

LEGISLATIVE COUNCIL BRIEF

Public Service Broadcasting and the Future of Radio Television Hong Kong

INTRODUCTION

At the meeting of the Executive Council held on 22 September 2009, the Council ADVISED and the Chief Executive ORDERED that:

- (a) RTHK should remain as a Government department with key recommendations in the report of the independent Committee on Review of Public Service Broadcasting (Review Committee) implemented to allow it to fulfill its role as a public service broadcaster serving with specific public purposes, strengthened corporate governance and greater accountability to the community;
- (b) the Commerce and Economic Development Bureau (CEDB) should consult the public on how best RTHK should operate to achieve its mission as a public service broadcaster, the programming direction it should take, the ways and means to evaluate its performance and enhance its accountability to the community;
- (c) subject to the outcome of the public consultation and the established mechanism governing the allocation of new resources, RTHK should be allocated resources and frequency spectrum to enhance its operations and expand the scope of its services, including the provision of dedicated digital television and radio channels to be used as platforms for more original local productions, overseas co-operation, community participation and national broadcasts;
- (d) subject to necessary approval, RTHK should establish and manage a dedicated fund to support and encourage community and ethnic minority involvement in broadcasting, to meet the

rising public expectation in the community; and

- (e) the planning for the re-provisioning of the Broadcasting House to Tseung Kwan O should proceed as a priority.

JUSTIFICATIONS

Public Service Broadcasting (PSB) in Hong Kong

2. Notwithstanding the growth in the Internet and other multi-media services, broadcasting remains one of the most influential means of mass communications. PSB plays a particularly important role in informing, educating and entertaining the public, a role which cannot be adequately taken up by commercial broadcasting services alone.

3. In Hong Kong, commercial broadcasters provide limited PSB-type programmes as required under their licences. RTHK is the only publicly-funded broadcaster at present; likened by many to be the *de facto* public service broadcaster in Hong Kong. However, it has no television channel and its television programmes have to be broadcast through the two free-to-air television stations in Hong Kong. RTHK operates in all other aspects as a Government department. Under the framework agreement between RTHK and CEDB which sets out their working relationship and respective obligations and responsibilities, RTHK enjoys editorial independence.

Committee on Review of Public Service Broadcasting

4. To study in depth and comprehensively the development of PSB in Hong Kong, the Chief Executive (CE) appointed in January 2006 an independent Review Committee chaired by Mr Raymond Wong to examine the subject. The Review Committee subsequently submitted a report to the Government in March 2007. The summary of the report is at **Annex**. Since the report was published, it has attracted considerable debate in the community. As the subject of PSB had far-reaching implications for the broadcasting, social and cultural landscape of Hong Kong and would affect the future of RTHK, the Government undertook to study thoroughly the Review Committee's recommendations before taking a policy decision on the way forward.

Annex

Further Developments

5. We fully appreciate the significant work carried out by the Review Committee, the report of which provides a clear blueprint and lays the foundation on which we can take forward the matter. In particular, the Review Committee has thoroughly examined various issues in relation to PSB and made very useful recommendations.

6. Following the publication of the Review Committee's report, the Government has carefully studied the recommendations of the report, the feedback from the public including the media, and the Legislative Council (LegCo), views expressed by RTHK's staff as well as other relevant matters. We note that the broadcasting landscape has been changing and there are developments that have taken place after the publication of the report that we need to address. In particular, the Review Committee's view that a new public service broadcaster should be set up and it did not favour the transformation of RTHK into the public service broadcaster has triggered a heated debate in the community. RTHK is highly regarded as a credible brand in Hong Kong, given its 80-year history of operation, and as part of the collective memory of many Hong Kong people. The public also consider that RTHK has established itself as a trusted source of information for the community. RTHK has been ranked as the electronic media with the highest trustworthiness in public surveys.¹ It is perceived locally and internationally as a bellwether for the health of freedom of speech in Hong Kong - one of the core values of Hong Kong people. In short, there is considerable support from the public for the station to continue to operate. Indeed, in a recent public opinion survey commissioned by the Government, nearly 40% of the respondents considered that the status quo of RTHK should be maintained while 20% asked for reforms to enhance RTHK's operation. Only 20% were in favour of establishing a new organisation to replace RTHK. Moreover, only around 15% of the respondents had confidence in the set-up of such a new organisation.

