

**For information
14 June 2004**

**Legislative Council
Panel on Information Technology and Broadcasting**

**Licensing of productions by Radio Television Hong Kong and
School Educational Television Programmes**

Purpose

This paper informs the Panel of the arrangements for the licensing and distribution of content produced by Radio Television Hong Kong (RTHK), including school educational television (ETV) programmes.

Background

2. At the meeting of the Panel on Information Technology and Broadcasting of the Legislative Council on 19 April 2004, Members discussed, among other things, the licensing and distribution of content produced by RTHK. Members would like to discuss further the financial arrangements relating to the licensing of RTHK productions and the proposed sale of school ETV programmes to the general public.

Financial arrangements for content licensing by RTHK

3. RTHK is a government department providing public broadcasting service to inform, educate and entertain the public free of charge. Contrary to commercial broadcasters, content licensing to generate additional revenue is a value-added activity secondary to RTHK's primary role and functions as a public service broadcaster.

4. There are no restrictions on the licensing and distribution of the content produced by RTHK. Commercial interest in RTHK's archive however lies mainly in its drama, documentary and special programmes

such as variety shows and concerts that have entertainment values. Other genres such as time-sensitive public affairs and topical programmes have limited appeal for commercial purposes. The licence fee charged for a particular television programme depends on its scale of production, market value, popularity in terms of viewership, geographical coverage of the broadcast rights and whether it has received any commendations and awards. The annual revenue generated from content licensing varied significantly from \$1.64 million to \$6.9 million in the past five years. The range of licence fee per programme hour for different genres is appended below:

Genre	Licence fee per programme hour
Drama	\$5,500 to \$16,000
Documentary	\$4,100 to \$16,000
Special programmes	\$5,000 to \$23,000

5. The gross licence fee generated from content licensing is returned to the general revenue of the Government according to section 3(1) of the Public Finance Ordinance (Cap. 2) which stipulates that except where otherwise provided by or under this Ordinance or any other enactment, any money raised or received for the purposes of the Government shall form part of the general revenue of the Government.

6. RTHK absorbs the extra expenses arising from copyright clearance, marketing and coordination in the process of licensing its content. For 2003-04, the updated estimated extra cost arising from content licensing was \$800,000, which could have been used for programme production. Financial Services and the Treasury Bureau (FSTB) has agreed to fund all direct costs incurred by RTHK from content licensing or other types of revenue-raising initiatives (except civil service personal emoluments). RTHK will be required to maintain a notional suspense account to monitor the scale and viability of each type of revenue-raising activities. In case the suspense account runs into a net deficit over a period of time, the Government will review the propriety of continuing with the said licensing or revenue-raising initiative and the reimbursement arrangements.

Licensing of school ETV programmes

7. School ETV programmes are now broadcast on television and available online at the websites of HKEdCity and eTVonline. Education and Manpower Bureau (EMB) is also distributing the programmes in the form of VCDs to schools. To widen the community reach of ETV programmes, EMB is actively considering a proposal by an education resource association to package the ETV programmes into VCDs/DVDs for sale. In addition, it is considering licensing the ETV content, in whole or in part, to education media companies, and is exploring public-private partnership to repackage ETV content into interactive learning and teaching products for sale. Any revenue generated from the licensing of ETV programmes will form part of the general revenue of the Government as mentioned in paragraph 5 above. When a concrete proposal on the licensing of ETV programmes is available, EMB will discuss with the relevant parties the financial arrangements including the reimbursement of direct costs arising from the licensing of ETV programmes.

Advice Sought

8. Members are invited to note the content of this paper.

**Communications and Technology Branch
Commerce, Industry and Technology Bureau
June 2004**