

**Third Meeting of the
EEC Subgroup on Business Facilitation**

***Agenda Item 5 : Review of the regulatory framework
- entertainment sector***

Purpose

This paper presents further findings on the regulatory activities affecting the entertainment sector.

Background

2. According to the Hong Kong Standard Industrial Classification, the entertainment sector could be classified into two broad groupings, viz motion pictures and other entertainment services, and miscellaneous amusement and recreational services. The employment statistics of these two groupings in Q2 of 2004 are as follows: -

	No. of Employed <u>Persons</u>	Share of Employed <u>Persons</u>	No. of Unemployed <u>Persons</u>	Share of Unemployed <u>Persons</u>
Motion pictures and other entertainment services	21 800	0.7%	1 300*	0.5%*
Miscellaneous amusement and recreational services	40 800	1.2%	2 100	0.9%

* The figures are based on a small number of sample observations and hence may be subject to large sampling errors.

Findings

3. Since the last Subgroup meeting in August, the secretariat has had meetings with stakeholders of many disciplines under the entertainment sector whose regulatory activities have not been subjects of reviews in recent years⁽¹⁾. These include -

- Hong Kong Theatres Association
- Hong Kong, Kowloon and New Territories Motion Picture Industry Association
- International Federation Phonographic Industry (HK Group) Ltd
- Movie Producers & Distributors Association
- Ocean Park

The purpose of the meetings was to appreciate the impact of regulatory activities on the respective disciplines and identify improvement opportunities. Their views are summarized in the ensuing paragraphs.

4. The Hong Kong Theatres Association requested a streamlined licensing process for cinemas. It also expressed concerns about the outdatedness of the licensing conditions and requirements. At present, the average lead time for issuing a licence is 6 - 8 months. An applicant needs to satisfy requirements of the Fire Services Department and the Buildings Department, in addition to that of the Food and Environmental Hygiene Department which is the licensing authority, prior to the issue of a cinema licence. It is common that a cinema commences business unlicensed and is fined. We have sought the views of the Food and Environmental Hygiene Department on the comments of the Association and the Department supports a review of cinema licensing.

Note: ⁽¹⁾ There has been a number of reviews in recent years to streamline the procedures of entertainment licences. These cover mahjong / tin kau centres, billiard centres, bowling centres, public dance halls, dancing schools, amusement games centres, discos and karaoke establishments, public skating rinks, amusement rides, lottery, tombola, amusement with prizes, trade promotion competition and massage establishments. The focus of these reviews was primarily on cutting red tape, with little challenge on the original policy intent.

5. On fire safety requirements for cinemas, we understand from the Buildings Department that a review of fire safety codes for buildings is in progress and is scheduled for completion by the end of this year. We have secured the agreement of the Department to brief the cinema industry on the recommendations which may have an impact on cinema operation. The briefing will be held in early January 2005 and the Theatres Association has been informed.

6. The Hong Kong, Kowloon and New Territories Motion Picture Industry Association considered the film deposit requirement rigid and business-unfriendly. Under the Film Censorship Ordinance Cap 392, an applicant for film exhibition is required to deposit with the Television and Entertainment Licensing Authority (TELA) a laser disc, being a copy of the film in the form it was approved, not later than 30 days from the date of the certificate of approval for film exhibition. As mass production of the laser disc version of a film normally takes place two to three months later, the deposit requirement within 30 days has imposed an additional cost on the trade. TELA is considering possible alternatives vis-à-vis the policy intent of the requirement.

7. The International Federation Phonographic Industry (HK Group) Ltd complimented the Government for its effort in cracking down factories and outlets of pirated discs. At present, music CDs in Hong Kong are not subject to censorship, the trade would wish the existing system to continue.

8. The Movie Producers & Distributors Association proposed the setting up of a central register of film titles and film scripts to facilitate the certification process for film export and better protect copyright. The Association also expressed that the movie distribution industry has been struggling hard to survive amid the competition of parallel imports. The Commerce, Industry and Technology Bureau responded that a consultancy study on the subject was underway and the industry would be consulted by the end of this year.

9. The Ocean Park was discontented with the licensing arrangement for theme parks. In addition to Places of Public Entertainment (PPE) licensing which covers amusement rides, games and marquees, Ocean Park is required

to secure licences for restaurants and other food premises, import / export / possession / exhibition of animals, disposal of special waste, temporary practicing of veterinary etc. Any change to location of stalls, minor addition or demolition of facilities or a change to game contents also requires an approval for alteration. The process involving consultation with several government departments could take months to complete. Since the launch of a new event / facility could be time-critical in the entertainment industry, any delay in the approval process would adversely affect the patronage target.

Proposed way forward

10. Issues raised by the Movie Producers & Distributors Association and the Hong Kong, Kowloon and New Territories Motion Picture Industry Association have been passed to the concerned Government agencies for consideration. These agencies have been requested to advise the Subgroup of the outcome of their deliberations.

11. Cinema licensing and PPE licensing for theme parks have been in existence for a long time without a major review. It is proposed that a study be commissioned on cinema licensing and PPE licensing on theme parks with a view to enhancing the business-friendliness of the respective trade.

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