7. On the other hand, with the PSB review ongoing, we note increasing concern amongst RTHK staff over various staffing issues such as recruitment and promotion, and there has been a clear voice from RTHK

¹ The survey entitled "Public Evaluation on Media Credibility" conducted by the Chinese University of Hong Kong in 1997, 2001, 2006 and 2009.

staff urging for a clear decision on the way ahead to give certainty to the further development of RTHK.

Relevant Considerations

8. In light of these further developments we believe that the following considerations are relevant and should be taken into account in working out the way forward for PSB and RTHK -

- (a) the uncertainty over the future of RTHK should be addressed once and for all for the benefit of the department and the staff concerned;
- (b) RTHK, through its 80 years of service to the community and with a strong brand name and as a collective memory cherished by many Hong Kong people, should be given due weight in considering whether the department should be tasked to take up the role of public service broadcaster in Hong Kong;
- (c) the question of the job security of existing RTHK staff should be adequately addressed;
- (d) if RTHK is to be retained in some form, the editorial independence of RTHK which underlines its past and current successes, must be preserved and safeguarded; and
- (e) the corporate governance and accountability of RTHK should be suitably enhanced so as to enable it to better serve the community.

A New RTHK

9. Having regard to the above considerations and taking duly into account views of various stakeholders as well as all other relevant factors, the Government has decided to -

- (a) task RTHK to fulfill its role as the public service broadcaster in Hong Kong;
- (b) maintain RTHK's status as a Government department with key recommendations of the Review Committee implemented to

achieve its mission as a public service broadcaster serving with specific public purposes, strengthened corporate governance and greater accountability to the community.

(A) Public purposes

10. The Review Committee has proposed four specific purposes for PSB in Hong Kong, viz sustaining citizenship and civil society; fostering social harmony and promoting pluralism; establishing education value and promoting lifelong learning; and stimulating creativity and excellence to enrich the multi-cultural life of Hong Kong people.

11. All these **public purposes** are agreeable and should be adopted. In addition, we note that there has been public's request for the opening up of public airwaves. At the same time, digitisation of free-to-air television is progressing well and there is also a new impetus for the development of Digital Audio Broadcasting (DAB) in the radio field. These technological advancements give us new opportunities to provide more channels and platforms beyond those available hitherto. These will allow for a new approach to communication among the local community and with our nation and the world. We therefore consider that there is scope for more publicly-funded programming in this direction, particularly to allow for more locally produced original content and overseas co-productions, community participation in broadcasting and the relay of national broadcasts, in order to meet the rising community expectation. We have set out in paragraphs 18 to 20 below our thoughts on the modes of service delivery and new programming opportunities for RTHK to fulfill the above-mentioned public purposes.

(B) Governance

12. The Review Committee has put forth detailed proposals to ensure the effective governance of the PSB, having regard to the circumstances in Hong Kong and drawing on relevant overseas experience. We propose to introduce institutional changes based on the Review Committee's report with suitable modification to take into account the fact that RTHK will remain a Government department. The changes will include the setting up of a **broad-based Board of Advisors** to be appointed by the CE to advise the Director of Broadcasting (D of B) on RTHK's operation. Having regard to the recommendations in the Review

Committee's report, we propose that the Board of Advisors should be tasked –

- (a) to advise D of B on all matters pertaining to editorial policy, programme standards and quality of RTHK programmes;
- (b) to conduct regular public standards reviews to track how well RTHK programming meets up to audience expectations;
- (c) to receive reports on the performance evaluation of RTHK and advise D of B on ways to improve service delivery;
- (d) to advise D of B on matters relating to community participation in broadcasting on radio and television channels, including advising on the rules for the distribution of the new Community Broadcasting Involvement Fund (see paragraph 20(c) below); and
- (e) to commission studies and research on issues pertaining to the achievement of the public mission of RTHK.

