, Mr John C Tsang, attended the 2007 Annual Meetings of the International Monetary Fund and the World Bank Group in Washington, DC.

He met Chairman of the Board of Governors of the US Federal Reserve, Mr Ben Bernanke, and Assistant to the President for Economic Policy and Director of National Economic Council, Mr Allan Hubbard. He also spoke at a Business Roundtable breakfast, and presided over a performance by Hong Kong's City Contemporary Dance Company.

In November, the Secretary for Commerce and Economic Development, Mr Frederick Ma, visited Washington, DC. He met US Trade Representative, Ms Susan Schwab, Congressmen Mr Rick Larsen and Mr Wally Herger, and International Monetary Fund First Deputy Managing Director, Mr John Lipsky.

Mr Ma spoke to faculty and students of the McDonough School of Business at Georgetown University and at a US-China Business Council breakfast.

In June, to mark the HKSAR's 10th anniversary, the Washington ETO hosted a reception and screened the trailer for the television series, 'Inside Hong Kong'.

During the year, over 50 celebratory events were held in Canada to mark the 10th anniversary of Hong Kong's return of to China. Many of these were high-profile functions initiated or supported by the Toronto ETO to highlight the successful implementation of the unique 'one country, two systems' concept under which Hong Kong is run. The 'Hong Kong Spirit' and Hong Kong as an international business centre were other themes trumpeted.

The series of cultural, academic, business, community and sports events was launched early in the year. It started with a concert featuring the world-famous Chinese pianist Lang Lang, now residing in Hong Kong. The occasion was also used to highlight the immigrant scheme introduced by the Government to admit talented people to Hong Kong from the Mainland and around the world.

With the support of more than 20 business and community organisations in Toronto, a major celebration called the Bauhinia Gala was held in mid-June. Other programmes included The Hong Kong in 2007 lecture series — 'A Prospective Retrospective' — jointly organised with the University of Toronto, and the 'Five Decades Under the Lion Rock' photographic exhibition depicting Hong Kong people's courage and aspiration which toured Edmonton, Vancouver and Toronto. The major business event was the national business forum in Toronto jointly organised with all eight sections of the Hong Kong-Canada Business Association. The then Secretary for Financial Services and the Treasury, Mr Frederick Ma, delivered the keynote speech at the forum, entitled 'Hong Kong: Gateway to Opportunities in China'. A 95-member Hong Kong Chinese Orchestra gave two full-house performances in Vancouver and Toronto to celebrate the HKSAR's 10th anniversary.

The New York ETO held a cocktail reception in June to celebrate the 10th Anniversary of the Establishment of HKSAR. More than 300 guests attended the function at which speakers spoke about the 'one country, two systems' principle under which Hong Kong is run. They pointed out that the unique concept not only works, but works well.

As part of the anniversary celebrations, Hong Kong was given the honour to ring the bell at the NASDAQ stock exchange in New York, signalling the start of the day's business. The ritual was performed by the Hong Kong Commissioner for Economic and Trade Affairs, USA, Miss Margaret Fong.

On the cultural side, dragon boat festivals and film shows were held in different cities across America in a continuing effort to promote Hong Kong.



The HKSAR's 10th anniversary was the theme of a series of events organised by the San Francisco ETO which started in April 2007. Film directors Patrick Tam and Daniel Wu and actors Conroy Chan, Andrew Lin and Terence Yin were special guests at the 'Hong Kong Films' Day' which launched the anniversary celebrations. Mr Tam also gave talks and shared some of his directing experiences with film schools in the San Francisco Bay Area.

In addition to hosting five receptions in different US cities and states in conjunction with the Films' Day, and staging the anniversary exhibitions, the San Francisco ETO made capital of the events by highlighting the HKSAR's achievements over the past decade. The ETO ran two contests in the mainstream and Chinese media and broadcast a four-part documentary, 'Inside Hong Kong', on television.

On the cultural side, the San Francisco ETO played host to a well-received performance by the City Contemporary Dance Company and assisted the Hong Kong Children's Symphony Orchestra in their concert tour of North America.

The 10th anniversary celebrations ended on a high note with the holding of a large business conference, entitled 'Bustling Hong Kong: the Premier Commercial and Financial Hub in Asia', with Mr Frederick Ma, the Secretary for Commerce and Economic Development, as the keynote speaker.

### *North Asia*

The Tokyo ETO held a series of special events this year to mark the 10th anniversary of Hong Kong's return to China. These included a seminar on May 8, entitled 'Hong Kong — New Opportunities as an International Financial Centre' and two receptions in Seoul and Tokyo on May 30 and June 27 respectively. Attended by senior government officials and business leaders, the events helped highlight the successful 'one country, two systems' arrangement under which Hong Kong is run.

The ETO also ran an English speech competition in conjunction with the newspaper *Daily Yomiuri* for university students. Entitled 'About Hong Kong', the contest provided young Japanese with an opportunity to know more about Hong Kong. Students from as far as Hokkaido and Okinawa took part in the contest which ran from May to September.

On the cultural front, the ETO and the Hong Kong Tourism Board joined forces to organise the Hong Kong Film Festival in October as part of the 20th Tokyo International Film Festival.

### *Southeast Asia*

In August, Mr John C Tsang made his first official visit to Kuala Lumpur, Malaysia as Hong Kong's Financial Secretary. He met the Minister of Finance II, Senator Tan Sri Nor Mohamed Yakcop and Deputy Finance Minister, Dato' Dr Ng Yen Yen to discuss cooperation between Hong Kong and Malaysia in financial matters. He also held talks with major banks and financial investment companies on global and regional financial development, including the subject of Islamic finance, and briefed them on Hong Kong's economy.

In June, the ETO in Singapore helped organise a five-day study tour of Singapore, Malaysia and Thailand for a high-level delegation led by the Hong Kong Government's Efficiency Unit to examine the strategy of using of Public Private Partnerships in providing public services.

