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**Panel on Information Technology and Broadcasting**

**Meeting on 19 April 2004**

**Information note on  
issues relating to Radio Television Hong Kong**

**Purpose**

This paper outlines background information on certain issues relating to the development of Radio Television Hong Kong (RTHK).

**Background**

2. On 13 January 2004, the Panel paid a visit to RTHK and met with its senior departmental staff. In exchanging views on issues relating to RTHK's role as a public broadcaster, members have identified the following issues for further consideration :

- (a) RTHK's longer-term accommodation needs, such as the proposal to construct a Broadcasting House;
- (b) the feasibility for RTHK to commercialize its productions and generate revenue; and
- (c) the future development of Educational Television (ETV) services.

**Proposed Broadcasting House**

The proposed project

3. According to the preliminary information provided by the Administration to the Public Works Subcommittee (PWSC) in January 2001, the project on the proposed Broadcasting House (the proposed project) involves the construction of a purpose-built radio broadcasting and television production

centre-cum-offices building in Area 86, Tseung Kwan O.

### Subsequent developments

4. On 9 February 2001, the Finance Committee (FC) approved, inter alia, a total allocation of \$10, 430 million for existing block allocations under various Heads of Expenditure under the Capital Works Reserve Fund for 2001-02. The proposed project was one of the approved items in Category D of the Public Works Programme under Subhead 3100GX - project feasibility studies, minor investigations and consultants' fees.

5. As at January 2003, the proposed project (project code : 3069KA) was included as one of the 87 items proposed by the Administration for submission to FC via PWSC in the 2002-03 legislative session with a view to partially upgrading it to Category A. At that time, the Administration proposed to seek funding approval to employ consultants to prepare the outline sketches, detailed design and contract documentation for the pre-contract stage of the proposed reprovisioning of the existing RTHK premises in Kowloon Tong to Tseung Kwan O. The proposed scope of the project at that time comprised the reprovisioning of all its facilities and offices at the existing premises to a new, purpose-built building. The design and construction were tentatively scheduled to commence in 2003-3<sup>rd</sup> Quarter (Q3) and 2004-Q4 respectively. The whole project was scheduled for completion in 2008-Q2.

6. Subsequently, the schedule of accommodation for the new building was reviewed and scaled down. According to RTHK's publication "RTHK : 2003 and Beyond", the latest proposed net operational floor area for the new building has been reduced from 26 500 m<sup>2</sup> to about 18 000 m<sup>2</sup>. As revealed in the Administration's year-end report on submissions to PWSC for the 2002-03 legislative session, submission of the proposed project to PWSC has been withheld due to changes in accommodation requirements. As such, no Panel consultation on the proposed project has taken place.

### **Feasibility of commercializing RTHK's productions**

7. The Panel notes that RTHK keeps a valuable archive of past productions which, if being marketed or sold, will generate income for the Government. Members opine that the option of commercializing such assets should be further explored by the Administration, especially when it is facing a serious deficit problem.

### Past discussion during scrutiny of the Annual Estimates of Expenditure

8. When examining the Annual Estimates of RTHK during the past few years, Members have raised the following concerns about the resources provision for RTHK and its prospect of developing new services in the face of

the fiscal constraints :

- (a) whether some of the high-quality programmes in RTHK's archive could become a source of funding for expanding its new media services;
- (b) the feasibility for RTHK to market and license its self-produced programmes to other service providers with a view to generating income; and
- (c) the arrangements, if any, to formalize the distribution of RTHK's programme contents on the Internet.

9. RTHK took note of Members' views and confirmed that new media activities had been identified as a major initiative in RTHK's five-year strategic plan. Members also noted that in 2003-04, RTHK had licensed RTHK ON INTERNET online content to mobile network operators and web portals. Among the matters requiring special attention in 2004-05 as published in the Controlling Officer's Report on the 2004-05 Estimates, RTHK would continue to explore the possibilities of distributing RTHK programme archives on the Internet through partnership and strategic alliances with both the commercial and non-commercial sectors. In response to members' enquiries when examining the 2004-05 Estimates, the Administration reported that RTHK and the Financial Services and the Treasury Bureau were in the course of discussing the feasibility for RTHK to recover the costs, including staff costs, incurred in its production work and no decision on the way forward had yet been reached.

#### Discussion at the Panel on Financial Affairs

10. The wider policy issue of commercialization of government productions and services was discussed at the meeting of the Panel on Financial Affairs on 15 January 2004 and the feasibility for RTHK to commercialize its archive programmes was raised. One of members' suggestions was to provide incentives for government departments to implement commercialization projects such as allowing departments to keep the income generated to fund new services.