This will be a major step forward to enhance the corporate governance of RTHK, to make its operations more transparent and to improve its accountability to the community.

13. As a further enhancement, we propose that the editorial independence arrangement currently set out in a framework agreement signed between RTHK and CEDB should be elevated to be in the form of a **Charter to be issued by the Government**. The Charter will take the form of a formal document that sets out the relationship between the Government and RTHK in respect of both ownership and regulatory control issues. It will make clear that RTHK is editorially independent. It will clarify issues such as the role of the Broadcasting Authority (BA) in providing oversight over the operation of RTHK, transparency in RTHK's operation, and the accountability of RTHK. The Charter will be modeled on the existing framework agreement and the memorandum of understanding amongst CEDB, RTHK and the BA with suitable modifications to tie in with the circumstances of RTHK. The Charter should cover the following -

- (a) the institutional relationship between CEDB and RTHK under the Government structure;
- (b) the public purposes of RTHK;
- (c) the editorial independence to be guaranteed for RTHK;
- (d) the role and composition of the Board of Advisors and other related matters thereto, and the relationship between the Board and RTHK;
- (e) the relationship between the BA and RTHK and related regulatory control issues (e.g. the manner in which programme contents are regulated under the framework of the BA and the handling of public complaints, etc);
- (f) the accountability and performance evaluation to allow better public scrutiny of RTHK's programme productions;
- (g) the modes of service delivery of RTHK;
- (h) the programming directions of RTHK;
- (i) the transparency in RTHK's operations; and
- (j) any other matters relevant to the operation of RTHK.

To signify its importance, we propose that the Charter should be signed by the Chief Secretary for Administration. We believe that with these arrangements, RTHK can better achieve the public purposes for PSB as set out by the Review Committee.

(C) Funding

14. Under our proposal of retaining RTHK as a Government department, **the established annual budgeting control mechanism for the department through the Resource Allocation Exercise (RAE) process and preparation of annual estimates for budgetary control would remain unchanged.**

(D) Accountability and performance evaluation

15. The Review Committee has provided key recommendations on how a public service broadcaster should be accountable to the public and how its performance should be evaluated. For example, the broadcaster should be subject to stringent internal procedures and standards for making editorial and programming decisions and handling public complaints; administrative oversight of the BA and the Director of Audit; and public scrutiny through a set of key performance indicators.

16. We agree to these suggestions and propose that **RTHK should adopt such measures as are appropriate to improve its governance and accountability**. We will engage various sectors of the community in setting the key performance indicators for public scrutiny.

(E) Programming and digital broadcasting

17. The Review Committee recommended that public broadcasting should be committed to innovation, quality and universality of service through the provision of a wide diversity of programmes. Such programming should be comprehensive in nature and presented through television, radio and multi-media platforms while avoiding duplication with commercial broadcasting services. It should seek to provide what is lacking in commercial broadcasting and cater for specific needs and interests of different groups in the community. The approach should encourage innovative programming and local original productions and promote understanding and mutual respect to support the development of a harmonious and civil society. The public service broadcaster should adopt multiple modes of programme production including commissioning and self/co-productions, and should be allocated sufficient spectrum resources for the provision of one digital television channel and an adequate number of radio channels, including analogue and DAB services (some of the DAB services can be used for simulcast of RTHK's existing AM programmes to improve their broadcast quality). We agree with the Review Committee's recommendations and have mapped out the modes of service delivery and new programming directions in paragraphs 18 to 20 below.

