

## **CHAPTER 5**

**Commerce and Economic Development Bureau  
Education Bureau  
Radio Television Hong Kong**

**Radio Television Hong Kong:  
Provision of programmes**

**Audit Commission  
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# **RADIO TELEVISION HONG KONG: PROVISION OF PROGRAMMES**

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# **RADIO TELEVISION HONG KONG: PROVISION OF PROGRAMMES**

## **Executive Summary**

1. Radio Television Hong Kong (RTHK) has four programme areas: (a) radio; (b) public affairs and general television (TV) programme; (c) school education TV (ETV) programme; and (d) new media. According to RTHK's annual Radio Audience Survey, the number of listeners of RTHK radio channels had increased by 14% from 2,949,000 in 2013 to 3,371,000 in 2017. RTHK programmes have also won a number of local and international awards. Moreover, while RTHK provides online and mobile access to its digital platforms and contents around the clock all year round, the total number of output hours for radio, TV and school ETV programmes in 2017-18 were 57,359, 1,409 and 19 respectively. Over 75% of RTHK's programmes are in-house productions. RTHK employs 676 civil service staff, 193 full-time and 417 part-time contract staff, and procures services from various service providers to meet different programme production needs. In 2017-18, RTHK's expenditure was \$1,008.4 million and its income was \$20.7 million. The Commerce and Economic Development Bureau is the policy bureau for radio, public affairs and general TV programme and new media services. The provision of school ETV programmes is under the policy responsibility of the Education Bureau (EDB). The Audit Commission (Audit) has recently conducted a review of RTHK's provision of programmes.

## **Production of programmes**

2. ***High percentage of non-civil service contract (NCSC) staff and prolonged employment of some NCSC staff.*** NCSC staff are generally temporary staff employed to meet short-term operational needs and ad hoc programme needs. Hiring staff on short-term contract provides a more flexible means for RTHK to respond to changing operational and service needs. However, Audit noted that as at 31 March 2018: (a) the percentage (i.e. 22%) of NCSC staff for RTHK was significantly higher than that for all government bureaux/departments (5.5% as at 30 June 2017); and (b) 63 (34%) of the 188 full-time NCSC staff had been continuously employed for 5 years or more. Of these 63 staff, 28 (44%) had been continuously employed for 10 years or more. The longest period of employment was 18.8 years. It appears that some

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NCSC staff may have been employed to meet recurrent and long-term operational needs (paras. 2.12, 2.14 and 2.15).

3. ***Need to improve the process of engaging Category II (Cat II) Service Providers.*** Cat II Service Providers are independent contractors or self-employed persons who are engaged for a specific purpose in the production of programmes, for example, artistes, presenters, scriptwriters, translators and technical producers. As at 31 March 2018, there were 81 job titles of Cat II Service Providers. To facilitate internal processing and checking, RTHK stipulated that: (a) the contract request must route through checking staff, preferably seven working days before the engagement, for vetting and checking the particulars against information available in the database before submission to the approval officer; and (b) user section should not allow the engagement of Service Providers to commence before the contract request is approved and the contract is issued. Audit examination of the 65 contract requests initiated in the period from February 2016 to May 2018 revealed that: (a) 39 (60%) requests were submitted to the checking staff less than 7 working days before the engagement, on average only 4 working days before the engagement, ranging from 1 to 6 working days; (b) 1 (2%) request was submitted to the checking staff and approved 22 days and 23 days respectively after the start date of the engagement period; and (c) for another contract, the engagement commenced 27 days before the contract was issued (paras. 2.12, 2.18, 2.20, 2.21 and 2.23).

4. ***Need to review acquisition procedures for TV and radio programmes.*** RTHK's acquisition procedures of TV and radio programmes are different from the procedures stipulated in the standard government procurement procedures (i.e. Stores and Procurement Regulations – SPR). For each procured TV or radio programme, there is only one supplier. Instead of inviting the supplier to quote a selling price as required by the SPR, RTHK offers a price and then negotiates with the supplier. In December 2015, the Hong Kong Independent Commission Against Corruption (ICAC) completed a review on RTHK's acquisition of TV programmes for digital terrestrial television channels. The ICAC found that RTHK's practice of acquiring programmes could pose a collusion risk of circumventing the controls built in the standard government procurement procedures with a view to favouring a supplier. However, RTHK considered that the acquisition of TV programmes was in the nature of licensing of copyright rather than procurement of stores or services and thus the transactions were not subject to the government procurement regulations. Audit considers that RTHK needs to review the acquisition procedures of TV and radio programmes, including whether the acquisition falls into the definition of



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procurement and is subject to the SPR, seeking advice from the Financial Services and the Treasury Bureau where necessary (paras. 2.31 to 2.34).

5. ***Need to improve Community Involvement Broadcasting Service (CIBS).*** In May 2012, the Finance Committee of Legislative Council (LegCo) approved \$45 million for setting up the Community Involvement Broadcasting Fund (CIBF). The aim of the CIBF is to support and encourage community and ethnic minority organisations and individuals to participate in broadcasting programme production through the CIBS on different themes, such as social services and ethnic minorities (para. 2.37). Audit noted that:

- (a) ***Detailed assessments of Selection Committee not documented.*** A Selection Committee has been established to assess applications for CIBS and CIBF. Audit examined the records for the 6 rounds of applications conducted in the period from 2015-16 to 2017-18 and noted that the Selection Committee only gave an overall score and overall comments on each applicant. Detailed assessments on each of the five selection criteria were not documented. Such detailed assessments would help ensure that the applications were thoroughly assessed on each criterion (paras. 2.41 and 2.42);
- (b) ***Difficulty in submitting programme recordings on time.*** RTHK requires the CIBS participants to submit their programme recordings one month before the scheduled broadcasting date for the first two episodes and two weeks before the scheduled broadcasting date from the third episode onwards, so that RTHK has sufficient time to check the quality of the programmes. Audit examination of the submission of 156 programme recordings for 12 programmes broadcast during the period from April 2015 to April 2018 revealed that: (i) 12 (50%) of the 24 programme recordings for the first two episodes were submitted on average 10 days late (ranging from 1 to 31 days), i.e. submitted on average about 20 days before the scheduled broadcasting dates; and (ii) of the remaining 132 programme recordings for third episodes onwards, 71 (54%) were submitted on average 11 days late (ranging from 1 to 25 days), i.e. submitted on average 3 days before the scheduled broadcasting dates (paras. 2.43 and 2.44);
- (c) ***Delay in submission of post-broadcast reports.*** RTHK requires the CIBS participants to submit the post-broadcast reports (i.e. self-evaluation reports in which the participants give their views on whether the expected

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deliverables of the programmes were achieved, and Limited Assurance Engagement Reports (together with the statements of expenditure) prepared by accredited/registered accounting firms) after the completion of the programme to ensure that the programmes achieved the expected deliverables and the expenditure of the programmes were properly accounted for. The date of submission was specified in the agreements signed between RTHK and the participants. Audit examination of the timeliness of the submission of post-broadcast reports for 12 programmes broadcast from April 2015 to April 2018 revealed that: (i) 7 (58%) of the 12 self-evaluation reports were submitted on average 62 days late (ranging from 1 to 210 days); and (ii) 7 (58%) of the 12 Limited Assurance Engagement Reports were submitted on average 82 days late (ranging from 1 to 213 days) (para. 2.46); and

- (d) ***Low public awareness on CIBS programmes.*** The CIBS programmes are only broadcast on channel Radio 7. According to the results of the 2017 Radio Audience Survey, the listenership and awareness level of Radio 7 were only 2.3% of the population and 2.8% of the respondents, and only 21% of the respondents was aware of the CIBS. The low listenership and awareness level might undermine the effectiveness of the CIBS in encouraging community or ethnic minority involvement in broadcasting (para. 2.53).