On the cultural front, the ETO in February co-sponsored the 'Spotlight Hong Kong' programme, a smorgasbord of arts and cultural offerings which involved flying more than 100 Hong Kong artists to Singapore to perform there.

The ETO hosted a big reception in Singapore in June to celebrate the 10th Anniversary of the Establishment of the HKSAR. Also in June, the ETO and the Hong Kong Tourism Board worked together to put up a Hong Kong Pavilion at a major travel trade fair in Kuala Lumpur.

In July, the ETO and the Singapore Chinese Chamber of Commerce and Industry organised a forum entitled 'Singapore and Hong Kong: Building Economic Synergies' to promote Hong Kong's role as a bridge to China for overseas businesses, particularly those in the Association of South East Asian Nations (ASEAN) region.

In September, the ETO staged a four-day showing of movies called 'Hong Kong Movies: The Last Decade' to celebrate the HKSAR's cultural achievements which featured 10 award-winning productions.

A series of talks on Pan-Pearl River Delta regional cooperation, the Closer Economic Partnership Arrangement, the Economic Summit, and migrant schemes were held in Southeast Asia's key cities to enhance understanding of the importance of Hong Kong as a regional business partner, particularly because of China's booming economy, and to highlight Hong Kong as a rewarding workplace for overseas professionals.

### *Australia and New Zealand*

The Chief Executive, Mr Donald Tsang, attended the 15th Economic Leaders' Meeting of Asia-Pacific Economic Cooperation (APEC) held in Sydney in September. At the meeting, he had talks with a number of government leaders, including the Prime Minister of Australia and the US Secretary of State. Following the APEC meetings, the Chief Executive made a three-day official visit to New Zealand where he met the Prime Minister, the Deputy Prime Minister, Minister of Finance and the Minister of Trade to strengthen Hong Kong-New Zealand ties. Among the many activities, the Chief Executive officiated at the Hong Kong Tourism Board's 'Hong Kong Riding High' celebration to promote the 2008 Olympic Equestrian Events to be held in Hong Kong and delivered a keynote speech at a gala dinner hosted by the Sydney ETO. To draw additional attention to the visit, the Sydney ETO commissioned a special report about Hong Kong in two leading newspapers in New Zealand.

To celebrate the 10th Anniversary of the Establishment of the HKSAR, the Sydney ETO held two large-scale receptions in Auckland and Sydney in June and July, highlighting Hong Kong's robust development in the past decade. The office also commissioned a special report on the success of the unique 'one country, two systems' concept under which the HKSAR is run, in a major Australian national daily.

On the cultural front, the office participated in five film festivals in Australia and New Zealand at which it showed a selection of Hong Kong films. The festivals were: the Sydney Film Festival, the Melbourne International Film Festival, the Brisbane International Film Festival, the Adelaide Film Festival and the New Zealand International Film Festival held in Auckland in which Hong Kong took part for the first time.

### **Government Home Pages on the Internet**

Among other measures for ensuring openness, transparency and accountability, the Government uses the Internet to disseminate information on its policies, services and activities and to communicate with the public. All bureaux and departments produce their home pages in Chinese and English. Thematic home pages are also produced for special events and topics. These home pages can be accessed through the GovHK at [www.gov.hk](http://www.gov.hk).

The GovHK also provides 24-hour news updates, consultation papers and topical information to enable the public to keep track of local developments and important announcements. It is also a portal to a wide range of electronic services of various departments and agencies, including the submission of tax returns, appointment booking service for the Hong Kong Smart Identity Card replacement exercise, payment of government fees and the purchase of government publications.

### **Code on Access to Information**

The HKSAR believes in an open and accountable government. To ensure reasonable access to government information, an administrative Code on Access to Information applies to all government bureaux and departments, which are committed to making information available to the public.

The code provides for a set of rules to meet public expectation of greater government transparency. It sets out the types of government information to which the public has access and lists categories of exemptions to ensure appropriate protection of confidential and sensitive information held by the Government and information involving privacy and commercial sensitivity. The public may complain to The Ombudsman about government bureaux and departments that fail to respond to requests for information in accordance with the code.

### **Information Technology**

#### *Digital 21 Strategy*

The Government is committed to keeping Hong Kong at the forefront of information and communications technology (ICT) development. The Digital 21 Strategy, first instituted in 1998 and updated in 2001, 2004, and most recently in 2007, is the blueprint for ICT development in Hong Kong. Since the launch of the strategy, good progress has been made in bringing about the right environment, infrastructure, skills and culture to encourage the development and adoption of ICT by the whole community.

To keep in step with the advances in technology and the changing needs of the community, the Government promulgated the 2008 Digital 21 Strategy in December 2007 upon completing the public consultation process and further updating the strategy. The vision underpinning the latest strategy is entitled 'advancing our achievements and seizing new opportunities: building on Hong Kong's position as a world digital city'.

### *Driving E-business*

The Government is committed to providing the necessary infrastructure for e-business to prosper. The Electronic Transactions Ordinance (ETO) was enacted in 2000 and updated in 2004 to provide a legal framework for the conduct of secure electronic transactions.

There are now two certification authorities (CAs) recognised under the ordinance, which issue digital certificates for use by the community to conduct electronic transactions in a secure manner.

In collaboration with industry and professional bodies, the Government conducts the Sector-specific Programme (SSP) to raise the capabilities of Small- and Medium-sized Enterprises (SMEs) in specific industries in leveraging e-business. Between 2004 and 2006, the Government had sponsored industrial bodies to organise eight projects focusing on SMEs in six types of businesses — travel agencies, private medical practices, pharmacies, accounting, logistics, and beauty services. These projects were completed. In 2007, the Government supported five new projects by providing sponsorship under the SSP to drive the development of practical information technology (IT) solutions for use by SMEs in five sectors, namely beauty service, medical and health, watches and clocks, social service and trade. These new projects will continue to facilitate SMEs in the relevant industries to exploit the potential and benefits of e-business to improve their competitiveness.

