

LEGISLATIVE COUNCIL BRIEF

REVIEW OF PUBLIC SERVICE BROADCASTING

INTRODUCTION

At the meeting of the Executive Council on 17 January 2006, the Council took note of the appointment by the Chief Executive today of an independent committee to review public service broadcasting in Hong Kong (the Committee on Review of Public Service Broadcasting in Hong Kong).

JUSTIFICATIONS

Current Situation

2. There is no clear policy on public service broadcasting in Hong Kong. In practice, public service broadcasting is delivered through Radio and Television Hong Kong (RTHK) and public interest programmes that commercial television and sound broadcasting licensees provide in accordance with the relevant conditions in their respective licences. Examples of such programmes are those for children and the elderly. RTHK is a government department and funded as such. It is thus the *de facto* public service broadcaster in Hong Kong that delivers its sound broadcast programmes through the seven radio channels on spectrum assigned to it and television programmes broadcast mainly on the channels of the two domestic free television licensees (Asia Television Limited (ATV) and Television Broadcasts Limited (TVB)).

Need for Review

3. We feel that a fundamental and critical review of

public service broadcasting in Hong Kong and its future development is timely. To a large extent this is due to the phenomenal changes to the broadcasting market that we have witnessed in the last two to three years and are expecting to continue to see in the future. Our objective is to arrive at a clear policy framework that provides both the vision and specific plans for future development. The major considerations are set out below.

Market and Economics

4. First, despite its small size, the Hong Kong broadcasting market is highly competitive as evidenced by the number of active market players delivering programmes and services through different technology platforms and business models. The digital era in television broadcasting will be further reinforced and highlighted by the launch of digital free terrestrial television services by 2007 by both ATV and TVB, the two free-to-air terrestrial television commercial licensees. The digital era will potentially also offer opportunities for public service broadcasting. However, its conventional values notwithstanding, public service broadcasting is a form of market intervention through the allocation of public resources and therefore its role in, and impact on, the wider broadcasting market in Hong Kong and its rapidly changing dynamics and landscape should be clearly understood and assessed in public policy terms.

Mission and Purposes

5. Second, Hong Kong is at the forefront of media convergence and application of new technology in delivering broadcast content. The public is able to access easily, either free of charge, or at reasonable cost, a wide variety of broadcast content through multiple means, ranging from conventional radio frequency and cable transmission to the Internet, broadband access, satellite transmission, mobile phones and outdoor media. On the other hand, convergence on telecommunications, broadcasting and Internet platforms together with market competition has enriched the quality and quantity of audiovisual

contents available to the public.

6. The abundance of audiovisual contents meeting the diverse needs of the public and niche clientele has challenged fundamentally the case for allocating public resources for public service broadcasting. In addition, it is not uncommon that commercial broadcasters criticize public service broadcasters for deviating from their public service remit by providing programmes or expanding into areas that are already well served, thereby distorting competition and weakening their role in providing public service. This situation has given rise to two issues.

7. At a higher level, there is a case to review the remit of public service broadcasting and sharpen it. In addition to the generic mission “to inform, educate and entertain”, the public purposes of public service broadcasting should be more specifically defined so that what is meant to be distinctive about it in an age of increasing choice can be understood by all the stakeholders. For example, in the current review of the Charter of the British Broadcasting Corporation (BBC), there is a broad consensus that among other things (mainly of a national endeavour nature), citizenship and civil society, education and learning, and creativity and cultural excellence are elements for focus.

8. At a practical level, this relates to programming policies and priorities that reflect the traditional mission and public purposes and adhere to high quality, originality, innovativeness and public engagement. Without an agreed framework based on the above considerations, it will be difficult if not impossible to define clearly the scope of public service broadcasting in the face of the state of flux of the broadcasting market, increasing programme choice and rapid technological development. In the interest of the future development of public service broadcasting, it is only obvious that all these highly important issues are addressed fully and properly in a Hong Kong context.

