

**Consumer Council's Submission to the  
Panel on Information Technology and Broadcasting  
On Report on Review of Public Service Broadcasting in Hong Kong**

1. The Consumer Council (CC) welcomes the opportunity to express its views on some of the recommendations made in the Report on Review of Public Service Broadcasting in Hong Kong (the Report).

**Role of Public Service Broadcasting (PSB)**

2. CC understands that the Government's long standing policy has been to widen viewers' choice of quality programming and to ensure television programs meet the diverse needs of society.
3. For the analogue mode of terrestrial television broadcasting heavily dependent on advertising revenue and operated in a purely commercial market, it is unlikely that educational, informational and current affairs programming will attract sponsorship yet they are instrumental in promoting pluralism and establishing education value. CC believes that PSB committed to fulfil specific public purposes can help meet the diverse needs of the society and offer more choices to the viewing public. CC therefore considers it necessary to give support to PSB to enable programming not produced according to commercial principles in the market to be made available, to cater for specific needs and interests, e.g., of ethnic minorities, senior citizens, children and students.
4. As the market moves towards subscription-based television broadcasting, with forthcoming digital broadcasting, there will be a greatly expanded number of channels, supplying programmes that viewers can choose to watch. Market failure rationale for provision of PSB to ensure that viewers can choose what they want to watch will have limited support in future.
5. However, CC views that there is another reason for intervening in the broadcasting market which is concerned with the existence of externalities or "citizenship enhancing" factors associated with television programmes. Some people believe that if large numbers of people view particular kinds of programmes or particular kinds of programmes dominate the market, this will affect the wider population in some way that the viewers themselves are often unaware of. There could be negative externalities: a clear example would be if watching violence on television may induce violent behaviour.
6. Although there may be disagreements over the scale and sources of "citizenship enhancing" factors, CC considers that PSB can serve a useful purpose by providing programmes with "citizenship enhancing" factors so that there is access to a wider selection programmes probably with little commercial value in order to sustain citizenship and civil society; and foster social harmony.

### **Funding of Public Service Broadcasting**

7. In respect of funding, CC considers that the Government should view with caution the idea of a combined funding model for PSB, with government appropriation as the primary source and fund raising from supplementary sources such as commercial “institutional/brand” sponsorships and pay-per-view fees for on-demand services.
8. PSB is a “public good” designated to serve the community in general and viewers with specific needs and interests in particular. Allowing commercial “institutional/brand” sponsorships may affect the independence of the PSB, and undermine its mission to fulfil diverse need of the society and its role of “citizenship enhancing”.
9. Digital broadcasting is expected to enhance market competition and increase the number of channels available for viewing. However, access to the output of the new technologies will depend on the ability to pay and most broadcasters, even terrestrial television operators, eventually may adopt a “pay as your view” business model that will increase the social division between those who can pay to have information and those who cannot afford to pay. This will obviously disadvantage poorer consumers. If PSB is to fulfil specific public purposes, it is therefore vital that the Government ensures that PSB is provided on universal and free access basis.
10. With the advent of digitalization of television broadcasting, the viewing of PSB material may become increasingly constrained due to compatibility problems. Unless the Government can provide more support to PSB programme providers, or be more proactive in its efforts in facilitating the development of a suitable vehicle for established and recognized public organizations to produce and broadcast specialized quality programming, the effectiveness of PSB in playing its specific role will be diminished.

### **Regulatory Regime**

11. If the Government adopts the Committee's proposal that a new public broadcaster be constituted by law as a statutory body, to ensure that a level-playing field can be maintained in the market, CC agrees that the regulatory regime as well as requirements and guidelines that apply to commercial broadcasters should be equally applicable to the public broadcaster insofar as they are relevant.

28 June 2007