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LCQ3: Broadcasting arrangements of international sports events

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Following is a question by the Hon Starry Lee and a reply by the Secretary for Commerce and Economic Development, Mr Gregory So, in the Legislative Council today (May 2):

Question:

The London 2012 Olympic Games (the Games) is due to open on July 27 this year. It has been reported that Hong Kong Cable Television Limited (Cable TV), which has been awarded the exclusive telecast right of the Games, believes that as its free broadcaster licence application has not yet been approved, all the statutory procedures may not be completed in time before the opening of the Games, and as the other two free television broadcasters have so far not discussed proactively with Cable TV issues relating to the telecast of the Games, it is therefore expected that quite a number of competitions of the Games cannot be watched on free television channels. There have been comments that half the number of the people of Hong Kong will be deprived of the chance to watch the Games and there have been criticisms that commercial interest has overridden public interest. In this connection, will the Government inform this Council:

(a) of the latest progress in vetting and approving the three applications for free television programme service licence; whether the Government will, to avoid obstruction to free telecast of the Games, interfere and collaborate with the trade to put forward a contingency plan to allow members of the public to watch various major competitions free of charge; if it will, of the details; if not, the reasons for that;

(b) whether the Government will consider imposing terms and conditions to safeguard public interest when it discusses licence renewal with television broadcasters in the future, so as to ensure that members of the public can watch various major international competitions through live telecast free of charge; if it will, of the details; if not, the reasons for that; and

(c) whether it will examine the feasibility of using public funds to acquire the telecast right for large scale competitions such as the Games; if it will, of the details; if not, the reasons for that?

Reply:

President,

In general, organisers of international and regional large-scale sports events will, in accordance with their policies and regulations, award the screening or broadcasting rights concerned to the highest bidders, which are qualified media corporations or their affiliated companies. We are aware that a subsidiary company of i-Cable Communications Limited has been awarded the exclusive rights to telecast the London 2012 Olympic Games in Hong Kong. Since the distribution of the broadcasting rights of the Olympic Games is a commercial matter, we will respect the commercial decisions made by the broadcasters concerned. Nevertheless, we have appealed to these broadcasters to take into account the expectations of the viewing public in negotiating the broadcasting arrangements.

My reply to the three-part question is as follows:

(a) City Telecom (Hong Kong) Limited, Fantastic Television Limited and Hong Kong Television Entertainment Company Limited have separately submitted their applications for domestic free television programme service licences. Under the existing Broadcasting Ordinance (BO) (Cap. 562), the Communications Authority (CA) shall consider applications for a domestic free television programme service licence and make recommendations thereon to the Chief Executive (CE) in Council. After considering the recommendations made by the CA, the CE in Council may grant a domestic free television programme service licence to the qualified applicant.

Earlier on, the former Broadcasting Authority (former BA) (now known as the CA) completed the assessment in accordance with the BO and established procedures, and made recommendations on the three applications to the CE in Council. As the outcome of the applications will have profound impact on the domestic free television programme service market, the Government has been processing the recommendations submitted by the former BA expeditiously and prudently in accordance with the statutory requirements and established procedures. The outcome will be announced after the CE in Council makes a decision.

With regard to the broadcasting arrangements of the London 2012 Olympic Games, I must point out that this is a matter completely independent of the domestic free television programme service licence applications, and thus should be handled separately. As I have said at the outset, the bidding of broadcasting rights of sports events involves commercial decisions. It will thus be most desirable for the broadcasting arrangements to be decided through commercial negotiations. Experience shows that generally when a pay television broadcaster is awarded the exclusive broadcasting rights, it would negotiate a commercial agreement on the broadcasting arrangement with the free television broadcasters before the event. Experience also shows that apart from watching television at home, the public can watch sports events through different means, such as through the Internet and mobile networks, and in different places, such as in shopping malls, pubs and restaurants. The Government will continue to encourage broadcasters to reach a commercial agreement which takes into account the expectation of the viewing public.

(b) Major sports events are held around the world each year. The broadcasting arrangements of such events are made by the organisers having regard to the nature of the events and the organisers' operational needs. It is therefore difficult to tell which organisation will acquire the broadcasting rights of a particular event, whether the organisation concerned is a licensee, and whether the rights involved are exclusive. The inclusion of prescriptive clauses in the licence cannot guarantee that the public can watch major international competitions for free. Since the bidding of the broadcasting rights of events involves commercial decisions, we consider it most desirable for the broadcasting arrangements to be decided through commercial negotiations.

(c) Whether to bid for the broadcasting rights of international sports events is a commercial decision. In general, governments will not directly participate or intervene in such activities, and Hong Kong is no exception. The price for securing the broadcasting rights of a sports event is determined by market forces, and depends mainly on the popularity of the event, the nature of the event, as well as the policy of the organiser. The acquisition of the broadcasting rights of world-renowned and spectacular sports events such as the World Cup and Olympic Games often involves hundreds of millions of dollars. If the Government

were to bid for such rights, the propriety of such use of public funds might be called into question and any adverse effects would need to be considered. Hong Kong prides itself as one of the most liberal broadcasting markets in the region. Government's involvement in bidding for the broadcasting rights of sports events would be regarded as market intervention. Not only would this affect normal market operation, but the Government would also be considered to be competing with the commercial sector. This would undermine Hong Kong's reputation and status as a broadcasting hub in the Asia Pacific region.

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