Business Model and Funding

9. Third, the state of flux of the broadcasting market, increasing programme choice, pervasive content delivery over multiple platforms/devices and rapid technological development are similarly challenging the traditional operation of public service broadcasters. We must be forward looking in preparing for the future development of public service broadcasting in Hong Kong. The situation calls for more flexible and versatile business models to adapt to these dynamic changes and brings with it financial (including revenue), human resources, staffing and operational implications, as well as those that may pertain to the allocation of costs between the Government, audience, user of service and commercial broadcasters. This inevitably will also have an impact on the justification for, and extent of, support from public finance, particularly given the economic nature of public service broadcasting as market intervention. As regards funding arrangements, indeed even on the current basis, international practices vary considerably given historical, cultural and political differences (see paragraph 22 below). It should also be noted that in this context the substantial annual budget (£3 billion) of the BBC in the form of television licence fee is in fact the exception rather than the norm.

Governance and Accountability

10. Fourth, the case for strong governance is overwhelming for any public service broadcaster, given the public mission, public trust and public resources that are given to it. We need a strong and publicly defensible foundation on which to build the future system of public service broadcasting and the need to address it is becoming imminent given the changes highlighted above and the unprecedented scope of interface between public service broadcasting, its audience and commercial counterparts. The central issues pertain to the fulfillment of mission and public purposes, focus on providing public service programming and content, ensuring editorial impartiality and accountability, standards on excellence and innovation, evaluation of effectiveness and public participation in such a

process, and so on. The structural aspects in providing oversight, checks and balances would require careful examination and extensive public debate.

11. Externally two main issues will need consideration. First, public service broadcasters exist as public policy choice with a direct effect on the broadcasting market. We need to sustain a flourishing commercial market. In addition to rigorous internal process, it is for consideration how external processes may be brought in to hold a public service broadcaster on its distinctive public purposes. *A fortiori*, it raises the question whether the industry regulator should have full jurisdiction over the activities of a public service broadcaster, or at least have responsibility for ensuring that it fulfils its public service remit and assessing the market impact and effect on competition of its services, as is currently the case in the UK.

System of Public Service Broadcasting

12. Fifth, a pertinent and fundamental question is what should be the system of public service broadcasting for Hong Kong? In the current mixed mode of providing public service broadcasting (see paragraph 2 above), commercial licensees being allocated radio frequency to deliver free-to-air programmes have to fulfil public service obligations. It is for consideration whether this arrangement should be maintained and indeed enhanced with greater participation of the other broadcasters so as to provide a clearer and larger degree of plurality in public service broadcasting with competition to produce and offer the best public service programmes. A related issue will be whether and how public funding should be distributed more widely.

THE COMMITTEE

13. The broadcasting world is changing rapidly and without exception this presents major challenges to the future development of public service broadcasting in Hong Kong. The key issues discussed so far are central to any public policy on this

aspect of our broadcasting market. They deserve a rigorous and informed process of examination, assessment and review. In this process we should engage the wider public, whose depth of knowledge and understanding of public service broadcasting is limited but they are the key stakeholders of it.

14. Against this background, we feel that as a first step it will be helpful for an independent committee with the requisite knowledge, expertise and credibility be appointed to conduct a review on public service broadcasting in a positive, impartial and professional manner. The terms of reference and membership of the Committee are at Annexes A and B, respectively. The Committee will have discretion to decide the methodology for conducting the review. We will encourage it to engage a wide spectrum of community groups in the process.

A and B

TIMETABLE

15. We expect the Committee to submit a report on the review to the Chief Executive in October 2006.

IMPLICATIONS OF THE REVIEW

16. An Administrative Officer Staff Grade "B" will serve as the secretary to the Committee. There may be expenses incurred for commissioning research, opinion surveys, holding seminars and focus group discussion, etc. The Commerce, Industry and Technology Bureau will absorb the required financial resources.