### *Driving the IT Industry*

The local IT industry is an important part of Hong Kong's economy and a major driver of economic growth. The Government has introduced a wide range of measures to make ICT a vibrant, competitive and innovative industry. These measures will help to increase business opportunities, improve service quality, build expertise and provide financial and infrastructural support. For example, the Government has supported the industry to establish the Hong Kong Software Outsourcing Alliance to promote Hong Kong and Guangdong cooperation in the software outsourcing business.

The Government has been adopting an aggressive outsourcing policy for its IT projects. This, together with programmes aimed at promoting the use of IT in business and the community, has created a good environment for the local industry's growth. The Government will continue to facilitate the industry to explore business opportunities on the Mainland and in overseas markets. It has also established funding schemes to help local software companies to achieve international standards and to support research and development projects.

To facilitate Hong Kong service suppliers' access to the Mainland market as well as to obtain third-party accreditation of their capability, one of the liberalisation measures under the second phase of the Closer Economic Partnership Arrangement (CEPA) is to allow Hong Kong service suppliers to apply for Computer Information System Integration (SI) Qualification Certification in accordance with the provisions of the relevant Mainland rules and regulations. The Ministry of Information Industry of the Central People's Government has granted the SI Qualification Certificate to seven Hong Kong companies. One of the liberalisation measures under Supplement IV to the CEPA is to allow Hong Kong service suppliers to set up wholly-owned enterprises on the Mainland to provide software implementation services and data processing services.

### *E-government*

E-government is an integral part of the Government's overall IT strategy. Building on the solid foundation laid down in the past few years, Hong Kong has launched the next stage of e-government.

Following its aim to use IT to provide customer-centric services that promote an accessible, accountable and efficient government, and contribute to Hong Kong's position as a leading digital city, the Government is pursuing the following key priorities under the next stage of e-government development:

(a) GovHK

GovHK ([www.gov.hk](http://www.gov.hk)) was officially launched in August 2007 as Hong Kong's one-stop shop for online government information and services. For the convenience of users, GovHK provides information and services most frequently sought by the general public from different government bureaux and departments in a one-stop manner. There are four user groups (i.e. Residents, Business & Trade, Non-residents and Youth) and 11 different sections under the Residents user group on GovHK (e.g. Environment, Transport & Motoring, Culture, Leisure & Sports etc). The design and content of the portal will be updated continually.

(b) E-procurement

The Finance Committee approved on January 26, 2007 the funding proposal for implementation of a Pilot e-Procurement Programme. The programme aims to test out e-procurement at the bureaux and departmental levels to improve internal efficiency and to encourage external suppliers to adopt e-commerce.

(c) Property Information Hub

The Rating and Valuation Department (RVD) and the Land Registry (LR) are planning to set up a Property Information Hub (PIH) to improve the transparency of property information. An incremental approach will be adopted to take forward the PIH initiative. RVD will first roll out its new departmental e-service in 2008 to enable online public access to its property data.

(d) Multiple Applications on the Smart Identity Card

The Immigration Department started issuing smart identity (ID) cards in 2003. In addition to using the card for traditional immigration functions as a means of identification, holders of smart ID cards may also choose to use them as library cards and opt to have a digital certificate — the personal e-Cert issued by the Hongkong Post Certification Authority — embedded in them to carry out secure online transactions. Holders of Smart ID cards have been able to use their cards for automated passenger clearance since the end of 2004 and automated vehicle clearance since April 2005. With the launch of the Leisure Link self-service kiosks of the Leisure and Cultural Services Department (LCSD) in December 2007, the cards can be used to book sports and leisure facilities.

Hong Kong continued to gain world recognition for its efforts in promoting e-government. In the e-readiness rankings released by the Economist Intelligence Unit (EIU) in 2007, Hong Kong was ranked fourth in the world, and first in the Asia-Pacific Region.

*IT Manpower*

The Government is committed to creating an environment where a well-qualified IT workforce can flourish and meet the needs of the community. It has run an annual sponsorship scheme for an IT exchange programme since 2002 to expose Hong Kong students to the digital world and to encourage tertiary institutions to organise IT-related exchange programmes with overseas or Mainland institutions. A government-funded programme was launched by the Cyberport in mid-2007 to provide internship opportunities to IT graduates to gain practical working experience.

The Industry Training Advisory Committee for the IT industry was formed to develop, maintain and update training procedures and Specification of Competency Standards. It will also strengthen the link between the industry and the vocational education sector to create a better equipped and more productive and competitive workforce. The Government sponsored the Hong Kong Computer Society to develop the IT Professional Certification scheme to recognise the capability and experience of IT practitioners. The Government will continue to work with the academic sector and the IT industry on longer term measures to ensure that the IT workforce meets local manpower needs and enhance Hong Kong's competitiveness in the world market. When needed, talented people and IT professionals from elsewhere, including the Mainland, may be admitted to Hong Kong to offset shortages in specific areas.

*Building a Digitally Inclusive Society*

The Government encourages citizens to use IT to boost their competitiveness and quality of life. It will continue to organise various activities and initiatives to promote wider adoption and greater public awareness of IT. Since 2005, the Government has injected \$4 million into the Digital Solidarity Fund (DSF) to engage various stakeholders to design and implement digital inclusion programmes for Hong Kong. The fund also received \$1.6 million from commercial sponsorship. So far, 29 projects have been funded by the DSF. Other initiatives included district IT

promotion activities, radio programmes and digital inclusion programmes organised in collaboration with non-governmental organisations. About 5 600 computers with internet connections are available across Hong Kong free of charge. All government websites comply with internationally recognised guidelines to facilitate access and navigation by people with disabilities.

### *IT Cooperation*

Hong Kong now has cooperative arrangements such as Memoranda of Understanding (MOU) on information and communications technology with eight countries: Canada, Finland, Germany, Ireland, Israel, Italy, Japan, and the United Kingdom.