6. ***Commissioning of TV programmes.*** Since 2000, RTHK has introduced a scheme for commissioning private production houses to produce TV programmes. Programme commissioning provides an open platform for independent producers to exhibit their creativity. In each round of application, a Selection Board is set up to assess applications for each category of commissioned programmes. After commissioning, the contractors are required to submit production materials in different production stages and an audited report to account for their expenditures (paras. 2.56 to 2.58). Audit noted that:

- (a) ***Delay in submission of production materials and audited reports.*** Audit reviewed 15 programmes completed in the period from July 2016 to April 2018 and noted that: (i) all the 15 programmes had delays in submission of production materials (averaging 2 months, ranging from 4 days to 5.8 months). As a result of delay in different production stages, the completion of programmes were delayed (averaging 2.2 months, ranging from 4 days to 5.7 months); and (ii) audited reports for 13 (87%) of the

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15 programmes were submitted late (averaging 2.9 months of delay, ranging from 2 days to 6.1 months) (paras. 2.60 and 2.61);

- (b) *Need to collect audience views on commissioned programmes.* RTHK did not collect audience views on the satisfaction rate of commissioned programmes and areas for improvement. Such audience views would be very useful as a reference for the Selection Board in assessing the track records of the programme directors in future applications (para. 2.64); and
- (c) *Need to explore the feasibility of increasing output hours of commissioned programmes.* Audit analysed the number of output hours of commissioned programmes for the period from 2013-14 to 2017-18 and noted that the number of output hours of commissioned programmes per year was very small, ranging from 21 to 33 hours, making up only 1.5% to 3.5% of the total output hours of TV programmes (para. 2.66).

## Broadcasting of programmes and new media services

7. *Need to enrich the programmes of TV 31 and TV 32.* Channel TV 31 is the flagship channel of RTHK, which offers diversified programmes, aiming to cater to the needs of audience from all walks of life. Channel TV 32 is a live event channel, which covers LegCo meetings, important local press conferences, international news, international sports news and local sports events. Analysis of the broadcasting hours for 2017-18 revealed that: (a) the number of first-run programme hours for TV 31 (1,409 hours) and TV 32 (2,073 hours) only represented 20.3% and 33.4% respectively of the operating hours, or 16.1% and 23.7% respectively of the total broadcasting hours; (b) the number of broadcasting hours of re-run programmes for TV 31 increased by 107% from 2,358 hours in 2014-15 to 4,877 hours in 2017-18. As RTHK had not formulated strategies on selecting re-run programmes, no guidelines were promulgated on the selection of programmes for re-run and the proportion of broadcasting hours for re-run programmes; (c) TV 31 had non-operating hours as high as 1,825 hours, representing 20.8% of its broadcasting hours; and (d) during non-operating hours for TV 31 and TV 32, miscellaneous contents comprising fillers (such as “TV Journey”, photo gallery and news feeds), on-air promotions and Announcements of Public Interest were broadcast. In addition, for TV 32, miscellaneous contents were also broadcast during operating hours when there were no live events. For TV 31 and TV 32, 20.8% and 53.1% respectively of their broadcasting hours were used to broadcast miscellaneous contents. The large number

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of broadcasting hours of miscellaneous contents is a cause for concern as this may reduce the attractiveness of the channels to audience (para. 3.4).

8. ***Basis of price determination and negotiation process not documented for content licensing.*** According to the Content Licensing Guidelines, when a potential licensee approaches RTHK for certain content, the Programme and Content Management team will offer a price. Audit examined 15 licence contracts signed in the period from 2015-16 to 2017-18 and found that: (a) for all the 15 contracts, the basis of determining the offer price was not documented; (b) for 6 (40%) contracts, the negotiation process with potential licensees were not documented; and (c) the prices for 12 (80%) contracts were on the lower side of the price ranges and close to the minimum of the price ranges set. Although the minimum prices had been set, there were no guidelines on how the offer price to potential licensees should be determined. This may lead to offer prices that were on the lower side (paras. 3.12 to 3.14).

9. ***Decreasing number of licensing contracts/licensees and licensing income and need to step up promotion on content licensing.*** RTHK's objectives of content licensing were to: (a) enhance audience reach; (b) strengthen RTHK's corporate branding; (c) promote networking, enhance creativity and cultural exchange; (d) maximise the cost-efficiency of public money spent; and (e) generate revenue. Audit analysed the number of licensing contracts and the number of licensees from January 2013 to June 2018 and noted that: (a) income generated from content licensing totalled only \$2.3 million in 2017-18; (b) the number of licensing contracts decreased by 65% from 92 in 2013 to 32 in 2017; (c) the number of licensees decreased by 45% from 51 in 2013 to 28 in 2017; and (d) for the six months from January to June 2018, the number of licensing contracts and number of licensees were only 10 and 6 respectively. Despite the decrease in licensing contracts and licensees, RTHK did not formulate any plans or carry out any promotion activities on content licensing, with a view to enhancing audience reach, strengthening RTHK's corporate branding and generating revenue (paras. 3.8, 3.9, 3.15 and 3.18).

10. ***Decreasing trend of daily page view of RTHK website.*** The RTHK website "rthk.hk" provides 24-hour multimedia news and programmes, and podcast service of selected programmes. Audit examined the usage of "rthk.hk" website and noted that in view of the change in users' habit towards more frequent use of mobile applications: (a) the daily page views of the "rthk.hk" website decreased by 45% from 5.1 million in April 2015 to 2.8 million in June 2018; (b) RTHK did not meet the

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performance target on daily page view of “rthk.hk” from 2015-16 to 2017-18; and (c) for the years from 2014 to 2018, the usage of RTHK website was in general decreasing (paras. 3.22 to 3.24).

11. ***Need to boost the usage of new media services.*** RTHK has taken measures to boost the usage and improve the quality of new media services. However, Public Opinion Survey 2018 indicated that the percentage of respondents who had accessed RTHK contents through new media platforms was low (i.e. 27.6%). Of the respondents who had accessed the RTHK contents through new media platforms, while the majority of the respondents accessed the RTHK contents through social media and SmartTV, only 24.2% and 18.4% of the respondents used mobile applications and RTHK website respectively to access RTHK programmes (paras. 3.25 and 3.26).

### Evaluation of programmes and other administrative issues

12. ***Procurement of service for TV Appreciation Index (TVAI) Surveys and Radio Audience Surveys.*** RTHK conducts appreciation and audience surveys to measure the performance of its TV and radio programmes periodically (para. 4.2). Audit noted the following:

- (a) ***One and same service provider for many years.*** Audit analysed the results of the five procurement exercises for TVAI Surveys for the years 2009 to 2018 and five procurement exercises for Radio Audience Surveys for the years 2010 to 2017 and noted that only one and the same service provider (Service Provider A) submitted an offer in each and every of the ten procurement exercises. Service Provider A was awarded the contract for TVAI Surveys or Radio Audience Surveys in every of the ten procurement exercises (para. 4.4); and
- (b) ***Need to consider relaxing the mandatory requirements on the service providers in order not to render them overly restrictive.*** RTHK imposed two mandatory requirements in selecting service providers for the TVAI Surveys in the procurement exercises conducted in 2015 and 2017. Audit noted that: (i) 3 of the 6 service providers invited in 2015 and 2 of the 6 service providers in 2017 became unqualified due to their failure to meet the mandatory requirement of having established in Hong Kong for at least fifteen years before the quotation closing date; and (ii) all service providers

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other than Service Provider A became unqualified due to their failure to meet the mandatory requirement of having relevant experience in conducting appreciation survey of broadcasting media in Hong Kong for at least twenty surveys in the last ten years before quotation closing date (paras. 4.10 and 4.11).

