



June 16, 2006

Commerce and Technology Branch
Commerce, Industry and Technology Bureau
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Garden Road
Hong Kong
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Re: Consultation on the Establishment of the Communications Authority

Dear Sir/ Madam,

Thank you for the opportunity to provide comments on the Government's proposed establishment of the Communications Authority (CA) in Hong Kong.

As a regional producer and distributor of television programming, STAR Group Limited (STAR) operates in numerous jurisdictions some of which adopt a regulatory approach with a single regulator for both the telecommunications and broadcasting sectors. It is our experience that a single regulator, with the requisite expertise and resources, is capable of responding efficiently and effectively to issues arising in a rapidly changing converged environment. We therefore support the Government's goal of creating a converged Communications Authority.

STAR supports the submissions made by The Cable and Satellite Broadcasting Association of Asia (CASBAA) and the Hong Kong General Chamber of Commerce (HKGCC). We are concerned, however, that the current Government's proposal is off base in several key regards and wish to highlight these as follows.

The Proposed Structure of the CA

The proposed structuring of the CA is not appropriate for the level of dedicated resources required for the regulation of the converged communications sectors. We offer our specific comments in this regard as follows.

- a) The members (i.e. Commissioners) should be full time positions. We believe that the CA is an important body dealing with a complex and at times controversial set of issues such the commitment and expertise of full time members is required.
- b) The Commissioners should have a mix of industry experience and training. In other words, there should be a mix of experience in telecoms and broadcasting and the Commissioners should be drawn from a range of backgrounds e.g., law, business, economics, and engineering.



- c) The CA staff should be employees of the CA not another government department. This is required to increase the level of professionalism of the CA and, moreover, to ensure decision-making is free from political influence and the perception thereof.
- d) The operational branches of the CA should be separate from the decision-making body (i.e. the Commissioners) to ensure that all Commissioners have equal access and support from staff. Each Commissioner, including the Chairman, should have one vote to cast in the decision-making process.

Content Regulation

As noted in CASBAA's submission, content regulation concerns issues that are more subjective in nature from the more objective and technical aspects of economic regulation. We believe that Hong Kong's approach to content regulation is working well and while this function may be brought under the umbrella of the CA, Hong Kong's approach to content regulation should not be altered.

Competition Policy Review

We understand that the Government's Competition Policy Review Committee is expected to release its recommendations shortly. Given the CA will be charged with the responsibility to consolidate the competition provisions of the Telecommunications Ordinance and Broadcasting Ordinance, we urge the Government to ensure that the policy directions of these two processes are consistent and aligned as they move forward.

Thank you again for the opportunity to provide our views on this important initiative. We look forward to working with the Government as this process moves ahead.

Please do not hesitate to contact us if you would like to discuss these brief comments in greater detail.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Welch".

Joseph Welch
Senior Vice President
Government Affairs
STAR Group Limited