The cooperative arrangement with Israel was extended for a successive period of five years and will be extended for every five years automatically thereafter. The Government is working closely with the Republic of Korea, France and the Netherlands to renew the corresponding cooperative arrangements. The Government has organised reciprocal visits, information exchanges and cooperation programmes with these countries to promote and support inter-governmental exchanges, business partnerships and investment cooperation in the areas of IT and telecommunications.

### *Cyberport*

Cyberport is a strategic centre for quality IT and related companies and professionals which is located at Telegraph Bay in the Southern District of Hong Kong Island. It is wholly owned by the Government through three private companies established under the Financial Secretary Incorporated.

The development is home to around 100 companies, including around 40 start-up companies undergoing an incubation programme there. They include local, Mainland and overseas companies specialising in IT applications, information services and multimedia content creation.

Cyberport is a major venue for IT and digital entertainment-related conferences in Hong Kong and Asia. Since 2002, over 850 IT-related events have been held at Cyberport. Digital Entertainment Leadership Forum, Cyberport Venture Capital Forum and Game On Exhibition were among the more prominent events held in 2007.

Cyberport also contributes to technological development in Hong Kong and provides the necessary infrastructure and technical support for SMEs. Its facilities include Hong Kong Wireless Development Centre, Digital Media Centre, the iResource Centre, the Digital Entertainment Industry Support Centre and the Digital Entertainment Incubation and Training Centre. They provide vital support for the continuous development of Hong Kong's ICT sectors. They are particularly important for SMEs that cannot afford the initial investment in expensive equipment and lack access to useful resources and business information. The Hong Kong Wireless Development Centre facilitates wireless applications companies specialising in the Mainland's 3G standard to enter the Mainland market. The Digital Rights Management System of the iResource Centre won the World Summit Award 2007 in

the e-Business Category. The system is for content creators to distribute their digital contents and for the public to access such contents legally.

### **Telecommunications**

The Government's telecommunications policy is to facilitate the development of the telecommunications industry and to enhance Hong Kong's position as an international telecommunications hub.

The Telecommunications Authority (TA) is appointed by the Chief Executive to perform functions and exercise powers under the Telecommunications Ordinance and the Unsolicited Electronic Messages Ordinance ('the UEM Ordinance'). The Office of the Telecommunications Authority (OFTA) is the executive arm of the TA. It oversees the regulation of the telecommunications industry in Hong Kong, advises the Government on telecommunications matters, and enforces the relevant provisions set out under the abovementioned ordinances.

Hong Kong's telecommunications market is fully liberalised and highly competitive. There are sector-specific pro-competition provisions in the Telecommunications Ordinance to ensure fair and effective competition in the telecommunications market.

#### *Local Fixed Telecommunications Network Services*

Businesses and consumers in Hong Kong enjoy an excellent telecommunications infrastructure. In 2007, the telephone density was 101.5 exchange lines per 100 households, one of the highest in the world.

The local fixed-line market has been fully liberalised since January 2003. Under the full liberalisation policy, there is no pre-set limit on the number of licences issued or any deadline for submission of applications for licences. By year-end, there were 10 local wireline-based fixed network licensees and one local wireless-based fixed network licensee.

Since the introduction of competition in the local fixed network services market in 1995, operators have been actively rolling out their self-built customer access networks to provide choices and services to end-customers. As at July 2007, 79 per cent and 55 per cent of households in Hong Kong were able to enjoy a choice of at least two and three self-built fixed networks respectively.

#### *Mobile Communications Services*

The market for mobile communications services is highly competitive. At year-end, five mobile carrier licensees were operating a total of 14 digital systems providing second generation (2G) and third generation (3G) mobile services, serving a customer base of some 10 million. The penetration rate of mobile communications services was about 152 per cent, one of the highest in the world. At year-end, the four 3G operators had acquired a customer base of 2 million. New services based on the high-speed downlink packet access (HSDPA) technology offering service to mobile customers as fast as 7.2 megabits per second are available.



In general, a licensee may use any technology for service provisioning provided that the technology conforms to open and non-proprietary standards and for which there is a reasonable choice of consumer equipment in the market.

To enable visitors to and the residents in Hong Kong to enjoy advanced CDMA mobile and roaming services, the Government released spectrum in 850 MHz band for provision of CDMA 2000 services through open auction in October 2007. CDMA 2000 standard is one of the major mobile communication standards widely used in the world, including the Mainland, Korea, Japan and US, and is capable of providing high-speed data services. Provision of CDMA 2000 services in Hong Kong will strengthen Hong Kong's strategic position as a world city and the gateway between Mainland China and the world. PCCW-HKT Limited, the successful bidder, is required to roll out the CDMA 2000 services in November 2008.

#### *External Telecommunications Services*

The external telecommunications service market had been fully liberalised since 1999. At year-end, there were 24 external fixed carrier licensees providing cable-based external telecommunications facilities and another six providing non-cable-based external telecommunications facilities. Competition in the external telecommunications facilities and services markets have led to a significant drop in International Direct Dialling (IDD) call rates. According to an IDD rate survey conducted in mid-2007 by OFTA, the average IDD rate has fallen by 69 per cent from 2001 to 2006 but the total annual traffic had increased by 62 per cent within the same period.

#### *Broadband and Internet Access Services*

The number of broadband accounts increased significantly during the year to 1 880 000, which represented a household penetration rate of 76.4 per cent and population penetration rate of 27 per cent. According to reports issued by the International Telecommunication Union (ITU), Hong Kong ranked second in Asia in 2006 in terms of broadband population penetration.

In addition, local operators have been actively rolling out broadband facilities for providing high bandwidth services to customers. According to a recent report of the Fibre-to-the-Home Councils of the Asia Pacific, Europe and North America, Hong Kong is the world leader in the coverage of fibre-to-the-home (FTTH) or fibre-to-the-building (FTTB) networks with a household penetration of 21.2 per cent. At year-end, there were three fixed carriers offering FTTH services with data transmission speed of up to 1 000 Mbps.

