

# **Report on Review of Public Service Broadcasting in Hong Kong**

## **Summary of Recommendations**

The Committee on Review of Public Service Broadcasting submitted its Report to the Government on March 28, 2007. Convinced of the need for public service broadcasting (PSB) in Hong Kong, the Committee has proposed that a new public broadcaster be constituted by law as a statutory body, funded primarily from the public purse, to fulfill specific public purposes. It should be independent in its editorial and programming decisions. Its Board, management and rank-and-file shall exercise freedom of speech and of the press responsibly. It should operate under stringent governance and accountability measures, and exercise all due financial prudence as it expends public money.

This Summary contains only specific recommendations in the Report. Please refer to the full Report for the detailed considerations, justifications and other options explored by the Committee.

### **Public purposes (Chapter 2)**

1. PSB in Hong Kong should serve four specific public purposes:
  - (a) sustain citizenship and civil society.
  - (b) foster social harmony and promote pluralism.
  - (c) establish education value and promote lifelong learning.
  - (d) stimulate creativity and excellence to enrich the multi-cultural life of the people of Hong Kong.

### **Governance (Chapter 4)**

2. The governance structure should be underpinned by legislation to affirm organisational and editorial independence; ensure transparency; and provide for a broad governance and accountability framework.
3. The powers and responsibilities of the Board and the management should be clearly defined and delineated: The Board should set objectives and strategy, monitor performance, ensure legislative and regulatory compliance, and be accountable to the public for the overall performance of the organisation. The Chief Executive Officer (CEO) should shoulder total corporate responsibility for all activities of the organisation, and lead the management team in running its day-to-day

operation. The Board should maintain regular communication with the management team. It should not interfere with the day-to-day operational and editorial decisions of the organisation.

4. The optimal size of the Board should not be more than 15.
5. Board members should be appointed by the Chief Executive of the HKSAR (CE), subject to the statutory confines of the size and composition of the Board and the tenure of its members. The CE should also appoint the Chairman of the Board.
6. The Board should include three categories of members.
  - (a) Members with industry/professional experience, i.e. at least one from each of the following fields: media; journalism; education; arts and culture; technology; legal; accounting and/or finance; management; and serving the interests of minorities and/or the underprivileged.
  - (b) Ex-officio members, i.e. the CEO and an elected staff representative.
  - (c) Lay members appointed by the CE, subject to the maximum size of the Board.
7. All Board members, except the CEO and the elected staff representative, should be appointed in their personal capacity to serve the best interest of the public broadcaster.
8. Board members should serve a fixed term of three years on first appointment, subject to reappointment for a maximum of another three years. With the exception of the CEO, no Board member should serve longer than six consecutive years.
9. Vacancies in the Board should be advertised.
10. Applications and nominations for appointment (including reappointment) to the Board should be considered by a Nomination Committee (NC) comprising of:
  - (a) the Board Chairman;
  - (b) outgoing Board members;

- (c) one person elected among non-Board members of the committees set up by the Board; and
  - (d) one person elected among the members of the Community Advisory Committee (see item 16) set up by the CEO.
11. The nomination list proposed by the NC and endorsed by the Board must contain at least two names for each of the nine categories of Board membership proposed in item 6(a). The CE must appoint Board members who belong to these categories from the list. The appointment of lay members is not subject to the NC process.
  12. The Board should publicise the assessment criteria when advertising Board vacancies, and disclose an overall profile of candidates included in the nomination list submitted to the CE. Though the nominees should not be named to protect their privacy, the names and backgrounds of those appointed by the CE should be announced at the first instance.
  13. If a formal NC cannot be formed, the CE should appoint not fewer than three persons to form a Provisional NC to perform the same functions.
  14. Codes of conduct should be developed and adopted by the Board to define the ethical standard of its members.
  15. In addition to the NC, the Board should set up three standing committees to support its work, namely an Executive Committee, an Audit Committee and a Management and Administration Committee. It should have general powers to set up other standing or ad hoc committees. Members of the Board committees should comply with the same codes of conduct for Board members.
  16. The CEO should establish a Community Advisory Committee, and may set up other advisory bodies should such needs arise. Any matter of strategic importance deliberated by the advisory bodies must be reported to the Board in a timely manner.
  17. Members of the Board, Board committees and advisory committees established by the CEO should receive no compensation.
  18. A mechanism for receiving and handling complaints from the public should be established. All complaints must be duly documented and be subject to the Board's and the public's scrutiny.