13. ***Evaluation of TV programmes.*** RTHK evaluates the performance of its TV programmes through the appreciation index and TV ratings (para. 4.15). Audit noted the following:

- (a) ***Need to review the strategy for the coverage of programmes in TVAI Surveys.*** Audit noted that: (i) all acquired programmes had not been selected for TVAI Surveys; and (ii) the percentage of different programmes surveyed decreased from 77% in 2015 to 66% in 2017. This may have an effect on the usefulness of the survey results (paras. 4.18 and 4.19);
- (b) ***Low awareness level and low appreciation index of some TV programmes.*** The results of the TVAI Survey 2017 revealed that of the 9 RTHK programmes in the Top 20 List (i.e. list of 20 programmes with highest appreciation index score), the awareness level of 5 (56%) were below the average awareness level of 17.1% of all 223 programmes. Of the 53 RTHK programmes surveyed: (i) 40 (75%) were below the average awareness level of 17.1% (ranging from 1.5% to 15.8%) among all TV channels; (ii) 16 (30%) were below the average appreciation index of 66.83 (ranging from 59.56 to 66.71) among all TV channels; and (iii) 14 (26%) were below both the average awareness level of 17.1% and the average appreciation index of 66.83 (para. 4.22);
- (c) ***Low TV ratings.*** The TV ratings reports for RTHK Channels TV 31/31A for the period from January to June 2018 revealed that the average TV rating of TV 31/31A was low. Each score of TV rating represents around 64,000 viewers. The average rating for TV 31/31A for the six-month period was 0.1 (i.e. 6,400 viewers), ranging from less than 0.05 (i.e. fewer than 3,200 viewers) to 2.2 (i.e. 140,800 viewers). Audit analysis of six RTHK programmes which had also been broadcast on the free channel of a commercial TV operator for at least three months in the period from January to June 2018 revealed that the TV ratings of these six programmes when broadcast on RTHK Channels TV 31/31A were much

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lower than those when the same programmes were broadcast on the free channel of a commercial TV operator (paras. 4.24 and 4.27);

- (d) ***No viewership indicators for RTHK TV channels and programmes.*** RTHK uses the appreciation index as one of the performance indicators of its TV programmes. In the Controlling Officer's Report (COR), RTHK reported the average appreciation score and the number of RTHK programmes on the Top 20 List. However, both indicators do not measure the number of people who have watched the TV programmes. Audit noted that RTHK had reported in the COR the average viewership of prime-time programmes on free-to-air channels of other TV operators as a performance indicator, but the average viewership of RTHK's TV channels and the programmes broadcast on its channels was not reported in the COR. Therefore, the public could not get information on the popularity of RTHK's TV channels and programmes from the COR (paras. 4.30 and 4.31); and
- (e) ***No target appreciation index and target awareness level set.*** RTHK does not set targets of appreciation index or awareness level for its programmes. Given that RTHK has its own TV channels since 2014, RTHK may consider setting targets/benchmarks for both appreciation index and awareness level of its programmes in order to facilitate more meaningful evaluation of its programmes (para. 4.32).

14. ***Evaluation of radio programmes.*** According to the 2017 Radio Audience Survey, RTHK had a total number of listeners of 3,371,000 for its seven radio channels. RTHK evaluates its radio channels and programmes using the results of the annual Survey such as listenership of radio channels and appreciation index of radio channels (paras. 4.35 and 4.37). Audit noted the following:

- (a) ***Number of listeners of some radio channels decreased.*** The number of listeners in four of the seven channels decreased. In particular, the number of listeners in Radio 6 and 7 decreased by 57% and 33% from 181,000 and 232,000 in 2013 to 78,000 and 155,000 in 2017 respectively (para. 4.37);
- (b) ***Appreciation index and awareness level decreased for some radio channels.*** Audit analysed the results of Radio Audience Survey from 2013 to 2017 and noted that: (i) for 4 channels, namely Radio 2, 5, 6 and 7, their scores in appreciation index decreased. The decreases ranged from 0.01

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(from 6.97 to 6.96) to 0.53 (from 6.83 to 6.3); and (ii) for 6 channels, namely Radio 2, 3, 4, 5, 6 and 7, their awareness levels decreased. The decreases ranged from 0.4 percentage point (from 7.6% to 7.2%) to 4.1 percentage points (from 37% to 32.9%) (para. 4.38);

- (c) ***Need to include the share of total listening time per channel as performance indicator.*** The Radio Audience Survey also provides information on the share of total listening time and the average daily listening time per audience per radio channel. For example, the share of total listening time of Radio 1 was 33.5% in 2017 whereas the average daily listening time per audience was 3.2 hours in the same year. The service provider of the Radio Audience Survey stated in the survey report that the share of total listening time might reflect a more comprehensive and accurate picture on the audienceship than the number of listeners because it took into account both the number of listeners and the duration of listening time per audience. RTHK may consider including the share of total listening time per channel as a performance indicator and report it in the COR (paras. 4.40 and 4.41); and
- (d) ***No qualitative indicators for radio services.*** RTHK uses only the quantitative performance indicators, namely the number of listeners and the audience reach per channel for measuring the performance of its radio services. Audit notes that the annual Radio Audience Survey also covers appreciation index of radio channels, which indicates how well the audience appreciate the radio channels, but it is not reported in the COR. Furthermore, in the Radio Audience Survey, RTHK collects appreciation index at channel level, but not at programme level. In the absence of such information at programme level, RTHK is unable to monitor the quality of individual radio programmes and take appropriate follow-up action to improve their quality (paras. 4.42 and 4.43).
15. ***Evaluation of school ETV programmes.*** RTHK produces school ETV programmes for the EDB (para.4.46). Audit noted the following:

- (a) ***Small number of school ETV programmes watched.*** In the period from 2004-05 to 2015-16, the average number of school ETV programmes watched by each class for kindergartens and secondary schools decreased by 66% from 13.1 to 4.4 and by 38% from 9.6 to 6 respectively. The average number of school ETV programmes watched by each class for



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kindergartens and secondary schools were significantly lower than that for primary schools which stood at 71.0 in 2015-16. In 2015-16, the average numbers for kindergartens and secondary schools were 4.4 and 6 programmes respectively. They were much lower than that (71 programmes) for primary schools (para. 4.50);

- (b) ***Need to enhance staff productivity.*** Audit analysed the indicator of the number of school ETV programmes per programme staff for the period from 2002-03 to 2017-18 and found that: (i) the number of programmes per programme staff dropped by 26% from 11.9 in 2002-03 to 8.8 in 2017-18; and (ii) no targets were set for assessing the staff productivity for school ETV programmes (para. 4.53);
- (c) ***High production cost of school ETV programmes.*** Audit noted that: (i) the cost per hour of school ETV programme increased significantly by 105% from \$0.77 million in 2008-09 to \$1.58 million in 2017-18; and (ii) the school ETV programmes were much costlier when compared with public affairs and general TV programmes. In 2017-18, the cost per hour for school ETV programmes (\$1.58 million) was 4.79 times that of public affairs and general TV programmes (\$0.33 million) (paras. 4.56 and 4.58);
- (d) ***Need to explore the possibility of increasing the scale of commissioning of school ETV programme productions.*** In its review on the school ETV service carried out in 2003, the Standing Committee on the Development of the ETV Service advised the EDB and RTHK to work on an outsourcing strategy to progressively increase the proportion of outsourced programme production from 5% in 2004 to not less than 50% in the long term. However, the EDB and RTHK had not formulated any commissioning strategy or drawn up any definite plan for commissioning the production of school ETV programmes (para. 4.60); and
- (e) ***Need to conduct comprehensive review on RTHK's production of school ETV programmes.*** In view of the audit observations on small number of programmes watched resulting from the change in the viewing mode, decreasing staff productivity and high production cost of the school ETV programmes, Audit considers that the EDB and RTHK need to conduct a comprehensive review on RTHK's production of school ETV programmes to determine the way forward and the improvement measures (para. 4.62).

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16. ***Performance evaluation reports not provided to Board of Advisors and Annual Report not prepared.*** It was stipulated in the Charter of RTHK that the Board of Advisors should receive reports on the performance evaluation of RTHK and RTHK's compliance with performance evaluation indicators, and advise the Director of Broadcasting on the adoption of appropriate performance evaluation indicators and ways to improve service delivery. Audit noted that no performance evaluation report including evaluating the actual performance against the performance targets had been submitted to the Board of Advisors. Moreover, it was stipulated in the Charter of RTHK that RTHK should produce an Annual Report for public inspection no later than six months after the conclusion of the year reported on. However, RTHK did not prepare the Annual Report, contrary to the requirement of the Charter (paras. 4.67, 4.70 to 4.72).

