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Panel on Information Technology and Broadcasting

Meeting on 11 July 2011

**Updated background brief on
Mid-term review of sound broadcasting licences**

Purpose

This paper gives the background to as well as an update on the mid-term review of the sound broadcasting licences of Hong Kong Commercial Broadcasting Company Limited (CRHK) and Metro Broadcast Corporation Limited (Metro). It also summarizes the views and concerns expressed by the Panel on Information Technology and Broadcasting.

Background

2. According to the existing services provided by the two commercial sound broadcasting licensees, CRHK and Metro each operates two Cantonese FM channels and one English AM channel. The Cantonese channels are CR1¹ and CR2² of CRHK, and Metro Info³ and Metro Finance⁴ of Metro. The English channels are AM864⁵ of CRHK and Metro Plus⁶ of Metro.

¹ CR1 is an information channel targeting mature audience, providing news, current affairs, financial and personal view programmes.

² CR2 is an entertainment channel featuring pop culture and music targeting young listeners.

³ Metro Info (formerly Metro Showbiz) provides music and entertainment programmes as well as programmes on lifestyle, health, market news and information of interest to the public.

⁴ Metro Finance provides real-time news and information about financial markets around the world.

⁵ AM864 provides music programmes, hourly news reports and programmes for ethnic minorities like Filipinos in Hong Kong.

All channels are broadcast round-the-clock. Highlights of the existing programming and advertising requirements of CRHK and Metro are given in the Administration's publicity pamphlet for public hearings issued vide LC Paper No. CB(1)2859/09-10(02) on 17 September 2010.

Mid-term review

3. In July 2003, the sound broadcasting licences of CRHK and Metro were renewed for a validity period of 12 years from 26 August 2004 to 25 August 2016. Condition 6.2 of the respective licences of CRHK and Metro provides that pursuant to section 13D of the Telecommunications Ordinance (TO) (Cap. 106), the licences shall be subject to the review by the Chief Executive (CE) in Council after 26 August 2010 as the CE may determine by order. Accordingly, the CE has specified by a notice in the Gazette on 3 September 2010 that the review should start on 16 September 2010.

4. Section 13E(1) of the TO provides that the Broadcasting Authority (BA) shall submit recommendations to the CE in Council concerning the renewal of CRHK and Metro's licences and the terms and conditions to be imposed. As the statutory body that regulates the broadcasters in Hong Kong, the BA will evaluate the licensees' performance against the various statutory requirements under the law, the sound broadcasting licence conditions and the codes of practice before making recommendations to the CE in Council.

5. To take forward the review, the BA conducted a two-month public consultation from 16 September to 15 November 2010 to gauge public views on the services provided by the two licensees. As part of the consultation exercise, two public hearings were held on 24 September and 13 October 2010 respectively to obtain public feedback on the services of CRHK and Metro.

Previous discussions

6. At the Panel meeting on 8 November 2010, the Administration updated members on the progress of the mid-term review of sound broadcasting licences of CRHK and Metro. Some Panel members expressed concern about the basis and the criteria for assessing whether the investment commitments proposed by the two licensees were sufficient to effectively provide quality sound broadcasting services to the community. As

⁶ Metro Plus provides music programmes, hourly news reports and programmes for ethnic minorities like Indians, Indonesians and Filipinos in Hong Kong, as well as immigrants from the Mainland.

frequency spectrum was a scarce public resource, these members opined that the Government should ensure that the licensees had the financial capability to deliver the commitments made in the Six-year Investment Plans and would make the optimum use of the spectrum after their licences were renewed for 2010 to 2016. They also opined that the investment commitments for analogue and digital broadcasting should be separate, and urged the licensees to make dedicated efforts to develop analogue broadcasting instead of putting all resources on digital multi-media services.

7. The Panel noted that the amount of current affairs programme provided by CRHK's CR1 and CR2 was 19.1% and 7% respectively while that of Metro Info and Metro Plus stood at only 0.6%. Some members were disappointed that the weekly average broadcast hours of current affairs programmes provided by Metro was far less than that of CRHK and urged the Administration to impose licence conditions requiring Metro to increase its resources and broadcast time for current affairs programme.

8. Some members relayed the grave concern of the public as to whether the management of the two sound broadcasters had directly or indirectly interfered with the editorial independence of the news and current affairs division, and whether programming staff had exercised self-censorship in their news reporting and current affairs programme to avoid offending big financial conglomerates or the Central Government. Both CRHK and Metro advised that the management had all along respected the editorial independence of the news and programming team and had never exerted any undue influence on the programme content.