There was a rapid and massive rollout of wireless local area networks in 2007. At year-end, there were 24 class licensees and five fixed carrier licensees authorised to offer public Wi-Fi services. With the installation of over 5 000 Wi-Fi hot spots at around 3 100 locations in the territory, Hong Kong is at the forefront of the world in the provision of public Wi-Fi service. The Government has launched the Government Wi-Fi Programme which aims to provide free Wi-Fi wireless broadband internet services to the public. The programme will progressively roll out free Wi-Fi service at some 350 government premises with high public patronage between March 2008

and mid-2009. These premises include all public libraries, public enquiry service centres, job centres, major cultural and recreational centres, community halls, large parks, government tourist attractions and government offices that are frequently visited by the public. The number of hot spots will increase to over 8 400 at more than 4 400 locations when the Government free Wi-Fi service is fully implemented in 2009.

### *Broadband Wireless Access*

The TA conducted in May 2007 the third consultation exercise on the provision of spectrum for Broadband Wireless Access (BWA) services. After considering the views of the respondents and taking into account the decisions made by the ITU's World Radiocommunications Conference 2007, the authority concluded in December 2007 that spectrum in the 2.3GHz and 2.5GHz bands would be allocated for BWA services. It is expected that the auction of the spectrum will take place in the fourth quarter of 2008.

### *Internet Protocol TV*

Rapid advances in broadband technologies and the increasing convergence between telecommunications and broadcasting have created opportunities for telecommunications operators to offer Internet Protocol Television (IPTV) services. A number of fixed carriers have entered the IPTV market and are now offering triple-play products, such as telephony, broadband internet access and IPTV to their customers. With close to 1 million IPTV subscribers, Hong Kong is one of the most advanced IPTV markets in the world in terms of household penetration and coverage.

### *Satellite Communications*

Two Hong Kong companies, APT Satellite Company Limited and Asia Satellite Telecommunications Company Limited (AsiaSat), hold licences to operate and provide satellite communication services. At year-end, the two satellite companies were operating eight satellites.

### *Policy and Regulatory Reviews*

In response to the rapid advancement in technology and dynamic market development in the telecommunications industry, the Government completed a number of policy and regulatory reviews in 2007.

After taking into consideration the views of the community and the industry, the Government promulgated the 'spectrum policy framework' in April 2007 to provide the industry with greater clarity and predictability of spectrum management decisions on one hand, and to enable the community to reap maximum benefits from the deployment of radiofrequency spectrum on the other. The framework covers six areas, namely spectrum policy objectives, guiding principle in spectrum management, spectrum rights, spectrum supply, spectrum for government services and spectrum pricing.

Under the new framework, one of the spectrum policy objectives is to strengthen Hong Kong's strategic position as a world city and the gateway between the Mainland and the world. As a guiding principle, the market-based approach in

spectrum management will be used for spectrum wherever there are competing demands from providers of non-government services, unless there are overriding public policy reasons to do otherwise.

The framework will provide guidance for the TA, the statutory spectrum manager in Hong Kong, in formulating spectrum strategy and management arrangement. Following promulgation of the framework, OFTA published the first spectrum release plan advising the telecommunications industry of the spectrum that might be made available to the market in the next three years through open bidding or tendering. This plan will be updated annually or as required to help the industry make informed investment decisions and to cater for technology and market developments.

With a dynamic market and technological developments, the distinction between fixed and mobile networks and services is becoming increasingly blurred. To ensure that the regulatory environment remains conducive to innovative technologies and converged services, the TA conducted a review on 'fixed-mobile convergence' and concluded in April 2007 to withdraw the existing asymmetrical regulatory guidance for fixed and mobile services, which assumes an approach of 'mobile party's network pays', after a two-year transitional period. Furthermore, the Authority recommended the creation of a new Unified Carrier Licence by 2008 for licensing all future carrier services — fixed, mobile or fixed-mobile convergent services. A public consultation exercise on the licensing conditions for the proposed Unified Carrier Licence was launched in December 2007.

To ensure that affordable basic telephone service is provided to everyone in Hong Kong on a non-discriminatory basis, the Authority is empowered under the Telecommunications Ordinance to require one or more fixed carrier licences to have the 'universal service obligation'. The universal service provider<sup>1</sup> will be compensated for the net cost that it has to incur for providing universal service to unprofitable customers. The net cost was shared by all external telecommunications services licensees based on their traffic volume. The Authority has reviewed this arrangement and decided that with effect from July 1, 2007, the universal service provider would not receive any compensation for areas or buildings connected by at least one alternative self-built fixed customer access network capable of providing basic telephone service. Moreover, TA also decided that with effect from May 2009, the universal service cost will be shared on the basis of the quantity of telephone numbers allocated to the licensees.

### *Combating Unsolicited Electronic Messages*

To tackle the problem of unsolicited electronic messages, the UEM Ordinance was enacted in May 2007.

The UEM Ordinance aims to strike a right balance between the right of recipient and the development of legitimate e-marketing. It regulates all forms of commercial

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<sup>1</sup> Currently, the PCCW-HKT Limited is the sole universal service provider.

electronic messages, including e-mail, fax, pre-recorded voice calls, Short Message Service (SMS)/Multimedia Messaging Service (MMS) message, and so on, which have a 'Hong Kong link'<sup>2</sup>. The ordinance prescribes the rules for sending commercial electronic messages, including provision of accurate sender information and an unsubscribe facility, provides for the establishment of do-not-call registers, prohibits professional spamming activities as well as fraud or other illicit activities related to the sending of multiple commercial electronic messages. The ordinance came into full force on 22 December 2007.