### Audit recommendations

17. **Audit recommendations are made in the respective sections of this Audit Report. Only the key ones are highlighted in this Executive Summary. Audit has recommended that the Director of Broadcasting should:**

#### ***Production of programmes***

- (a) **review whether the existing NCSC staff are employed in line with the Government's policy on the employment of NCSC staff (para. 2.25(a));**
- (b) **ensure that the engagements of Cat II Service Providers commence only after the contract requests are approved and the contracts are issued (para. 2.25(c));**
- (c) **review the acquisition procedures of TV and radio programmes and, where necessary, seek advice from the Secretary for Financial Services and the Treasury (para. 2.35(b));**
- (d) **take measures to ensure the timely submission of the programme recordings, self-evaluation reports and Limited Assurance Engagement Reports by the CIBS participants (para. 2.54(b));**
- (e) **step up promotion on the CIBS to the community and ethnic minority organisations and individuals (para. 2.54(f));**

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- (f) take measures to ensure that the commissioned contractors submit production materials and audited reports, and complete the commissioned programmes in a timely manner (para. 2.68(a));

### *Broadcasting of programmes and new media services*

- (g) endeavour to enrich the TV programmes, including exploring ways to increase the output hours of TV programmes, increasing the first-run programme hours, devising a strategy for re-run programmes, reducing the non-operating hours for TV 31 and exploring ways to enrich the miscellaneous contents (para. 3.6);
- (h) set guidelines on how to determine the offer price to potential licensees and take action to promote content licensing (para. 3.19(a) and (d));
- (i) keep in view the usage of the RTHK website and take measures to boost the usage and improve the quality of the new media platforms (para. 3.27(a) and (c));

### *Evaluation of programmes and other administrative issues*

- (j) revisit the need for the mandatory requirements imposed on the service providers for the TVAI Surveys and the Radio Audience Surveys (para. 4.13(e));
- (k) take measures to improve the awareness level and the appreciation index of RTHK's TV programmes (para. 4.33(c));
- (l) take measures to address the issue of lower TV ratings of RTHK TV programmes broadcast on RTHK channels than the ratings of the same programmes broadcast on a commercial channel (para. 4.33(e));
- (m) take measures to improve the appreciation index and awareness level of RTHK's radio channels (para. 4.44(b));

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- (n) take appropriate actions to address the problem of decreasing staff productivity in terms of programmes per programme staff, and consider setting targets to assess the staff productivity for school ETV programmes (para. 4.63(a) and (b));
  - (o) take appropriate actions to contain the high production cost per hour for school ETV programmes (para. 4.63(c));
  - (p) submit the reports on performance evaluation of RTHK and the RTHK's compliance with performance evaluation indicators to the Board of Advisors on a regular basis as required by the Charter of RTHK (para. 4.73(a)); and
  - (q) prepare an Annual Report for public inspection as required by the Charter of RTHK (para. 4.73(b)).
18. Audit has also *recommended* that the Secretary for Education and the Director of Broadcasting should, taking into account the audit observations, conduct a comprehensive review on RTHK's production of school ETV programmes to determine the way forward and the improvement measures (para. 4.64(b)).

## Response from the Government

19. The Director of Broadcasting and the Secretary for Education agree with the audit recommendations.

## PART 1: INTRODUCTION

1.1 This PART describes the background to the audit and outlines the audit objectives and scope.

### *Background*

1.2 The Government launched its first radio broadcasting station in June 1928. The station became known as Radio Hong Kong in 1948. In 1954, the then Radio Hong Kong became a government department. In 1970, it established a Public Affairs Television Unit to produce television (TV) programmes for broadcast by commercial TV channels. In 1976, it changed its name to Radio Television Hong Kong (RTHK) to reflect its new involvement in TV programme production. In the same year, RTHK began to produce school education TV (ETV) programmes for the then Education Department (Note 1).

1.3 RTHK programmes have won a number of local and international awards. In the past 5 years from 2013-14 to 2017-18, RTHK TV and radio programmes won a total of 374 local, mainland and international awards, including Consumer Rights Reporting Awards, Human Rights Press Awards, Asian Television Awards, New York Festivals, Chicago International Film Festival Television Awards, Asia-Pacific Broadcasting Union Radio Awards, etc.

### *Charter of RTHK*

1.4 In September 2009, taking into account the recommendations of the Committee on Review of Public Service Broadcasting (Note 2) and views of various

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**Note 1:** *In January 2003, the then Education Department merged with the then Education and Manpower Bureau. In July 2007, the Bureau was renamed the Education Bureau upon the reorganisation of the Government Secretariat.*

**Note 2:** *The Committee on Review of Public Service Broadcasting was appointed by the Chief Executive of the Hong Kong Special Administrative Region in January 2006 to study the development of public service broadcasting in Hong Kong.*

## Introduction

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stakeholders, the Government decided to issue a Charter of RTHK covering all the main aspects of the operation of RTHK.

1.5 In August 2010, the Government promulgated the Charter of RTHK. The Charter sets out the public purposes (see Appendix A) and mission of RTHK (see Appendix B) as the public service broadcaster (Note 3) in Hong Kong. It specifies the editorial independence of RTHK, key programme areas of activities, modes of service delivery, performance evaluation and operational transparency. It also prescribes RTHK's relationship with the Commerce and Economic Development Bureau (CEDB) as well as the Board of Advisors (see para. 1.9), and the role of the then Broadcasting Authority (Note 4) in providing content regulation for RTHK programming.

### *Programme areas*

1.6 RTHK has four programme areas:

- (a) ***Programme (1): Radio.*** RTHK produces and transmits radio programmes. It operates seven analogue (AM/FM) radio channels (Radio 1 to Radio 7 — Note 5) 24 hours a day, covering a variety of programmes in news, music, finance, cultural and education (see Table 1). In 2017-18, the total number of output hours of RTHK radio programmes was 57,359 hours (Note 6);

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**Note 3:** *A public service broadcaster is a publicly owned broadcasting institution funded by the public through different means, e.g. television licence fee, government funds, donations, sponsorship and sales revenue.*

**Note 4:** *The then Broadcasting Authority ceased to function on 31 March 2012. Its powers and duties have been transferred to the Communications Authority, which was established on 1 April 2012.*

**Note 5:** *In the period from March 2011 to early September 2017, RTHK ran five digital audio broadcasting channels. The digital audio broadcasting services were terminated in early September 2017.*

**Note 6:** *The total number of output hours of RTHK radio programmes did not include the simulcast hours of 3,961.*

**Table 1**  
**Radio channels of RTHK**  
**(2017-18)**

Channel	Modulation	Main content
Radio 1	FM	News, information and general programming (Cantonese)
Radio 2	FM	Youth, entertainment, popular music and promotion of family and community projects (Cantonese)
Radio 3	AM	News, information and general programming (English)
Radio 4	FM	Fine music and arts (7:00 – 23:00) (English and Cantonese); Relay of BBC World Service (23:00 – 7:00) (English)
Radio 5	AM	Elderly, cultural and education (Cantonese)
Radio 6	AM	Relay of China National Radio Hong Kong Edition (Putonghua and Cantonese)
Radio 7	AM	General programming, news and finance (Putonghua); Community Involvement Broadcasting Service (various languages)

*Source: RTHK records*

- (b) **Programme (2): Public Affairs and General TV Programme.** RTHK provides a variety of TV programmes, including public and current affairs, educational, drama as well as arts and culture programmes. These programmes are in-house productions, commissioned programmes, acquired programmes or co-production programmes. RTHK started to trial run three digital terrestrial television (DTT) channels (RTHK TV 31 to 33) in 2014 and proceeded with the transmission of programmes on two analogue TV channels (TV 31A and 33A) from April 2016 (see Table 2). Some TV programmes are also broadcast on commercial TV channels. In 2017-18, the total number of output hours of RTHK TV programmes was 1,409 hours;

