

**For information
on 27 June 2003**

**Legislative Council
Panel on Information Technology and Broadcasting
Sound Broadcasting Licence Renewal**

Purpose

This paper informs Members of the process of sound broadcasting licence (licence) renewal.

Background

2. The sound broadcasting licensing regime is set out in Part IIIA of the Telecommunications Ordinance (TO)(Cap. 106). According to section 13E(1) of the TO, the Broadcasting Authority (BA) shall submit recommendations to the Chief Executive in Council (CE in C) concerning the renewal of a licence and the terms and conditions to be imposed not less than 15 months before the expiry date of the licence. Having considered the BA's recommendations, the CE in C may renew or refuse to renew the licence. In the latter case, a 12-month advance notice shall be given to the licensee. The CE in C may also extend the terms of the licence if it is necessary for the due compliance with the provisions on licence renewal in section 13E of the TO.

Renewal of the licences of Commercial Radio Hong Kong (CRHK) and Metro Broadcast Corporation Limited (Metro)

3. The existing licences of CRHK and Metro will expire on 25 August 2004. The two licensees indicated their interest in renewing their licences in writing to the BA in end-July 2002 pursuant to Condition 7 of their existing licences. To enable it to arrive at a recommendation on whether the licence should be renewed or not, and if so the terms and conditions to be imposed, the BA collected public views on the licensee's services and evaluated their performance in respect of compliance with the statutory requirements, licence conditions, codes of practice and

investment commitments.

Public views

4. As reported at the Panel meeting of 9 December 2002, the BA collected public views on the licensees' services by conducting the Broadcasting Services Survey in the first quarter of 2002. It also held a public hearing on 5 November 2002 to gauge the community's expectations of sound broadcasting services. In general, the public was satisfied with the services of the two licensees but requested a wider diversity of programmes. There were also comments on various genres of radio programmes. The details about the outcome of the survey and public hearing are summarized in the Panel paper for the meeting on 9 December 2002 and posted at the BA's website.

Compliance record

5. The BA would evaluate a licensee's compliance with the following requirements before drawing up its recommendations on renewal or otherwise of the sound broadcasting licence.

6. **Statutory requirements:** they are the requirements limiting voting control of the licensee company by those who are not ordinarily residents in Hong Kong and cross-media ownership as stipulated in sections 13A and 13I of the TO. Also, section 13F of the TO stipulates that the licence may be held only by a corporation that is a company formed and registered in Hong Kong, and is not a subsidiary. The purposes of these requirements are to prevent media monopoly; ensure editorial plurality and programming diversity; and ensure that the control and management of the licensees are in the hands of local people who are likely to have the interests of the local community at heart.

7. **Licence conditions:** the main consideration is whether the licensee is providing the required quantities of positive programmes to cater to the diverse needs of the community. Positive programmes are news and weather reports, current affairs programmes, advisory programmes for the youth and the elderly, and arts and culture programmes. Compliance with the licence requirements to formulate internal guidelines and provide adequate training for all employees and agents to ensure compliance with the programming, advertising, and technical standards

will also be considered.

8. **Codes of practice:** the BA Codes of Practice set out the accepted programme and advertising standards in consultation with the licensees. The main consideration is whether a licensee has exercised care in avoiding offensive materials in its programmes and advertising. Such materials include those unsuitable for children and the youth, which are of bad taste and indecency, bad language and triad expressions, denigration, depiction of violence, sex and criminal activities, indirect advertising, and misleading claims.

9. **Investment commitments:** the main consideration is whether a licensee will make adequate investment to maintain sufficient service and its financial capability to fulfill its investment commitments.

Present position

10. The BA submitted its recommendations regarding the renewal or otherwise of CRHK and Metro's licences to the CE in C in May 2003 in accordance with section 13E(1) of the TO.

Advice sought

11. Members are invited to note the content of this paper.

**Information Technology and Broadcasting Branch
Commerce, Industry and Technology Bureau**

27 June 2003