

16 June 2006

Communications and Technology Branch
Commerce, Industry and Technology Bureau
2/F, Murray Building
Garden Road
Hong Kong

Dear Sirs,

Comments on Consultation on the
Establishment of the Communications Authority

In response to the captioned Consultation, Metro Broadcast is pleased to provide our views on the proposed establishment of the Communications Authority in Hong Kong.

Generally speaking, we are supportive of the policy to establish a unified regulator, the Communications Authority (CA), to oversee the entire electronic communications sector by merger of the Broadcasting Authority and the Telecommunications Authority. We advocate the set up of the CA as an important move in line with the international trend of a convergent environment of the broadcasting and telecommunications industries. On the other hand, we would like to highlight a few issues as below mentioned in relevance to the implementation of the newly proposed Authority.

First of all, with regard to the governance of the CA, we agree to the proposed composition that the board of Authority would consist of seven members, out of whom six are non-officials including the Chairman of the CA and one official member appointed by the Chief Executive of HKSAR. However, we would like to propose that the Director-General of the executive department be refrained from sitting on the board or possessing any voting rights on matters to be deliberated by the Authority. This arrangement, we believe, would be better in line with the principle of separation of power required of high degree of impartiality of the CA board. Furthermore, details as to the appointment procedures of the Chairman and other non-official members, their term of appointment, as well as the combination of full-time and part-time positions are information of significance which should be more clearly explained to industry veterans and relevant stakeholders. As a matter of fact, in order to facilitate prompt decision making, we are of the view that majority of the board members will need full-time engagement.

Secondly, we propose that review of existing regulations should start early as part of Stage 1 to bring legislation in use for decades up-to-date so as to cope with the rapidly changing business environment. As a sound broadcaster, we are more concerned with

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Metro
Broadcast
Corporation
Limited

新城廣播有限公司

Basement 2, Site 6
Whampoa Garden
Hung Hom, Kowloon
Hong Kong
Facsimile |852| 2123 9877
Telephone |852| 2123 9888
Website www.metroradio.com.hk

possible changes as appropriate to the programme and advertising standards and codes, licence conditions, directives and guidelines, which are to be developed along the guiding principle of the CA that “regulatory tolerance should take precedence over regulatory intervention” as stipulated in paragraph 43 of the Consultation Paper. Accordingly, industry participation in the regulatory review is vital to ensure the applicability and practicality of the amended legislation upon the broadcasters.

Thirdly, with reference to the appeal mechanism, we support the proposal to expand the existing Telecommunications (Competition Provisions) Appeal Board to cover telecom, broadcasting and other electronic communications matters. We are inclined to the view that the expanded appellate body should also be established in Stage 1 and handle matters not only restricted to competition.

As a final note, the establishment of the CA in answering the convergent era of telecommunications and broadcasting industries could give benefits to all relevant stakeholders only by adhering to its public mission: “to promote the interests of consumers, ensure fair competition in the market, and facilitate innovation and investment in the communications industry”. It is therefore essential to keep a good balance between consumers’ interest and investment incentives.

We appreciate that our views be considered in implementation by the Government the proposal of establishing the Communications Authority.

Yours faithfully,

For and on behalf of
Metro Broadcast Corporation Limited



Bianca Ma
Managing Director