PUBLICITY

17. We will hold a press conference to announce the review and issue a press release today. A spokesman will be available to handle media and public enquiries.

BACKGROUND

18. In many advanced countries, public service broadcasting in its various forms seeks to provide universal service to inform, educate and entertain the citizens. Public service broadcasting is a concept that is normally applied at the national level. Notionally public service broadcasting is to be independent from commercial pressure or political influence so that information can be circulated and ideas and opinions expressed freely. Public service broadcasting also provides diversified services to appeal to both mass audiences and special interest groups. It is expected to enrich programme choice of audience through high quality, original, creative and innovative production. It is not to use public funding to distort competition because it remains crucial for a public service broadcaster to retain its identity and distinctiveness for rendering public service. Thus instead of competing with its commercial counterparts for rating for the sake of it, public service broadcasters complement them.

19. In a national context, public service broadcasting seeks to bring about social cohesion, develop national identity and cultural preservation, and to serve national interest while keeping its institutional independence and integrity.

20. Models of public service broadcasting are diverse in terms of their legal status, organization, and financing. The BBC and Channel 4 of the UK, the Canadian Broadcasting Corporation and Australian Broadcasting Corporation are statutory corporations governed respectively by a board of governors that sets the policy for the executive to implement and provides oversight over its endeavours for the fulfillment of public mission. In France, Italy and Spain, the national public broadcasters are limited companies owned by the state or by public financial bodies.

21. Public service broadcasting may not be provided by a single national broadcaster. In the US, there is no single national public broadcaster as such. The Corporation for Public

Broadcasting is a corporation set up by statute. It does not produce or distribute programmes but provide financial support to local public television and radio stations that form the system of public broadcasting. Most of the stations are members of the Public Broadcasting Service (PBS) and National Public Radio (NPR). They are private, non-profit media enterprises owned and operated by the nation's public television stations and radio stations respectively. In the UK, Channel 4 does not produce its own programmes but commissions them from over 300 independent producers. In the Netherlands and Luxembourg, a part of the public service remit is delegated to subsidized bodies.

22. There are five main funding models for public service broadcasters, ranging from licence fee paid by citizens (BBC, Sweden), licence fee plus advertising (Germany, Italy, France), government grant (Australia, Canada), government grant plus advertising (Portugal), to government grant plus private donation (US).

OTHERS

23. Enquiries on this Legislative Council Brief may be directed to Mr Eddie Cheung, Principal Assistant Secretary for Commerce, Industry and Technology, at telephone number 2189 2236.

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

17 January 2006

Committee on Review of Public Service Broadcasting

Membership

Chairman

Mr Raymond Roy Wong, SBS, Council Member of both the Hong Kong Baptist University and Open University of Hong Kong

Member

Mr Chan King Cheung, Chief Editor, the Hong Kong Economic Journal

Ms May Fung May Gay, Member of the Council of the Hong Kong Baptist University

Professor Leung Tin Wai, Head, Department of Journalism and Communication, Hong Kong Shue Yan College

Mr Pao Wan Lung, Publisher, Sing Pao Newspaper Company Limited

Professor Judy Tsui, Dean, Faculty of Business, the Hong Kong Polytechnic University

Mr Mathias Woo, Creative Director, Zuni Icosahedron

Committee on Review of Public Service Broadcasting

Terms of Reference

1. To examine the role of, and justifications and public purposes for, public service broadcasting (PSB) in the development of Hong Kong's broadcasting market, against the public financial and other resources required for such broadcasting.
2. To identify issues concerning public accountability for PSB in matters of editorial impartiality, programming policy and good governance.
3. To identify measures for the Administration to evaluate the effectiveness of PSB and arrangements through which the public can participate in such a process.
4. To recommend, in the light of the above, an appropriate arrangement for the provision of PSB in Hong Kong.
5. To recommend implementation plans for the short, medium and long terms.