The Government believes that the problem of spamming should be addressed by a multi-faceted strategy. In addition to the enactment of UEM Ordinance, the Government will continue to combat the problem by employing technical solution as well as launching educational campaigns and stepping up international cooperation particularly against e-mail spam. For example, Hong Kong is one of the founding signatories of the Seoul–Melbourne Multilateral Memorandum of Understanding on Cooperation on Countering Spam, an international community on anti-spam cooperation to share experience and exchange intelligence worldwide. Moreover, a community-wide Anti-spamming Task Force will be set up to advise the Government on policies and measures to further tackle the problem of spamming.

### *International Activities*

Hong Kong has been an active player in international telecommunications forums. It is part of the Mainland delegation to conferences and meetings convened by the ITU. It participates as an independent member at the meetings of the Asia-Pacific Telecommunity and the Telecommunications and Information Working Group of the Asia-Pacific Economic Cooperation (APEC). Hong Kong also plays an active part in the initiative to implement the APEC Mutual Recognition Arrangement for Conformity Assessment of Telecommunications Equipment.

### **Broadcasting**

Hong Kong is the forerunner in adopting advanced broadcasting and telecommunications technologies. The Government's broadcasting policy objectives are to widen programme choice and diversity through competition, to facilitate the introduction of new, innovative broadcasting services and to enhance Hong Kong's position as a regional broadcasting hub.

In order to achieve the above objectives, Hong Kong has adopted a facilitating and pro-competition approach to adopting various innovative broadcasting technologies, and has been providing a liberalised and light-handed regulatory environment for new broadcasting services to flourish. This allows Hong Kong to enter into a new era of broadcasting, with broadened programming choice and innovative services available to the viewing and listening public. Hong Kong now has close to 600 satellite and pay television channels available in digital format, and is the

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<sup>2</sup> In general, a message has a 'Hong Kong link' if it (i) originates in Hong Kong, (ii) is sent to Hong Kong, or (iii) is sent to a Hong Kong telephone or fax number. Detailed meaning of 'Hong Kong link' is set out in section 3 of the UEM Ordinance.

world leader in deploying the Internet Protocol Television (IPTV) technology with some 1 million subscribers, the highest IPTV penetration all over the world. The number of free-to-air television channels increased by almost threefold immediately after the start of digitisation by end 2007.

### *Regulatory approach*

Hong Kong's television broadcasting regulatory regime is technology-neutral. The provision of television services and carriage networks are regulated separately so that a television programme service provider may hire any transmission network operator to transmit its service instead of investing in transmission infrastructure itself. This arrangement facilitates market entry and encourages competition.

Under the Broadcasting Ordinance, the four categories of television programme services — domestic free, domestic pay, non-domestic (mainly satellite television services targeting the Asia-Pacific region) and other licensable television programme services (mainly television services for hotel rooms) — are regulated according to their characteristics and pervasiveness rather than their transmission mode.

As a result of the liberalised, light-handed and pro-competition regulatory approach, Hong Kong has a vibrant broadcasting industry and its people enjoy a multitude of television and radio channels with diversified programming — four analogue and 13 digital terrestrial free TV channels, some 270 pay TV channels, over 300 free satellite TV channels and 13 radio channels.

### *The Broadcasting Authority*

The Broadcasting Authority (BA) is the independent statutory regulator of the broadcasting sector, comprising nine non-official members from various sectors of the community and three public officers. It is the licensing authority of non-domestic and other licensable television licences, and is responsible for making recommendations to the Chief Executive in Council on applications for new domestic free television, domestic pay television and sound broadcasting licences, as well as on applications for renewal of these licences.

The BA's main function is to safeguard proper standards of television and sound broadcasting with regard to both programme and advertising content, as well as technical performance. It publishes codes of practice on programme, advertising and technical standards with which licensees are required to comply. The BA is also responsible for upholding a fair and competitive television market in Hong Kong through enforcing the competition provisions under the Broadcasting Ordinance.

In light of media and technological convergence, the BA constantly examines and updates its regulatory approach and codes of practice to ensure that public expectations are met and at the same time that the operators have sufficient flexibility to operate effectively and efficiently. It engages the public through its 540-member television and radio consultative scheme as well as focus groups discussions to collect audience feedback.

### *Radio Television Hong Kong*

Radio Television Hong Kong (RTHK), a government department, is an editorially independent public broadcaster which provides quality radio and television programmes for Hong Kong citizens.

RTHK currently operates seven radio channels and produces over 970 hours of radio programmes weekly of different genres in Cantonese, English and Putonghua. In 2007, considerable efforts were made to arouse public awareness of healthy living, environmental protection and a harmonious community.

RTHK produced about 570 hours of television programmes in 2007 for broadcasting on Hong Kong's two commercial television stations. In addition to school educational television programmes and pre-primary school programmes, an interactive learning platform, the eTVonline, has also been launched to complement the Government's education policies. As the territory's publicly-funded broadcaster, RTHK also provides local and overseas broadcasters with audio and video pool feed signals of events that are of public interests. The year 2007 marks the 10th Anniversary of the Establishment of the HKSAR. RTHK rendered full technical support in the production and broadcast of various celebratory functions, such as the flag-raising ceremony, the inauguration of the Third Term Government of the HKSAR, the opening ceremony for the Shenzhen Bay Port, and other events.

RTHK has embraced the new media era and started broadcasting online since 1994 by launching 'RTHK on INTERNET' ([www.rthk.org.hk](http://www.rthk.org.hk)). The daily average hit rate of the website is 29 million. RTHK continues to harness the multi-media potential of the different emerging media platforms, such as licensing web content to mobile operators and providing podcasting services. Since August 2007, RTHK has set up an official channel on YouTube ([www.youtube.com/rthk](http://www.youtube.com/rthk)) to reach out more to the young audience.

### *Recent Developments*

The boundaries between broadcasting, telecommunications and information technology continue to blur. The present arrangement of separate statutory regulators for broadcasting and telecommunications services is not sustainable in the long term. There was general support in public consultations to merge the BA and the Telecommunications Authority into a unified regulator responsible for overseeing the whole electronic communications sector. The Government is preparing for the introduction of legislation to pave the way for the merger's implementation.