9. Noting that more people, especially youngsters, listened to radio programmes on the Internet, some Panel members opined that the two licensees should conduct survey on the trend of Internet broadcasting and traditional broadcasting, and formulate future investment plan for Internet broadcasting which should not be bundled with investment commitments for traditional radio broadcasting. These members opined that Internet radio programmes and Internet-based programme archive service should be free as there was revenue generated from advertising.

10. At the special meeting on 19 November 2010, the Panel received views from individuals and deputations on the mid-term review of sound broadcasting licenses. Some individuals giving views to the Panel considered that the operation and the radio programmes of CRHK and Metro were generally satisfactory and of an acceptable standard. Some deputations opined that more radio programmes on topical issues such as obesity, school pressure, self-esteem would help adolescents develop a positive life attitude. In addition, there should be more programme for

children and music programme on the oldies as well as more programmes to meet the needs of different ethnic minorities and prisoners in correctional institutes whose only source of entertainment was the radio. Some other deputations suggested that the two licensees should broadcast more programme to provide young people and the middle-aged with labour market information and analysis as well as information about the employment ordinance and related legislation to help them find a job or set up their own businesses. CRHK and Metro should also produce more current affairs programme to help the public better understand social issues and public policies, so as to encourage community concern about the disadvantaged groups to help eliminate social prejudice and foster social harmony.

11. Referring to some deputations' suggestion to increase the frequency of the review of sound broadcasting licences, some Panel members considered that a review should be conducted every two to three years. These members also urged the Administration and the BA to take into account public views received during the public consultation and impose additional licence conditions requiring the two licensees to improve programme quality and variety to meet the community expectations. The Administration undertook to relay members' suggestion to the BA for consideration.

12. In the light of public feedback and members' views, Metro subsequently decided to increase the broadcast hours of its current affairs programme from 4.5 hours to 10 hours starting from 1 January 2011, and progressively increase the broadcast hours thereafter. Metro would also strive to strengthen its programme on encouraging social responsibility and a positive caring community.

Recent Developments

13. On 14 June 2011, the CE in Council approved the recommendations made by the BA following the mid-term review of the sound broadcasting licences of CRHK and Metro, including the new licence conditions to be imposed for the six years from 2010 to 2016. According to the Administration, the BA's recommendations would address public views collected in the review and improve the services provided by the two licensees. The additional conditions could also ensure that the licensees comply with their new investment plans and commitments in the provision of positive programmes. In gist, CRHK and Metro would be required to comply with their respective investment plans for 2010 to 2016, to submit to the BA an annual management report certifying the actual investment expenditure to facilitate the BA's monitoring of compliance by CRHK and Metro with their investment commitments, to commit to enhanced positive

programme requirements, and to submit annual reports on compliance with their commitments in positive programmes.

Latest position

14. The Administration will brief the Panel on 11 July 2011 on the result of the mid-term review of the sound broadcasting licences of CRHK and Metro.

Relevant papers

Information booklet and publicity materials published by the Broadcasting Authority on public hearings for the mid-term review

<http://www.legco.gov.hk/yr09-10/english/panels/itb/papers/itbcb1-2859-2-e.pdf>

Information paper provided by the Administration for the Information Technology and Broadcasting Panel meeting on 8 November 2010

<http://www.legco.gov.hk/yr10-11/english/panels/itb/papers/itb1108cb1-297-7-e.pdf>

Background brief prepared by the Legislative Council Secretariat for the Information Technology and Broadcasting Panel meeting on 8 November 2010

<http://www.legco.gov.hk/yr10-11/english/panels/itb/papers/itb1108cb1-297-8-e.pdf>

Minutes of Information Technology and Broadcasting Panel meeting on 8 November 2010

<http://www.legco.gov.hk/yr10-11/english/panels/itb/minutes/itb20101108.pdf>

Minutes of Information Technology and Broadcasting Panel special meeting on 19 November 2010

<http://www.legco.gov.hk/yr10-11/english/panels/itb/minutes/itb20101119.pdf>

Legislative Council Brief on Mid-term Review of the Sound Broadcasting Licences of Hong Kong Commercial Broadcasting Company Limited and Metro Broadcast Corporation Limited

<http://www.legco.gov.hk/yr10-11/english/panels/itb/papers/itb-ctbcr922309-e.pdf>

Submissions from members of the public for the Information Technology and
Broadcasting Panel special meeting on 19 November 2010
<http://www.legco.gov.hk/yr10-11/english/panels/itb/agenda/itb20101119.htm>

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