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The Hon. Mrs. Rita Fan
Legislative Council
Room 109, Legislative Commercial Building
8 Jackson Road
Central
Hong Kong

Dear Ms. Ng,

It is the Government's avowed policy objective to make Hong Kong a World City and a regional broadcasting hub. To achieve that, there must be adequate measures to protect copyright. This is particularly important for broadcasters who rely on, and are expressly licensed to rely on, subscription fees from consumers as their primary source of revenue.

Reports on Domestic piracy of subscription television service have been deteriorating sharply in recent years. With the increasing availability of aggressively-priced unauthorized reception devices, it is unfortunate that many Hong Kong consumers seem to have made it a *norm* to receive Hong Kong Cable's programmes fraudulently. In this regard, Hong Kong Cable is not the only victim. Our local and international media and programming partners, whose own revenues are directly or indirectly based on the subscription revenue received by Hong Kong Cable, are seriously suffering as well. This will have a knock-on effect on their perception about Hong Kong as a World City and a regional broadcasting hub, as well as their interest to continue to invest in or trade with Hong Kong. In the end, Hong Kong itself will be the biggest victim.

Not only are these unauthorized devices freely available in arcades across the border in Shenzhen and taken back for usage, they are also sold in Hong Kong for as low as a few hundred dollars. Unruly elements are peddling these devices in housing estates *openly* by direct mailing or knocking at residents' doors. Furthermore, it has come to our notice that publication of instructions on modifying home PCs to unauthorized decoders is becoming a trend. Such blatant and illicit activities are making a mockery of the hard work the Government has been undertaking to protect intellectual property. They amount to a naked challenge to Hong Kong.

Hong Kong Cable has taken, and will continue to take, appropriate action to improve its encryption system, such as our latest initiative to migrate to digital broadcasting at a cost of over \$500 million. However, it is also high time that the law enforcement agencies should step up both preventive and corrective action. Despite repeated requests and passing on information to the relevant authorities, no visible law enforcement action has been taken so far.

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It has been suggested that existing legislation may not be adequate to prevent the theft of subscription television services, because it only makes trading of such boxes a criminal offence, the Government should consider effective restraint at the consumption level. Many other jurisdictions like the United Kingdom, United States, Australia, New Zealand and Fiji Islands have criminalized fraudulent viewing of pay TV programmes. The victims of such illicit activity are also granted the rights to seek civil remedies.

Hong Kong Cable strongly urges the Government to study the overseas legislative measures against pirated viewing and include in the Copyright Ordinance a provision most suitable for the Hong Kong situation.

To make Hong Kong a World City and a regional broadcasting hub, the Government must improve the legal protection of copyright for all television broadcasters on both the criminal and civil dimensions and take more pro-active action to stem out such blatant acts to disregard intellectual property.

We look forward to your support.

Yours Faithfully

Eric Lo