The Government encourages the deployment of digital terrestrial television broadcasting technology in Hong Kong to enhance spectrum efficiency and enable the provision of new services such as high-definition television (HDTV) broadcasting. The two incumbent terrestrial broadcasters, Asia Television Limited (ATV) and Television Broadcasts Limited (TVB) officially launched digital terrestrial television, including broadcasting free HDTV programmes and channels, on December 31, 2007. They are committed to extending digital coverage to 75 per cent by August 2008 so that more Hong Kong people can receive digital broadcasts of Beijing 2008 Olympics.

To plan ahead on the development of mobile multimedia services, the next wave of advancement in broadcasting technologies, the Government conducted a public consultation exercise on mobile TV and related digital broadcasting services in January to May 2007. The public's and the industry's views were sought on spectrum availability, allocation, assignment as well as licensing arrangement. The Government plans to formulate a policy framework on the implementation for mobile TV services for a second consultation in early 2008.

In the light of media and technological convergence, the Government also sees the need to review the future policy and arrangements for public service broadcasting in Hong Kong. Appointed by the Chief Executive in early 2006 and comprising professionals, academics and media practitioners, an independent committee completed its review on public service broadcasting in Hong Kong and submitted the report to the Government in March 2007. The Government will consult the public extensively on the subject.

## **Film Industry**

Hong Kong is one of the world's major film production centres. Sixty films were produced and released locally in 2007. Their combined box-office receipts amounted to \$282.5 million. By the end of 2007, Hong Kong had 49 cinemas, with 192 screens, compared with 48 cinemas, with 177 screens, in 2006. Hong Kong's film industry has been well recognised regionally and internationally over the years. In 2007, Hong Kong films (including Hong Kong-Mainland co-productions) and Hong Kong film talents won a total of 50 awards at 22 international film festivals and competitions.

### *Government Support*

The Government is committed to providing a favourable environment for the healthy long-term development of the film industry in Hong Kong. In order to provide better support to the Secretary for Commerce, Industry and Technology (re-titled as the Secretary for Commerce and Economic Development (SCED) after July 1) for the sustainable development of the film industry, the Film Development Committee was expanded to form the high-level Hong Kong Film Development Council (HKFDC) on April 15, 2007.

The HKFDC, chaired by a non-official and comprises mainly members from the film industry, is entrusted with broader and more onerous film-related responsibilities to advise SCED on the policy, strategy and institutional arrangement for the promotion and development of the film industry; the use of public funds to support the film industry; the planning, coordination and implementation of film-related activities; the manpower and training needs of the industry; and the promotion of film literacy in the community.

### *Film Services Office*

The Government set up a Film Services Office under the Television and Entertainment Licensing Authority in April 1998 to provide support for the film industry by facilitating film production in Hong Kong and promoting Hong Kong films locally and abroad.

To facilitate location filming in Hong Kong, the office has obtained agreements from over 3 396 organisations, including government departments, on the use of their premises for location filming, and has published reference materials on locations for the industry. The office also provides a centralised service for assisting the film industry in matters of a more complicated nature such as location work that requires lane closures or special permits. In 2007, it dealt successfully with 707 such requests. The office acted as the coordinator in the vetting process for film industry parking applications, and processed 124 such applications during the year, all of which were approved. In 2007, the office also provided coordination services to process applications to use pedestrian precincts and to hire police for intermittent traffic control for location filming.

To promote Hong Kong films in the international market, the office assisted the overseas Hong Kong Economic and Trade Office the organisation of Hong Kong Film Festivals in major cities in the United States, Australia, Singapore, Japan and China and promoted Hong Kong as an ideal city for location filming at the Busan International Film Commission and Industry Showcase held in South Korea. In 2007, 139 overseas film crews, including the production teams of the Hollywood blockbuster movie: *Batman - The Dark Knight*, the French films: *I Come with the Rain* and *Largo Winch*, and the US science fiction: *Push*, carried out location filming in Hong Kong.

The office is also responsible for licensing special effects operators and issuing permits for the discharge of special effects materials for the film and entertainment industry. In 2007, it processed 3 174 such applications.

### *Financial Support*

The Government reactivated the Film Development Fund (FDF) in 2005 to provide financial support for projects conducive to the long-term development of the local film industry. By the end of June 2007, the revived FDF had allocated about \$15 million for sponsoring 13 projects in six major categories, namely training courses, seminars, surveys and studies, data compilation, award schemes, and sponsorship for Hong Kong films nominated to participate in overseas film festivals.

In July 2007, the Government injected \$300 million into the FDF and expanded its scope to finance small-to-medium budget film productions. The expanded FDF aims to encourage more commercial investment in film productions, create a larger mass of film activity and more employment opportunities, and assist the film industry to revitalise and develop further. Details of application procedures for film production financing were announced in October 2007.

A Film Guarantee Fund (FGF) was also established in April 2003 to assist local companies to obtain loans from local lending institutions for film production. It also serves to develop a film-financing infrastructure in Hong Kong. So far, the FGF has provided loan guarantees totalling \$23.67 million for 11 film projects.



### *Film Classification System*

Hong Kong adopts a three-tier film classification system: Category I (suitable for all ages); Category II, which is subdivided into Category IIA (not suitable for children) and Category IIB (not suitable for young people and children); and Category III (for people aged 18 or above only). The aim is to allow adults wide access to films while protecting young people under the age of 18 from exposure to potentially harmful materials. Category IIA and IIB classifications are advisory — not governed by statutory age restriction — and are intended to give more information to moviegoers, particularly parents, to help them select films for themselves or their children. The age restriction is mandatory for Category III films.

