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3-year limit to monopoly of cable TV

By TAD STONER

THE holder of the first 15-year licence to operate Hongkong's cable television franchise will enjoy only a three-year monopoly, after which other licences may be granted.

This was revealed yesterday when the Government released the long-delayed documents outlining its requirements for a system.

Another condition is that two licences will be granted — one going to a program broadcaster and the other to the builder and operator of the network of cables.

The \$160 kit, which explains to investors all they need to know about the cable television system, went on sale at 8.30 am and 27 were snapped up by the end of the day.

Principal Assistant Secretary (Entertainment) Stephen Selby said the number sold was surprising but that did not mean an equivalent number of bids would be received.

Mr Selby said some kits would have been sold to parties who were probably not serious about building a cable television system.

He declined to list the purchasers, but said: "People like the commercial broadcasters would probably buy

one, although they cannot have a licence.

"There are banks, some trade commissions and companies that have formed a consortium with others, perhaps to bid for the licence, who themselves would not be bidding but who want their own copy of the conditions."

The kit is divided into six sections: A broad background on Hongkong for overseas investors, a comprehensive description of the territory's commercial television and telecommunications industries, a series of general notes on how a cable operator should be structured, advice on programming and advertising requirements, information sought in the tender proposals and legal prescriptions and technical specifications for a cable system.

Other major highlights of the document are:

- Successful submissions must comprise bids for both licences.

- The successful cable applicant may also apply to provide non-franchised telecommunications services and should describe those intentions.

- Royalty payments are left to the discretion of the bidder.

- Program and advertising standards are similar to

those for commercial television and advertisements are limited to five minutes in each hour.

- A Government channel must be carried and self-censorship is required to current commercial standards.

Bids are due by February 28. The successful applicant will be selected on the proposed speed of providing the service, the cost of subscription and installation, the payment of royalties, the number of channels to be provided, the hours of broadcasting, the amount of advertising, the amount of minority programming and the variety of programming.

Reaction from Hutchison CableVision, one of the two major contenders for the licence, was both quiet and confident.

"There were no real surprises, it was basically what we expected," said its managing director, Mr Craig Ehrlich.

"The only thing a little bit worrying is the part where they say they still have the right to change their mind. That makes it difficult to know what they really want and it's a little bit of a guessing game for us to respond," Mr Ehrlich said.

The other major bidder, Cable Television Hongkong, declined to comment.