

## **Bills Committee on Broadcasting Bill**

### **Summary of Submissions on the Consultation Paper on 1998 Review of Television Policy – Comments relating to the subject matters of the Broadcasting Bill**

#### **Purpose**

This paper summarises the submissions received in response to the consultation paper of the 1998 Review of Television Policy which are related to the subject matters of the Broadcasting Bill.

#### **Background**

2. On 3 September 1998, the Information Technology and Broadcasting Bureau (ITBB) released a consultation paper on the 1998 Review of Television Policy (the Review) for a one-month public consultation. Altogether 46 submissions were received, of which one respondent requested to keep both the name and the content of the submission confidential and three others designated the contents as “confidential”. On 9 November 1998, we presented a paper on the submissions received to the Legislative Council Panel on Information Technology and Broadcasting. For the purpose of this paper, we have extracted those comments which are related to the subject matters of the Broadcasting Bill at the Annex for Members’ easy reference. The following is a brief summary of the views.

#### **General views**

3. The respondents, particularly the telecommunications and television broadcasting industries, were generally supportive of the proposals which were perceived as generating new business opportunities, promoting the growth of related industries and enabling investors to harness the convergent technologies. It was also generally agreed that the rationalisation of the regulatory regime would enable the incumbent and new players to compete on a level playing field and bring about more programming choice to the general public.

## **Licensing and regulation**

4. The proposal to replace the existing transmission-based regulatory system with a technology and transmission neutral regime embodying four categories of television programme service licence, namely, domestic free, domestic pay, non-domestic and other licensable television programme services, received wide support. The approach of regulating broadcasting services according to their characteristics and pervasiveness was considered reasonable and more acceptable than the present system. An incumbent commercial television broadcasting licensee, however, argued that all television programme services should be subject to the same regulation under one single category of licence.

## **Advertising time restrictions**

5. The rationalisation of advertising time restrictions was welcomed by the industry, though the existing commercial television licensees thought there was more room for relaxation. To address the concern on advertising time during children's programme hours, the period restricting the broadcasting of advertisements to 10 minutes per clock hour for domestic free licensees had been revised from 6:00 p.m. – 12:00 p.m. to 5:00 p.m. - 11:00 p.m.

## **Ownership and investment control**

6. The proposed relaxation and simplification of the regulation on ownership and corporate control was generally agreed. Regarding voting control of domestic free licensees by non-residents, one incumbent licensee preferred retaining the present system while another suggested that such control should be removed totally.

7. Some respondents expressed reservations about the removal of “programme suppliers” from the “disqualified persons” list and the lifting of the investment restrictions for domestic licensees, particularly the dominant players. They were concerned that the proposed relaxation might enable the licensees to use their dominant position to gain an unfair advantage over their competitors. These concerns are

addressed by the prohibition on the abuse of dominant position under the competition provisions.

### **Royalties and Licence Fees**

8. There were mixed views on the proposed abolition of royalties. While appreciating the justifications for the proposal, some suggested that the abolition of royalties for free television should take effect only when the television market was opened up for competition. The charging of full cost recovery licence fee gathered a more uniform support.

### **Legislation**

9. There was overwhelming support for the introduction of an omnibus “Broadcasting Bill”. The proposal to separate the regulation and licensing of transmission facilities from service provision was welcomed.

### **Competition provisions**

10. Considerable feedback was received on the need to incorporate competition safeguards in the proposed “Broadcasting Bill”. It was strongly suggested that provisions should be made to prevent a licensee from abusing its dominant position by engaging in anti-competitive practices.

## **Implementation**

11. It was generally agreed that the policy proposals should be implemented as soon as practicable upon policy endorsement.

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