**Table 2**

**TV channels of RTHK  
(2017-18)**

<b>Channel</b>	<b>DTT/ Analogue</b>	<b>Main content</b>
TV 31	DTT	General programming on current affairs, education, arts and culture
TV 32	DTT	Live event channel which covers Legislative Council (LegCo) meetings, significant local news and public events, sports competitions, relay of important international event; and Selected videos of daily life titled as “TV Journey”
TV 33	DTT	Relay of China Central Television Channel 1 24 hours a day
TV 31A	Analogue	Simulcast of TV 31
TV 33A	Analogue	Simulcast of TV 33

*Source: RTHK records*

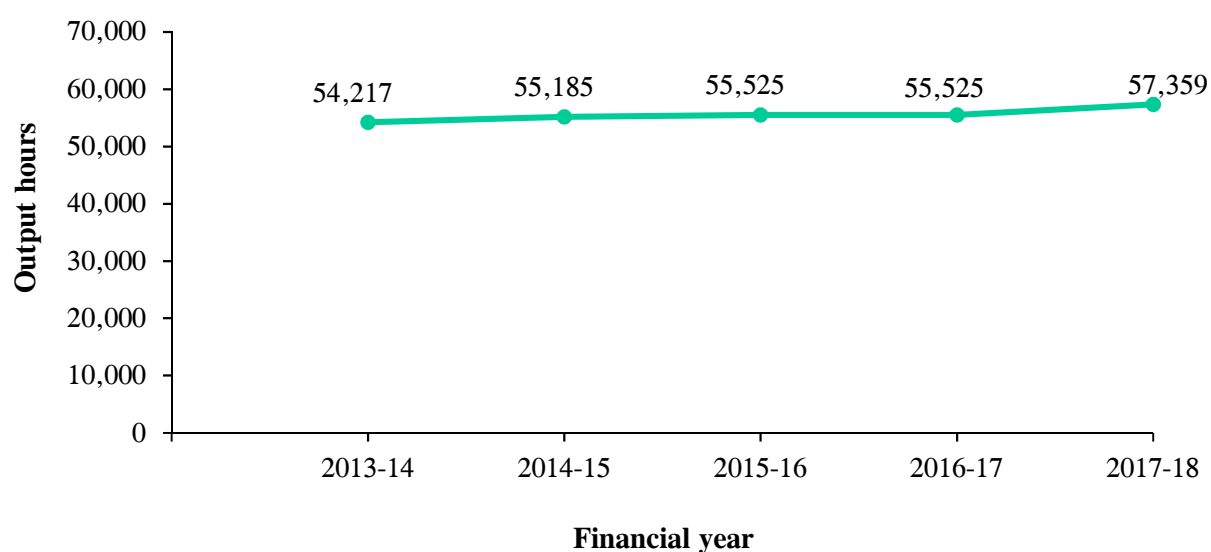
- (c) **Programme (3): School ETV Programme.** RTHK produces school ETV programmes for kindergarten, primary, and junior and senior secondary school students. The programmes are broadcast to schools on a commercial channel and TV 31 and 31A. They can also be viewed online on RTHK website, “eTVonline” website, RTHK mobile application “RTHK Screen”, the Education Bureau (EDB)’s ETV mobile application, the HKEdCity ETV website and the EDB’s ETV website. Some programmes are reproduced in the form of DVDs and distributed to schools. In 2017-18, the number of output hours of school ETV programmes was 18.9 hours; and
- (d) **Programme (4): New Media.** The New Media Unit (NMU) provides different online digital platforms and contents for audiences, including the website of RTHK, various mobile applications and social media platforms. It provides the simulcast of all RTHK 24-hour radio channels. It also provides on-demand archives of all RTHK radio, TV and news programmes broadcast in the past 12 months.



1.7 The number of output hours for radio, TV and school ETV programmes for the period from 2013-14 to 2017-18 are shown at Figures 1, 2 and 3. Some key performance measures in respect of the four programme areas as set out in the Controlling Officer's Report (COR) from 2013-14 to 2017-18 are shown at Appendix C.

**Figure 1**

**Output hours of radio programmes  
(2013-14 to 2017-18)**

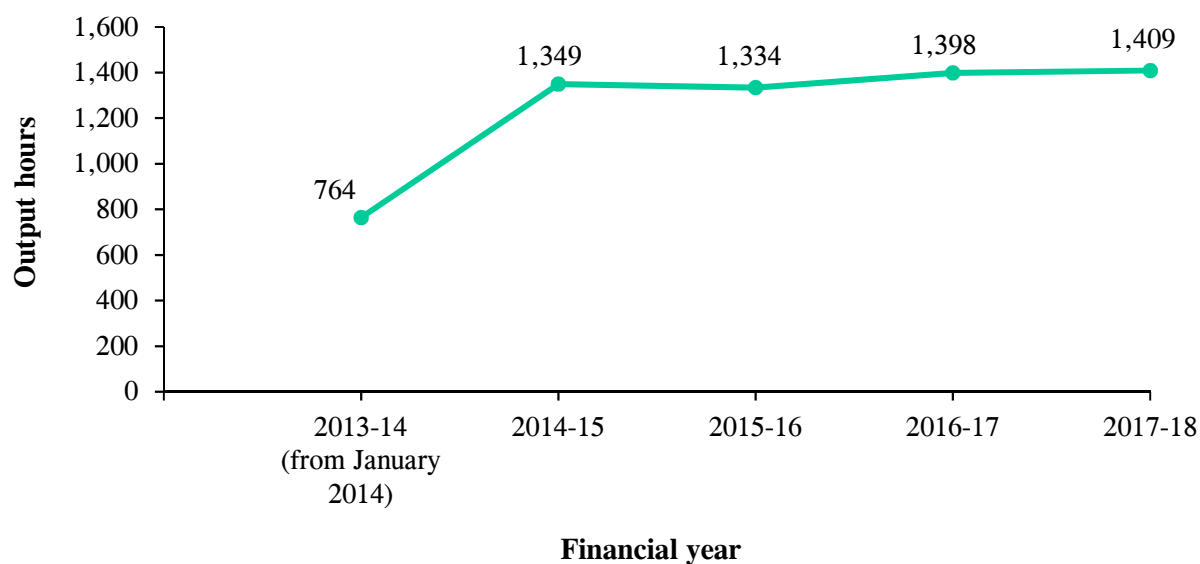


*Source: Audit analysis of RTHK records*

*Remarks: Sometimes, an RTHK radio channel simulcasts another RTHK radio channel. The output hours of RTHK radio programmes did not include the simulcast hours.*

**Figure 2**

**Output hours of TV programmes  
(2013-14 to 2017-18)**

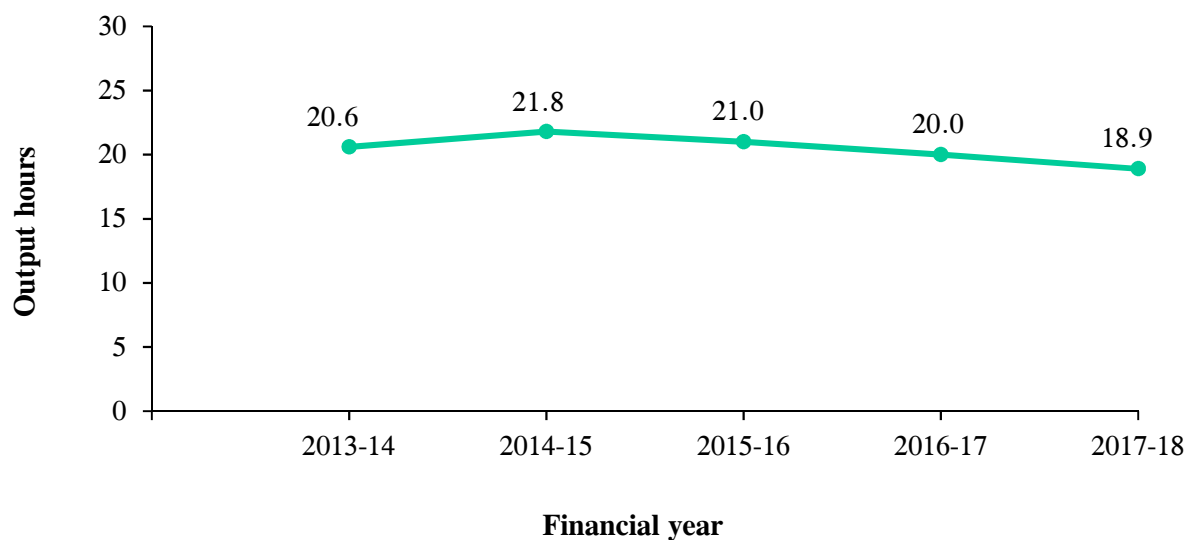


*Source:* Audit analysis of RTHK records

*Remarks:* RTHK commenced trial run on DTT programme transmission in January 2014. Increased output hours in 2014-15 was mainly due to the full-year effect.

