

Bills Committee on Broadcasting Bill

Advertising Time Restrictions for Television

Purpose

This paper explains the proposed major changes to the regulation of advertising time for television under the new regulatory regime provided for in the Broadcasting Bill (the Bill).

Existing Regulation

2. At present, commercial and subscription television licensees are subject to a cap of 10 minutes of advertising in any clock hour. For commercial television licensees, there are also duration limits on breaks within a programme and intervals between two programmes, which are 3.5 minutes and 5 minutes respectively. Moreover, commercial television licensees are subject to a minimum programme segment duration requirement of 10 minutes.

3. Television licensees are currently also allowed to broadcast advertising magazines and classified advertisements in addition to spot advertisements which are transmitted during programme breaks and intervals. In the case of commercial television licensees, however, the maximum number of advertising magazines is restricted to two in a week and the maximum duration for each advertising magazine is 15 minutes. Classified advertisements may only be broadcast between 12 midnight and 4 p.m. everyday and are currently subject to a limit of 15 minutes per day on both commercial and subscription television services.

Proposed Regulation

4. With the opening up of the television market and increasing competition from other multi-media markets, we consider that there is a strong case to suitably relax the existing advertising time restrictions imposed on the licensees. We believe that in an open and competitive market, licensees would need to respond to market force and viewers' pressure and adjust their advertising levels accordingly.

5. In the meantime, with the growing sophistication of television commercials and the new trend of combining "information" with "commercials", traditional advertisements have emerged a new format. These long-form "infomercials", if tastefully done, can be both entertaining and informative. In response to this market trend, we consider that greater flexibility should be given to the licensees to package, schedule and design the format of advertisements. This would help encourage creativity and stimulate innovation in both the television broadcasting and advertising industry.

6. At the same time, we are mindful of the fact that domestic free television service will, for sometime, continue to be very pervasive and is being relied on by many viewers as a major source of information and entertainment. We must therefore ensure that any relaxation of the existing restrictions will not result in the bunching of advertising which might otherwise obtrude on viewing pleasure.

7. In the light of the above considerations, we propose that the advertising time restrictions under the new regulatory regime should be relaxed as follows:

For domestic free service :

- (a) the aggregate advertising time shall not exceed 10 minutes per clock hour during the period from 5:00 p.m. to 11:00 p.m. each day;

- (b) at other times, the aggregate advertising time shall not exceed 18% of the total time the service is provided in that period;
- (c) the existing categories of 'classified advertisement' and 'advertising magazines' will be abolished and any such broadcasts will count towards the above advertising time limits;
- (d) the existing duration limits on breaks within a programme and intervals between two programmes will be removed; and

For domestic pay, non-domestic and other licensable services :

- (e) licensees will be exempted from any advertising time restrictions.

For easy reference, the existing and proposed restrictions on advertising time are tabulated at Annex.

8. We believe that the above proposal represents a sensible balance between promoting development of the television broadcasting industry under a liberalised and technological convergent market and safeguarding viewers' interest. In addition, to ensure that viewers know that they are watching paid advertisements, we will require that all advertisements would have to be clearly identified as such. The codes of practice will provide that an advertisement which is presented in the format of a programme must be flagged as such at the beginning and end of the advertisement.

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	Restrictions in respect of	Commercial TV (existing restrictions)	Domestic Free service (proposed restrictions)	Subscription TV (existing restrictions)	Domestic Pay service (proposed restrictions)
Television Ordinance/ Broadcasting Bill	Advertising time	Not exceed 10 min in any clock hour	Aggregate advertising time not exceed 10 min per clock hour between the period from 5pm to 11pm each day & at other times the aggregate advertising time not exceed 18% of total broadcasting time in that period	Not exceed 10 min in any clock hour	No restriction
	Advertising magazine programmes	No. of advertising magazine programmes limited to not more than 2 in a week and each programme not to exceed 15 min in duration	No restriction, but such broadcasts will count towards the above advertising time limits	No restriction	No restriction

	Restrictions in respect of	Commercial TV (existing restrictions)	Domestic Free service (proposed restrictions)	Subscription TV (existing restrictions)	Domestic Pay service (proposed restrictions)
Code of Practice	Commercial breaks	3.5 min and 5 min limit on the duration of a break within a programme and an interval between programmes	To be removed	No restriction	No restriction
	Programme segment duration	Minimum duration for each programme segment is 10 min	To be retained	No restriction	No restriction
	Classified advertisements	Blocs of classified advertisements totalling up to 15 min be broadcast between 12 midnight and 4pm	No restriction, but such broadcasts will count towards the above advertising limits	Blocs of classified advertisements totalling up to 15 min be broadcast between 12 midnight and 4pm	No restriction