19. The regulatory regime as well as requirements and guidelines that apply to commercial broadcasters should be equally applicable to a public broadcaster insofar as they are relevant.

### **Accountability (Chapter 5)**

20. A public broadcaster should be accountable to the public for its service scope, programming quality, financial propriety and management. At the same time, its freedom and independence on programming and editorial matters should be respected.
21. Internally, a public broadcaster should:
  - (a) formulate internal procedures for making editorial, programming and financial decisions. Parties who are required to comply with the procedures should be clearly specified, and penalties for breaches defined.
  - (b) formulate programme standards for staff compliance. External assessors should be appointed to conduct audit on compliance with the programme standards.
  - (c) conduct regular internal reporting, reviews and audits to ensure compliance with statutory requirements and internal procedures, uphold financial probity, and identify problems and correct them.
  - (d) formulate mechanisms and procedures for receiving and handling complaints from the public. The complaint handling authority should report to the Board and be independent from the management.
  - (e) formulate mechanisms for obtaining feedback from the audience and other stakeholders.
22. Externally:
  - (a) a public broadcaster should be subject to the regulatory oversight of the Broadcasting Authority, and comply with all applicable regulatory requirements (including fulfillment of public service mission) and codes of practice, with necessary adjustment to suit the unique nature of PSB.
  - (b) an external auditor should be appointed by the Board to audit the financial statements annually.

- (c) annual reports should be published to review performance, announce corporate plans, and disclose the annual audited financial statements.
- (d) the Director of Audit may conduct an audit.
- (e) the appropriation of public money to a public broadcaster should be subject to the approval of the Legislative Council, which will also scrutinise such other aspects of its operation as and when public interest warrants.

### **Funding (Chapter 6)**

23. A “combined funding model” should be adopted for PSB, with government appropriation as the primary source. A public broadcaster may also raise funds from supplementary sources such as:
  - (a) commercial “institutional/brand” sponsorships, except for news and current affairs programmes;
  - (b) donation;
  - (c) voluntary subscription from the public to promote public ownership;
  - (d) pay-per-view fees for on-demand services; and
  - (e) programmes and merchandise sale.

It should not raise “retail” advertising revenue.
24. The management should formulate guidelines to ensure that the supplementary sources of income are consistent with PSB’s statutory role and mission, preserve its independence, are commensurate with the status and image of the public broadcaster as an independent, non-profit making public body, and comply with the common standards of courtesy, decency and good taste.
25. Expenditure for PSB funding should be a separate head of expenditure and should not be included in the financial “envelope” of any Principal Official to underline its independence.

26. A three to five-year funding cycle should be adopted to allow greater flexibility in financial planning and reduce exposure to extraneous political and financial negotiations and the undue pressure arising therefrom.
27. The combined funding model should be implemented in phases:
  - (a) First funding cycle: Receive 100% government appropriation.
  - (b) Second funding cycle onward: Required to raise revenue through supplementary sources, and increase percentage progressively. Government appropriation reduced correspondingly.
  - (c) By the 10<sup>th</sup> anniversary: Percentage of supplementary revenue to reach 20% of the “baseline” (i.e. the real value of the amount of annual government appropriation in the first funding cycle).
28. A public broadcaster should build up a development fund through retention and accumulation of surplus income, and draw on it for funding capital projects. It should also be given lending powers under the law. Should these avenues be inadequate for meeting legitimate capital investment needs, a public broadcaster should be allowed to apply for additional government appropriation, subject to approval by the Legislative Council.

### **Programming (Chapter 7)**

29. PSB should be unique not in terms of its programme genres, but its commitment to innovation, quality and universality of service through the diversity of programmes.
30. PSB programming should be all-rounded, diverse, innovative and of a high quality. In particular, it should seek to provide what is lacking in commercial broadcasting, and cater for the specific needs and interests of ethnic minorities, senior citizens, children and students.
31. In terms of programme content, a public broadcaster should promote the humanities, arts, sciences and education; provide accurate, comprehensive, in-depth and interactive news and current affairs programmes; and consciously develop programmes as education resources.