**Figure 3**

**Output hours of school ETV programmes  
(2013-14 to 2017-18)**



*Source:* Audit analysis of RTHK records

*Income and expenditure*

1.8 In 2017-18, RTHK received income of \$20.7 million. The income comprised sponsorship monies of \$15.9 million, content licensing income of \$2.3 million, fees and charges (including canteen rental, dubbing charges and administrative overheads) of \$1.5 million and other income of \$1.0 million (see Table 3). The total expenditure was \$1,008.4 million (see Tables 4 and 5).

**Table 3****Income analysed by source  
(2017-18)**

Source	Income (\$ million)
Sponsorship	15.9 (77%)
Content licensing	2.3 (11%)
Fees and charges	1.5 (7%)
Other income	1.0 (5%)
Total	20.7 (100%)

Source: Audit analysis of RTHK records

**Table 4****Expenditure analysed by programme area  
(2017-18)**

Programme area	Expenditure (\$ million)
Radio	397.3 (39%)
Public affairs and general TV programme	541.4 (54%)
School ETV programme	29.8 (3%)
New media	39.9 (4%)
Total	1,008.4 (100%)

Source: Audit analysis of RTHK records

**Table 5**  
**Expenditure analysed by nature**  
**(2017-18)**

<b>Nature</b>	<b>Expenditure (\$ million)</b>
Personal emoluments	398.3 (40%)
Personnel related expenses	20.0 (2%)
Temporary staff (e.g. departmental contract staff and non-civil service contract staff — see para. 2.12(a) and (b))	85.2 (8%)
Hire of services and professional fees (e.g. fees for Category II Service Providers (see para. 2.12(c)) and commissioning of programmes)	312.6 (31%)
Specialist supplies and equipment	21.7 (2%)
Contract maintenance	24.1 (2%)
Plant, vehicles and equipment	73.5 (7%)
Community Involvement Broadcasting Fund	6.4 (1%)
Other general and administrative expenses	66.6 (7%)
Total	1,008.4 (100%)

*Source: Audit analysis of RTHK records*

### ***RTHK Board of Advisors***

1.9 Pursuant to the Charter of RTHK, the RTHK Board of Advisors was set up in September 2010 to advise the Director of Broadcasting on a range of issues, including editorial principles, programme standards, quality of RTHK programming, performance evaluation, service improvements and community involvement in broadcasting. According to the Charter of RTHK, the Board is advisory in nature and has no executive power. The Director of Broadcasting, as the head of RTHK and the ex-officio member of the Board, should give due weight and consideration to all advice provided by the Board, and shall report and explain to the Board the reasons for not following the advice of the Board. The members of the Board are appointed by the Chief Executive of the Hong Kong Special Administrative Region. As at

31 March 2018, the Board comprised a Chairman, 12 members and the Director of Broadcasting as the ex-officio member. The Board has the following functions:

- (a) advising the Director of Broadcasting on all matters pertaining to editorial principles, programming standards and quality of RTHK programming;
- (b) receiving reports on complaints against editorial principles, programming standards and quality of RTHK programming;
- (c) receiving reports of public opinion surveys regularly conducted by RTHK to track how well RTHK programming meets up to audience expectations;
- (d) receiving reports on the performance evaluation of RTHK and the department's compliance with performance evaluation indicators, and advising the Director on the adoption of appropriate performance evaluation indicators and ways to improve service delivery;
- (e) advising the Director on matters relating to community participation in broadcasting on radio and television channels, including advising on the rules for disbursement of the Community Involvement Broadcasting Fund (CIBF — Note 7); and
- (f) initiating studies and research on issues pertaining to the achievement of the public purposes and mission of RTHK.

### ***Organisation structure***

1.10 As at 31 March 2018, RTHK had 869 full-time staff, comprising 676 civil service staff and 193 contract staff. RTHK also employed 417 part-time contract staff to meet its short-term needs. Besides, RTHK engaged service providers or freelance artists to perform in individual programmes.

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**Note 7:** *The CIBF was set up to provide financial support for community groups (e.g. ethnic minority groups, non-governmental organisations, etc.) to actively participate in broadcasting and content productions. RTHK administers the CIBF to encourage community organisations to bid for resources for producing radio programmes, and would arrange to broadcast these contents on RTHK's channels.*

## Introduction

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1.11 RTHK comprises three Divisions and four Units. The three Divisions are Radio and Corporate Programming Division, Television and Corporate Businesses Division and Production Services Division. The four Units are Corporate Communications and Standards Unit, Departmental Administration Unit, Finance and Resources Unit and Systems Review Unit. An extract of the organisation chart of RTHK as at 30 June 2018 is at Appendix D.

1.12 The CEDB is the policy bureau for radio, public affairs and general TV programme and new media services (i.e. Programmes (1), (2) and (4)). The provision of school ETV programmes (i.e. Programme (3)) is under the policy responsibility of the EDB.

1.13 According to the Charter of RTHK, the Secretary for Commerce and Economic Development provides the Director of Broadcasting with policy guidance and support as follows:

- (a) defining the programme areas and agreeing the underlying activities;
- (b) reviewing policy aspects of each programme area: the policy aim, description, operational objectives, matters requiring special attention over the next 12-month period, performance targets and financial data;
- (c) securing resources for the programme areas;
- (d) setting performance targets, in consultation with the Director of Broadcasting, which will identify the efficiency and effectiveness of resources deployed to the programme areas for achieving the public purposes and mission and assess whether value for money is achieved;
- (e) reviewing quarterly with the Director of Broadcasting the achievement of these targets and any resulting actions required;
- (f) reviewing annually, at a set time, the achievement of targets, using this as a basis for developing objectives and targets for the next 12 months and for establishing resource allocation priorities;

- (g) establishing priorities for the allocation of resources at an annual review of each programme area and the respective policy aspects; and
- (h) speaking for the Government on policy matters about RTHK.

## Audit review

1.14 In March 2018, Audit Commission (Audit) commenced a review of RTHK's provision of programmes. The audit has focused on the following areas:

- (a) production of programmes (PART 2);
- (b) broadcasting of programmes and new media services (PART 3); and
- (c) evaluation of programmes and other administrative issues (PART 4).

Audit has found room for improvement in the above areas and has made a number of recommendations to address the issues.

## General response from the Government

1.15 The Secretary for Commerce and Economic Development thanks Audit for conducting an in-depth review of RTHK's production and broadcasting of programmes, new media services, evaluation of programmes and other administrative issues. He has said that:

- (a) the CEDB is mindful that RTHK has been tasked to fulfill its public purposes and mission as the public service broadcaster in Hong Kong in accordance with the Charter of RTHK promulgated in August 2010; and
- (b) the CEDB will continue to monitor RTHK's radio, television and new media services in accordance with its role under the Charter.

## **Introduction**

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1.16 The Secretary for Education thanks Audit for conducting the audit review and agrees with the audit recommendations in paragraph 4.64.