(F) Modes of Service Delivery

18. We are confident that the approach to task RTHK as a public service broadcaster will generally meet community expectations. Our

success in the digitisation of terrestrial television over the last two years (with some 40% digital take-up) and new interest in the introduction of DAB, provide an opportunity to allocate additional spectrum and financial resources to RTHK so that it may develop an all-round broadcasting service to the community. The service package should include:

- (a) analogue AM and FM services that RTHK is currently providing, i.e., **4 AM channels** and **3 FM channels**;
- (b) new DAB services through the use of a Band III multiplex; and
- (c) one digital terrestrial television multiplex in the UHF Band, capable of providing **both high-definition television and standard-definition television services**.

19. The public broadcasting service provided by RTHK serves as an important complement to commercial broadcasting services e.g. programme services for ethnic minorities, elderly, educational TV, etc. The proposed enhancement of operation and expansion of service scope with allocation of additional spectrum is clearly in the public interest and should be pursued.

(G) New Programming Opportunities

20. With the additional spectrum and resources for digital broadcasting as proposed in paragraph 18(b) and (c) above, RTHK should be able to complement the commercial broadcasters, offering more programming choice to the community. On top of what RTHK is currently offering, we see **four** particular areas in which RTHK should further develop:

- (a) **Local original content production** – The community calls for more local original content production, particularly that of television content, has been growing and as shown in the recent mid-term review of the two domestic free television programme service licensees. We are determined to provide necessary support to the development of our creative industries as one of the six key economic areas identified by the CE and the Task Force on Economic Challenges in which Hong Kong has an edge for further development. Currently, RTHK has only limited television airtime for public interest programmes while

commissioned programmes only accounts for 6% of RTHK's prime-time output. We propose that RTHK should run one high-definition television channel on its own and with a balanced mix of self/co-production and commissioned programmes. This would stimulate the growth of a local content production industry. It would also give RTHK a clear identity for its television programmes which are now shown through the commercial broadcasters and are sometimes mistaken as programmes produced by the commercial broadcasters.

- (b) **Partnership with overseas broadcasters and content producers** – Broadcasting is a means of promoting Hong Kong in the international arena. RTHK has been working with overseas counterparts such as NHK of Japan and National Geographic of the US on television co-productions. With the additional resources and especially the new high-definition television channel, RTHK will be in a stronger position to undertake more projects of this nature to promote Hong Kong's brand internationally. There will also be more opportunities for RTHK to broadcast a greater variety of international programmes to widen our horizons.

- (c) **Community participation in broadcasting** – We recognise strong calls from some sectors of the community for opening up airwaves for community and public access broadcasting to allow for more participation by community and ethnic minority groups, senior citizens, children and students. However, not only are there severe constraints on availability of frequency spectrum to support low-cost reception (mainly referring to FM radio services), standalone community or public access broadcasting services also require substantial resources in terms of capital and recurrent expenditure as well as human resources. This poses difficulties to smaller community groups. That said, technological advancement has brought about more broadcasting and other communications opportunities and we need to respond to the community expectation arising from such development. Thus, in line with the Government's general mission to foster freedom of expression and encourage a plurality of voices in the community, we consider that RTHK should be tasked to devote part of its airtime and resources

within the development of its digital services to provide a platform for community participation in broadcasting. This should include dedicating more airtime for programmes that allow individuals and community groups to express and exchange their views, with RTHK's programme hosts moderating the programmes; allowing community groups to produce their own programmes for broadcast on RTHK's channels, with different levels of support to be provided by RTHK; and commissioning projects from community groups to produce their own programmes on specific themes or topics. RTHK should consider re-arranging its programming schedule among the existing analogue and new digital radio channels, and dedicating airtime on its television channel for the purpose.