32. In terms of programme development direction, a public broadcaster should encourage innovative PSB programming and local original productions.
33. In terms of scheduling, PSB programmes should be all-rounded; promote interaction, understanding and mutual respect; and facilitate development of a harmonious and civil society.
34. A public broadcaster should operate at least one free television (TV) channel to provide Cantonese, English and Putonghua programmes; operate a sufficient number of radio channels; and develop multimedia platform.
35. A public broadcaster should develop programme strategies according to the characteristics of the TV, radio and multimedia platforms, and explore the synergy among them.
36. A public broadcaster should adopt multiple modes of programme development including commissioning, acquisition and self/co-production of programme, to diversify the source, subject, format and style of PSB programmes.

### **Performance Evaluation (Chapter 8)**

37. Five areas of a public broadcaster's performance should be subject to evaluation against specific objectives, as follows:
  - (a) In terms of scope and quality of services, it should:
    - (i) provide a comprehensive mix of programme genres.
    - (ii) cater for the diverse needs of different groups in the community, promoting public understanding and tolerance of such diversity.
    - (iii) stimulate creativity and originality, and nurture talent.
    - (iv) provide quality programmes.
  - (b) In terms of audience reach and market share, it should maximise the social impact of PSB.
  - (c) In terms of the quality of governance and management, it should:
    - (i) ensure the credibility and accountability of PSB.
    - (ii) ensure the efficiency and sustainability of PSB.

- (iii) ensure PSB cost-effectiveness and optimal utilisation of assets.
  - (d) In terms of the development of new media services, it should:
    - (i) explore and develop new media services to reach out to as large an audience as possible.
    - (ii) enhance the accessibility and quality of new media services, and promote their use by the public.
  - (e) In terms of public participation, it should:
    - (i) provide adequate and effective opportunities for obtaining public views and feedback, and use these inputs in the decision making process.
    - (ii) maintain a credible, accessible and efficient complaints handling system.
38. The management should set specific targets and develop key performance indicators, conduct evaluation regularly, identify follow-up actions and implement them promptly. It should also share the evaluation outcomes with staff, report them in a timely manner to the Board, and disclose them (along with follow-up actions adopted) to the public.

### **Digital Broadcasting (Chapter 9)**

39. Hong Kong should develop PSB on a digital platform to provide a full range of broadcasting services: TV, radio and multimedia services.
40. A public broadcaster should be allocated with:
- (a) spectrum for digital terrestrial TV broadcasting;
  - (b) one multiplex for digital broadcasting of radio and multimedia services; and
  - (c) until complete digital switchover is achieved, sufficient FM frequency bands to allow public access to a level of PSB services comparable to what is currently available.



## **Implementation Plan (Chapter 10)**

41. It is proposed that the new public broadcaster be named the Hong Kong Public Broadcasting Corporation (PBC).
42. The following immediate measures should be implemented for completion within 12 months from policy endorsement of the recommendations in this Report:
  - (a) Formulate legislative proposals and law drafting.
  - (b) Commission detailed consultancy studies to:
    - (i) establish the infrastructure, equipment and technical requirements of the PBC; and
    - (ii) ascertain its financial requirements, having regard to the agreed PSB missions and (i) above.
  - (c) Make substantive planning for the provision of purpose-built PBC premises, including site identification, statutory procedures such as town planning and environmental impact assessment, technical feasibility study and funding application.
43. When the enabling legislation is ready for scrutiny by the legislature, the following short-term measures should be implemented:
  - (a) Identify and line up members of the Provisional PBC (PPBC) Board. As far as practicable, involve them in refining and finalising the enabling legislation, and lobbying support for the bill and the funding proposals.
  - (b) Present the bill to the Legislative Council for scrutiny.
  - (c) Subject to the approval of the Finance Committee of the Legislative Council, provide full funding to enable the operation of the PPBC.
  - (d) The prospective PPBC Board should identify the CEO and, through him/her, line up a management team.
44. With the enactment of the enabling legislation, the following medium-term measures should be implemented:
  - (a) Activate the transitional provisions in law to establish the PPBC and appoint its Board.

- (b) The PPBC Board should appoint the CEO, who in turn should recruit the management team.
- (c) The CEO and management team should review relevant study findings (see item 42(b)); develop codes, standards, guidelines, and programming strategy and scheduling for future operations; begin programme production/acquisition; determine human resources matters and launch recruitment drive; and manage the construction programme of the new premises.

45. In the long-term, the following measures should be implemented:

- (a) Conduct periodic reviews of the overall PSB regime, including the need for a licensing scheme should there be more than one PSB provider eventually.
- (b) Review at an appropriate juncture the proportion of government appropriation to supplementary funding sources from the 11<sup>th</sup> year onward, and as necessary in future.

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