1.17 The Director of Broadcasting thanks Audit for conducting a review regarding RTHK's provision of programmes and agrees with all the audit recommendations.

## **Acknowledgement**

1.18 Audit would like to acknowledge with gratitude the full cooperation of the staff of the CEDB, the EDB and RTHK during the course of the audit review.



## PART 2: PRODUCTION OF PROGRAMMES

2.1 This PART examines the production of programmes (Note 8), focusing on the following areas:

- (a) planning and budgetary control (paras. 2.4 to 2.11);
- (b) employment of contract staff and procurement of services from Service Providers (paras. 2.12 to 2.26);
- (c) acquisition of programmes (paras. 2.27 to 2.36);
- (d) Community Involvement Broadcasting Service (paras. 2.37 to 2.55); and
- (e) commissioning of TV programmes (paras. 2.56 to 2.69).

### ***Background***

2.2 ***Radio programmes.*** RTHK runs seven radio channels (see Table 1 in para. 1.6(a)). The sources of radio programme are in-house production, acquisition, production under the Community Involvement Broadcasting Service (CIBS — see para. 2.37) and relay (including channels or programmes from other broadcasters and programmes on soccer matches, concerts, church services and LegCo meetings). The number of output hours analysed by source for 2017-18 is at Table 6.

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**Note 8:** *RTHK's production of programmes includes in-house production, acquisition, commissioning, relay and co-production of programmes (see Tables 6 and 7 in paras. 2.2 and 2.3).*

## Production of programmes

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**Table 6**  
**Output hours of radio programmes analysed by source**  
**(2017-18)**

Source	No. of output hours	Percentage
In-house production	45,039.0	78.5 %
Acquisition	982.5	1.7 %
CIBS	605.0	1.1 %
Relay	10,732.5	18.7 %
Total	57,359.0	100.0 %

*Source: Audit analysis of RTHK records*

2.3 **TV programmes.** RTHK runs three DTT channels and two analogue TV channels (see Table 2 in para. 1.6(b)). The sources of production are in-house production, acquisition, commissioning and co-production. The number of output hours analysed by source for 2017-18 is at Table 7.

**Table 7**  
**Output hours of TV programmes analysed by source**  
**(2017-18)**

Source	No. of output hours	Percentage
In-house production	1,083	76.9 %
Acquisition	296	21.0 %
Commissioning	21	1.5 %
Co-production	9	0.6 %
Total	1,409	100.0 %

*Source: Audit analysis of RTHK records*

## **Planning and budgetary control**

### ***Need to take into account performance evaluation of individual programmes in the planning process***

2.4 It is important for RTHK to specify the programming objectives and set performance targets in the planning process for the RTHK programmes in order to facilitate more meaningful evaluation of the RTHK programmes. Different evaluation methods and targets may be adopted for different categories of programmes. For example, for programmes which are intended to inform, educate and entertain members of the public (i.e. mission (a) in Appendix B), a higher target of TV ratings or awareness level should be set. For programmes which are intended to cater to the needs of minority interest groups (i.e. mission (e) in Appendix B), a lower target of TV ratings can be set but focus group study or survey may be needed to gauge if the minority interest groups are aware of and have watched such programmes.

2.5 Audit reviewed the records of the planning process of radio and TV programmes, and noted that information for performance evaluation was not included in the planning documents for individual programmes (e.g. performance indicators, target audience, performance evaluation methods and specific public purposes and mission to be achieved). Audit considers that in the planning process, RTHK needs to take into account information for performance evaluation of individual radio and TV programmes, in order to facilitate the making of more meaningful planning decision for the programmes.

### ***Need to ensure accuracy of information in the Costing System and reports generated by it***

2.6 As a government department, RTHK uses the Government Financial Management Information System for reporting and controlling its expenditure at head level and subhead level. In addition to the Government Financial Management Information System, RTHK maintains a Costing System to assist the management in monitoring the budget and expenditure at channel level for the Radio and Corporate Programming Division and at programme level for the TV and Corporate Businesses Division.

## **Production of programmes**

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2.7 In 2014, RTHK conducted an internal audit review on the budgetary control of TV programmes. According to the report of the review, for 7 of the 20 TV programmes reviewed, the budget cost and the actual cost were not recorded in the Costing System.

2.8 In 2017-18, cost information of 196 TV programmes was recorded in the Costing System. To review whether RTHK had improved the accuracy of the cost information in the Costing System, Audit examined the reports generated by the System on the cost information of the 196 programmes as at 3 August 2018. Audit noted that for 44 (22.4%) of the 196 programmes, the budget cost and the actual cost in the Costing System were incomplete or incorrect:

- (a) for 16 (8.1%) programmes, while actual cost was recorded, the budget cost was either not recorded or incorrectly recorded as \$1;
- (b) for 21 (10.7%) programmes, the actual cost was not recorded; and
- (c) for 7 (3.6%) programmes, both budget cost and actual cost were either not recorded or incorrectly recorded as \$1.

In response to Audit's enquiry, RTHK informed Audit in September 2018 that some missing/inaccurate information noted by Audit was only an error of the System in generating reports provided to Audit.

2.9 Subsequently, Audit logged in the Costing System and examined the information of the 44 programmes (see para. 2.8) as at 14 September 2018. Audit noted that:

- (a) for 5 of the 16 programmes in paragraph 2.8(a), the budget cost was incorrectly recorded as \$1 while the actual cost was recorded; and
- (b) for 2 of the 7 programmes in paragraph 2.8(c), both budget cost and actual cost were incorrectly recorded as \$1. These two programmes were broadcast in March and May 2018 respectively.

Audit considers that RTHK needs to ensure accuracy of the cost information in the Costing System and the reports generated by it.

## Audit recommendations

- 2.10      **Audit has *recommended* that the Director of Broadcasting should:**
- (a)      **take into account information for performance evaluation of individual radio and TV programmes, in order to facilitate the making of more meaningful planning decision for the programmes; and**
  - (b)      **ensure accuracy of the information recorded in the Costing System and in the reports generated by the System.**

## Response from the Government

2.11      The Director of Broadcasting agrees with the audit recommendations. He has said that RTHK will take appropriate follow-up actions.

## Employment of contract staff and procurement of services from Service Providers

2.12      In addition to 676 civil service staff, RTHK employs 193 full-time and 417 part-time contract staff and procures services from various categories of service providers to meet different programme production needs. These contract staff and service providers are classified into the following categories:

- (a)      ***Departmental contract staff (DCS).*** The DCS are staff employed on a full-time basis to perform duties normally undertaken by the Programme Officer grade staff. The DCS was formerly known as DCS Category I. As at 31 March 2018, there were 5 DCS (Note 9);
- (b)      ***Non-civil service contract (NCSC) staff.*** NCSC staff are temporary staff employed to meet short-term operational needs and ad hoc programme needs. Hiring staff on short-term contract provides a more flexible means

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**Note 9:**      *According to RTHK, all 5 DCS will be phased out upon natural wastage of the post incumbents by 2024.*

## Production of programmes

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for RTHK to respond to changing operational and service needs. The NCSC staff employed to meet the programme needs were formerly known as DCS Category III. As at 31 March 2018, there were 188 full-time NCSC staff, including 136 (72%) in Programme Officer grade, and 417 part-time NCSC staff; and

- (c) ***Category II (Cat II) Service Providers.*** They are independent contractors or self-employed persons who are engaged for a specific purpose in the production of programmes, for example, artistes, presenters, scriptwriters, translators and technical producers. In 2017-18, RTHK had 2,143 contracts with 1,926 Cat II Service Providers.