11. The Administration's response was that it had yet to make a decision on the matter because of the complex issues involved, such as intellectual property rights of the programmes, whether and how the cost and income of the project should be appropriated between the central administration and the department concerned in compliance with the Public Finance Ordinance (Cap. 2).

## **Education Television (ETV) Services**

### Background

12. School ETV services have been provided to school students in Hong Kong since 1971. ETV programmes are jointly produced by the Education and Manpower Bureau (EMB) (which merged with the former Education Department with effect from 1 January 2003) and RTHK. EMB is primarily responsible for developing the programmes and writing programme scripts while RTHK is mainly responsible for the production of the programmes.

13. The school ETV programmes presently consist of seven subjects (Chinese, Putonghua, English, Mathematics, Science, Social Studies and General Science) for students from pre-primary (to commence officially in 2004-05) to secondary levels. Programme duration is 15 to 20 minutes. Cantonese is used for all subjects except Putonghua and English. School ETV programmes, except those for secondary schools which are produced on VCDs, are broadcast via the two local domestic free TV broadcasters. The programmes are also available online at "eTVonline" and at the Hong Kong Education City website ([www.hkedcity.net](http://www.hkedcity.net)). The eTVonline and its Tutor Online also act as the e-learning platforms which contain additional teaching materials to enhance the learning value of school ETV programmes.

### Financial provision

14. According to the information in the 2004-05 Estimates, the financial provision for the programme area of "School Educational Television Production" under Head 160 - RTHK in recent years is as follows :

	2002-03 (Actual)	2003-04 (Original)	2003-04 (Revised)	2004-05 (Estimate)
Financial provision (\$m)	44.2	47.2	42.9	42.0

### Members' concerns

#### *Consideration by the Public Accounts Committee (PAC)*

15. School ETV services was one of the major subjects covered in the Director of Audit's Report No. 37 issued on 15 October 2001 and subsequently considered at length by PAC.

16. In its Report No.37 published in February 2002, PAC expressed grave dismay about the low viewing rates for the school ETV programmes in secondary schools, particularly the Chinese Language, English Language and Mathematics programmes. PAC was concerned, inter alia, about the cost-

effectiveness of school ETV services and urged the former Director of Education to consult the Legislative Council on the following in due course :

- (a) whether the school ETV service had valid educational value;
- (b) whether the recommendations of the Standing Committee on the Development of ETV Service would meet the needs of schools and students;
- (c) the methods that would be adopted for distributing VCDs, evaluating and tapping the utilization rates of VCDs, and surveying users' opinions on the ETV programmes provided in the form of VCDs; and
- (d) whether there was a possibility of sourcing alternative producers, other than RTHK, on a more competitive basis.

17. In its Report No. 39 published in February 2003, PAC noted the progress made by the former Education Department in converting the school ETV programmes to digitized format on VCDs. On outsourcing arrangements, members were aware there and then that the outsourcing of production work had staffing implications on RTHK which would require careful study by the departments concerned. Members noted that at the time of the PAC Report No. 39, RTHK had outsourced 21% of its school ETV production work. RTHK had agreed with the former Education Department to transfer 5% of the current production budget to the department for further outsourcing school ETV production in 2003-04, with a view to achieving the target of 25% outsourcing.

#### Concerns raised when examining the Annual Estimates

18. The cost-effectiveness of ETV programmes has received attention during the Finance Committee (FC)'s scrutiny of the Annual Estimates. For example, when examining the 2002-03 Estimates, some Members have filed written questions on measures adopted by RTHK to reduce production cost and increase productivity in the production of ETV programmes. At the special FC meeting to examine the 2003-04 Estimates, Members also expressed concern about the low utilization rate of ETV programmes in schools.

#### Latest initiatives

19. In the 2004-05 Estimates, RTHK has identified a number of initiatives as some of the matters which require special attention in 2004-05. These include :

- (a) to produce integrated educational programmes such as coverage of academic seminars and inter-school contests;

- (b) to review existing ETV programmes and replace those which are outdated;
- (c) to produce web-based interactive programmes and value added non-curriculum ETV programmes to supplement classroom teaching; and
- (d) to produce language programmes with interactive features to equip eTVonline as an online language centre.

**Follow-up by the Panel**

20. In connection with examining RTHK's role as a public broadcaster, the Panel has decided to follow up these issues at the meeting of the Panel on 19 April 2004.

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