In 2007, some 1 298 films were submitted for classification, compared with 1 186 in 2006. Of these, 426 were classified Category I, 402 Category IIA, 345 Category IIB, and 125 Category III. Film trailers, instructional films and cultural films intended for public exhibition can be exempted from classification. During the year, 6 321 such films were examined and exempted from classification.

Film classification standards are kept in line with society's expectations by regular surveys of community views and consultation with a statutory panel of advisers, comprising about 250 members drawn from different levels of society.

The Board of Review (Film Censorship), a statutory body established under the Film Censorship Ordinance, is empowered to review the film censors' decisions on film classifications upon request. The board comprises nine non-official members appointed by the Chief Executive, plus the Secretary for Commerce and Economic Development as an ex officio member.

### **Postal Services**

Hongkong Post provides reliable, efficient and universal postal services at affordable prices to meet the needs of Hong Kong and its international postal obligations. Since 1995, it has operated as a trading fund department, and has been proactively responding to market changes and customer needs. According to the 2006 Customer Satisfaction Survey it conducted, 95 per cent, 96 per cent and 95 per cent of the respondents were satisfied with the counter, delivery and hotline services of Hongkong Post, respectively.

#### *Mail Volumes*

In 2007, Hongkong Post handled 1.4 billion pieces of mail items, an increase of 5 per cent over 2006. Some 88 per cent of these were local mail. Major destinations for letter mail and parcel traffic outside Hong Kong included the United States, United Kingdom, Japan, Australia and Mainland China.

#### *Speedpost*

Speedpost, Hongkong Post's international courier service, was awarded *Prime Magazine's* 'Brand Excellence in Express Courier Service' and the *Economic Digest* 'Best SME Partner 2007' in the Logistics Sector, issued by the *Hong Kong Economic Times*.

In collaboration with China Post, a 'Next Morning Delivery' Service was introduced on March 1 for packages to and from the Pearl River Delta region. Customers benefited not only from an improvement in delivery speed but also a 50 per cent postage discount. This service was well received by the market and its coverage was extended to Fujian (Xiamen) in August.

The increase in trade between Hong Kong and India has not only boosted import and export volume, but also increased demand for Speedpost service to India. In November, Hongkong Post launched a new service to India called FreightPLUS, whereby the customer only needs to prepare one set of consignment notes for a multi-piece shipment.

### *Promoting Philately*

Hongkong Post's beautifully designed stamps continued to be well received by collectors. Fourteen sets of special stamps were issued during the year, including 'The 10th Anniversary of the Establishment of HKSAR' stamps issued on July 1 to mark the special occasion. To celebrate the occasion, the first ever joint issue with China Post was issued on the same day. The same design was adopted for both stamps to signify the successful implementation of 'one country, two systems' in Hong Kong. Themes of other special stamps included the Year of the Pig, 2007 Centenary of World Scouting, Chinese Martial Arts, Declared Monuments in Hong Kong, and Olympic Equestrian Events. The eighth annual Inter-School Stamp Exhibits Competition was co-organised in April with the Education and Manpower Bureau and supported by local philatelic organisations to promote philately among young collectors.

### *Direct Marketing Activities*

Hongkong Post works with the marketing industry to promote the use of direct mail. In view of the growing economic ties with the Mainland, Hongkong Post has also launched a pilot scheme of cross-boundary direct mail in December in collaboration with China Post, enabling merchants in both places to promote their products and services across the boundary.

### *Mail Distribution and Logistics*

The new e-Post Centre, which provides a one-stop service for the entire process of printing, enveloping and distributing mail, began operation in July.

To meet the operational needs of the Hongkong Post, a contract for the replacement of the Mechanised Letter Sorting System, a core infrastructure of Hongkong Post's postal operations, was awarded in May. The replacement exercise is scheduled for completion in 2009.

### *Retail Business*

To enhance service to customers, the business hours of six post offices were extended in September.

During the year, Stanley Post Office was restored to its original look of 1937, the year it was established. A mobile post office provided service to the area from August to November during the makeover. Three post offices (Wong Chuk Hang Post Office,

Harbour Building Post Office and Garden Road Post Office) were closed down either to make way for development or due to low utilisation and high operation costs.

### *Supporting the New Era of E-Commerce*

To promote the growth of e-commerce in the region, Hongkong Post joined hands with major online portals to conduct regular seminars, streamline workflow and provide value-added services for local businesses.

Faced with increased pressure from the customs authorities of the European Union, Japan and the United States, which require pre-declaration of postal items, Hongkong Post developed and put on trial a web tool for merchants in Hong Kong to declare the content of mail items for customs authorities while allowing them to streamline the mail preparation and posting processes.

### *Boosting the Efficacy of International Mail*

Hongkong Post serves as an international hub for postal administrations in the Asia-Pacific region as well as the rest of the world. Using the Transit Mail Enquiry System developed by Hongkong Post, postal administrations can easily track mailbags sent to Hongkong Post for onward transit.

### *Active Participation in the International Postal Arena*

Hongkong Post participated in various regional and international meetings organised by the Universal Postal Union (UPU) and the Asian-Pacific Postal Union in pursuit of performance excellence, partnership and product development within the postal community. Representing China, Hongkong Post co-chaired meetings of the UPU Terminal Dues Project Group and served as a board member in both the UPU Express Mail Service Cooperative and the Asia Pacific Post Cooperative.

In November, Hongkong Post was elected to chair the Asia Pacific Post Cooperative to lead the postal business development and service improvement in the region.

### *Websites*

Government Home Page: [www.gov.hk](http://www.gov.hk)

Commerce and Economic Development Bureau: [www.cedb.gov.hk](http://www.cedb.gov.hk)

(links to related departments and agencies)

Digital 21 Strategy: [www.info.gov.hk/digital21](http://www.info.gov.hk/digital21)

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Home Affairs Bureau: [www.hab.gov.hk](http://www.hab.gov.hk)

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Hongkong Post: [www.hongkongpost.com](http://www.hongkongpost.com)