Moreover, we see the need to provide financial support for community groups (e.g., ethnic minority groups, non-governmental organisations, etc) to allow them actively participate in broadcasting and content productions through the establishment of a Community Broadcasting Involvement Fund. We consider this in line with the rising community expectation for more direct participation and have made overseas references: the Office of Communications in the UK administers a fund for organisations to bid for running community participation radio channels. As a pilot, we propose to set up a fund to encourage community organisations to bid for resources for producing television and radio programmes. RTHK would administer, with the advice of the Board of Advisors, the fund and arrange to broadcast programmes produced with support from the new fund on RTHK's channels.

- (d) **National broadcasting** – There has all along been calls for national television, i.e. China Central Television (CCTV) channels, to be received in Hong Kong free-of-charge². We have always recognised the importance of having free-to-air CCTV channels in Hong Kong to enhance our understanding about Mainland developments, subject to spectrum availability as a prerequisite. At present Hong Kong lacks the frequency spectrum to provide more free-to-air TV channels in the

² CCTV currently runs 16 channels in the Mainland. Some of these channels are already available in Hong Kong on the pay and satellite TV platforms. ATV has also started to broadcast CCTV Channel 4 as its new free-to-air digital terrestrial television channel.

analogue format. With the additional digital spectrum to be allocated to RTHK and in line with RTHK's public purpose to promote understanding of our city and nation, and the Government's policy objective to enhance national education, RTHK should be tasked to relay CCTV channels in standard-definition format in Hong Kong, in addition to the relay of CCTV Channel 4 by Asia Television Limited (ATV) in its free digital platform. RTHK should also explore the relay of national radio broadcasts (China National Radio) through its DAB platform.

(H) Merits of New RTHK

21. The proposal of RTHK to serve the mission as the public service broadcaster and to remain as a Government department will have the following advantages –

- (a) We could retain the merit and goodwill RTHK has accumulated over its 80 years of operation and which has won the hearts and minds of most Hong Kong people. The strong brand of RTHK can be preserved.
- (b) We would be able to address the key staffing concerns such as retention of civil servant status and job security. The uncertainty over recruitment, staff succession and promotion prospect could be put to an end.
- (c) The new Board of Advisors proposed would ensure that we could achieve better standards of editorial and institutional output from RTHK.
- (d) The promulgation of a Charter will help ensure programme producers to strictly adhere to the producers' guidelines, enhance the editorial independence of RTHK, and help mitigate any doubt over the impartiality of RTHK's programmes.
- (e) RTHK's operation will be enhanced so that it could achieve its mission as the public service broadcaster and its services will be more accountable to the community.

In short, RTHK should achieve the objectives suggested by the Review

Committee's report: i.e. to be accurate and authoritative in the information it disseminates; balanced in the views it reflects, and even-handed with all who seek to express their views via RTHK's platform; immune from commercial, political and other influences; and uphold the highest professional standards of journalism.

(I) A Clear Way Ahead

22. With a clear way ahead to retain RTHK as a Government department, we propose to:

- (a) de-freeze the open recruitment of civil servants to fill vacancies in RTHK (including allowing civil servants employed under agreement terms to be transferred to permanent terms in accordance with established procedures and criteria), which has been put on hold due to the PSB review. Non-civil service contract (NCSC) staff may also apply for vacant posts according to prevailing civil service policy;
- (b) immediately activate the planning for the re-provisioning of RTHK's headquarters to the new Broadcasting House in Tseung Kwan O; and
- (c) consult the public on how best RTHK should operate to achieve its mission as a public service broadcaster, the programming direction it should take, the ways and means to evaluate its performance and enhance its accountability to the community. We will shortly conduct a two-month consultation to seek the views of the public.

23. Among RTHK's current strength of 779 staff, 451 are civil servants (of which about 300 belong to the Programme Officer grade), 15 are departmental contract staff and 313 are NCSC staff. Currently there are a total of 68 civil service vacancies. To expand its scope of service, we envisage that RTHK would need new civil service and NCSC positions, subject to the established mechanism of resource allocation. We propose to fill existing civil service vacancies (and new civil service posts as and when provided) through open recruitment and promotion. The D of B would undertake an internal re-structuring review, in line with his editorial reform objectives, to assess the optimal mix of civil servants and NCSC staff, in order to deliver the necessary continuity (in maintaining a

consistent editorial policy) and flexibility (in providing an expanded scope of services). A clearer picture on the additional manpower required for expanding RTHK's services would be available upon the completion of the internal re-structuring review. Any shortfall identified will be addressed through established procedures.

24. The new Broadcasting House in Tseung Kwan O should have an enhanced capacity to cater for existing and new services as we discussed in paragraphs 17 to 20 above. In addition, we propose to provide resources for RTHK to digitise its programme archive (with over 80 years of sound recording and over 30 years of television productions currently stored in substandard and inadequate facilities, we feel it must be a priority to preserve this extremely valuable historic resource) which is not only part of the public memory but also an important asset available for use in content production by both RTHK and the private broadcasters. The programme archive once properly restored and digitised, should be made readily accessible to the general public and the industry. The planning and construction of the new Broadcasting House would require a lead time of around five years.

IMPLICATIONS OF THE PROPOSAL

25. The proposals contained in this paper are in conformity with the Basic Law, including the provisions concerning human rights.

26. In respect of financial and staffing implications, while additional capital and recurrent resources will be required to enable RTHK to expand its scope of service in the areas of digitisation of programme archive, provision of DAB services and launching of digital TV services, the exact requirements could only be determined after the conduct of the public consultation. With respect to economic and productivity implications, the proposed expansion of RTHK's service would entail additional job opportunities in the broadcasting industry, but for the same reason mentioned above, the exact number could only be determined at a later stage.

27. As far as sustainability implications are concerned, the proposal to maintain RTHK as a Government department and to serve as the public service broadcaster should help maintain a quality social infrastructure in Hong Kong. The proposal for expanding the scope of RTHK's services,

including the provision of dedicated digital television and radio services for community and ethnic minority involvement in broadcasting, should contribute positively to cultural vibrancy and diversity in Hong Kong. The new digital television and radio services would require some minor works to upgrade the existing hilltop transmission stations, which have no major environmental implications and would be carried out in compliance with relevant environmental legislation.

28. The construction of a new Broadcasting House at Tseung Kwan O would cost an estimate of \$1,600 million (the land value of the site is about \$190 million at 2008 price level), subject to the detailed architectural design and accommodation requirements. On the other hand, the total land value of RTHK's headquarters at Broadcast Drive and related facilities is estimated to be in excess of \$4,900 million (at 2008 price level) if it is to be disposed of in the market.

PUBLIC CONSULTATION

29. The Review Committee, when formulating its recommendations, extensively consulted the public and various stakeholders in 2006 and 2007. The Review Committee's report drew extensive comments from various sectors of the community. The LegCo Panel on Information Technology and Broadcasting has carried out a thorough and systematic examination of the subject and has produced a detailed report. There has also been various motion debates related to the subject in the LegCo and discussions at the Panel meetings.

30. As set out in paragraph 22(c) above, CEDB will shortly launch a two-month public consultation exercise to gauge public views on how best RTHK should operate to achieve its mission as a public service broadcaster, the programming direction it should take, the ways and means to evaluate its performance and enhance its accountability to the community.

PUBLICITY

31. We will hold a press conference to announce the decision. A press release will be issued. We will also arrange a briefing for the LegCo Panel on Information Technology and Broadcasting. A spokesman will be made available to answer media and public enquiries.

ENQUIRIES

32. Enquiries about this brief can be directed to Mr Aaron Liu, Principal Assistant Secretary for Commerce and Economic Development (Communications and Technology) A, on 2189 2236 or at aaronliu@cedb.gov.hk.

Communications and Technology Branch
Commerce and Economic Development Bureau
22 September 2009

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 10th 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).
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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.
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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 11th year onward, and as necessary in future.

END

Committee on Review of Public Service Broadcasting
March 2007

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.
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