### ***High percentage of NCSC staff and prolonged employment of some NCSC staff***

2.13 NCSC Staff Scheme was introduced as a standing scheme in January 1999 as a more flexible arrangement for employment of temporary and short-term contract staff to meet short-term, part-time, changing or fluctuating service needs from time to time. According to the Civil Service Bureau, the Scheme:

- (a) allows government bureaux/departments to employ staff on short-term contracts up to three years on flexible packages to be determined by the heads of department themselves; and
- (b) aims at providing bureaux/departments with a flexible means of employment to respond more promptly to their changing operational and service needs:
  - (i) which are time-limited, seasonal, or subject to market fluctuations;
  - (ii) which require staff to work less than conditioned hours;
  - (iii) which require tapping the latest expertise in a particular area; or
  - (iv) where the mode of delivery is under review or likely to be changed.

2.14 Audit analysed the number of RTHK staff and the length of services of NCSC staff in the period from 2014 to 2018 and noted that:

- (a) **High percentage of NCSC staff.** The percentage of NCSC staff had decreased from 35% as at 31 March 2014 to 22% as at 31 March 2018 (see Table 8). However, the percentage of NCSC staff of RTHK was significantly higher than that for all government bureaux/departments (5.5% as at 30 June 2017); and

Table 8

Percentage of NCSC staff  
(2014 to 2018)

Year (as at 31 March)	Civil service staff (No.) (a)	DCS (No.) (b)	NCSC staff (No.) (c)	Total (No.) (d) = (a) + (b) + (c)	Percentage of NCSC staff (%) (e) = (c) ÷ (d) × 100%
2014	534	7	291	832	35
2015	591	7	261	859	30
2016	630	7	250	887	28
2017	640	6	226	872	26
2018	676	5	188	869	22

Source: Audit analysis of RTHK records

- (b) **Long employment of many NCSC staff.** As at 31 March 2018, about half of the NCSC staff had been employed for 3 years or more (see Table 9):
- (i) 63 (34%) of the 188 full-time NCSC staff had been continuously employed for 5 years or more;

## Production of programmes

- (ii) of these 63 staff, 28 (44%) had been continuously employed for 10 years or more; and
- (iii) the longest period of employment was 18.8 years.

**Table 9**

**Length of services of NCSC staff  
(2014 to 2018)**

Length of services (Year)	No. of NCSC staff as at 31 March				
	2014	2015	2016	2017	2018
< 3	146 (50%)	143 (55%)	139 (56%)	115 (51%)	93 (49%)
3 to < 5	26 (9%)	30 (11%)	35 (14%)	43 (19%)	32 (17%)
5 to < 10	70 (24%)	44 (17%)	35 (14%)	31 (14%)	95 (51%) 35 (19%) } 63 (34%)
≥ 10	49 (17%)	44 (17%)	41 (16%)	37 (16%)	28 (15%)
Total	291 (100%)	261 (100%)	250 (100%)	226 (100%)	188 (100%)

*Source: Audit analysis of RTHK records*

2.15 LegCo members have long been raising concerns on the large number of RTHK staff who was employed in the Programme Officer grade on NCSC terms. According to RTHK, there is an operational need to engage a certain number of NCSC staff:

- (a) for job-specific duties to meet changing community needs and audience tastes;
- (b) maintain a certain degree of turnover of talents engaging in creative work; and
- (c) tap the latest expertise in the market.



Notwithstanding the above, the prolonged employment of some NCSC staff may not be consistent with the Government's policy on the employment of NCSC staff as stated in paragraph 2.13. In view of the high percentage of NCSC staff and the prolonged employment of some NCSC staff, it appears that some NCSC staff may have been employed to meet recurrent and long-term operational needs. RTHK needs to review whether the existing NCSC staff are employed in line with the Government's policy.

### *Engagement of Cat II Service Providers*

2.16 RTHK engages Cat II Service Providers (see para. 2.12(c)) in the production of programmes to conduct background work such as researching into the subject area and writing a script, and to perform as artistes in the programme. In 2017-18, RTHK engaged 1,926 Service Providers under 2,143 contracts (Note 10). The total expenditure was \$70 million.

2.17 The basic conditions of employment of Cat II Service Providers were approved by the Finance Committee (FC) of LegCo in March 1982. According to the paper submitted to the FC, Cat II Service Providers should only apply to casual artistes, disc jockeys, scriptwriters, contributors and researchers whose services are engaged for a specific purpose in the production of particular programmes.

2.18 As at 31 March 2018, there were 81 job titles of Cat II Service Providers (Note 11 — see Table 10) under five categories, namely artistes, presenters, scriptwriters, researchers and contributors. Service Providers under each job title were paid under an established fee scale. The Service Providers are paid within the fee scale of the job title they are engaged by reference to their calibre or the job complexity. Different fee ranges are set for Service Providers in different divisions/sections.

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**Note 10:** *A Cat II Service Provider may be engaged by different divisions/units under more than one contract.*

**Note 11:** *Subsequent to a review on the engagement and fee scales mechanism for Cat II Service Providers conducted by RTHK in January 2018, the number of job titles was reduced from 134 to 81 with effect from 1 February 2018.*

**Table 10****Job titles under five categories of Cat II Service Providers  
(As at 31 March 2018)**

<b>Category</b>	<b>No. of job titles</b>
1. Artiste (e.g. Voice-over Artiste and Musician)	9
2. Presenter (e.g. Putonghua News Presenter and News Reader)	13
3. Scriptwriter (e.g. Scriptwriter (Drama) and Scriptwriter (Non Drama))	7
4. Researcher (e.g. Researcher/Coordinator (Filming outside Hong Kong) and Researcher)	4
5. Contributor (e.g. Article Contributor and Creative Contributor)	48
<b>Total</b>	<b>81</b>

*Source: Audit analysis of RTHK records*

***Need to ensure timely submission of the contract request***

2.19 The procedures for engaging a Cat II Service Provider are as follows:

- (a) the programme producer (i.e. Assistant Programme Officer or above) completes a contract request, stating the justifications and the proposed service fee;
- (b) the checking staff (i.e. the Central Administration Unit (CAU)/staff assisting in administrative duties) check the request against the database;
- (c) the recommending officer (i.e. Senior Programme Officer or above) supports the request after considering factors such as the service need, suitability of the service provider and reasonableness of the service fee;

- (d) the approving authorities (i.e. Principal Programme Officer or above) approve the request;
- (e) the contract is prepared and signed by an officer of at least Senior Programme Officer level and the Service Provider; and
- (f) upon the completion of job, the programme producer prepares a job completion form/attendance records certifying that the Service Provider has completed the job. The form is endorsed and approved by the Senior Programme Officer. The payment request is then prepared for approval by the Principal Programme Officer.

2.20 To facilitate internal processing and checking, RTHK Administrative Circular on engagement of Cat II Service Providers stipulated that the contract request must route through checking staff (see para. 2.19(b)), preferably seven working days before the engagement, for vetting and checking the particulars against information available in the database before submission to the approval officer. The checking staff will also advise and assist users and approving officers in meeting the various requirements in the engagement process and in considering the service fee.

2.21 Audit examination of the 65 contract requests initiated in the period from February 2016 to May 2018 for engagement of Cat II Service Providers revealed that:

- (a) 39 (60%) contract requests were submitted to the checking staff less than 7 working days before the engagement, on average only 4 working days before the engagement, ranging from 1 to 6 working days; and
- (b) 1 (2%) contract request was submitted to the checking staff 22 days after the start date of the engagement period (see para. 2.23(a)).

2.22 Audit considers that RTHK needs to ensure that the contract requests for the engagement of Cat II Service Providers are submitted to the checking staff as early as practicable, preferably seven working days before the engagement, to allow sufficient time for the checking staff to ensure that the engagements are in compliance with RTHK's policy and guidelines.

### ***Engaging Service Providers before contract was issued***

2.23 It was stipulated in RTHK Administrative Circular on engagement of Cat II Service Providers that user section should not allow the engagement of Service Providers to commence before the contract request is approved and the contract is issued. In exceptional cases where backdating of contract or seeking covering approval is unavoidable, the reasons and circumstances should be clearly stated. Audit reviewed the 65 contract requests initiated in the period from February 2016 to May 2018 for engagement of Cat II Service Providers (see para. 2.21) and found that:

- (a) for one contract, the engagement commenced 23 days before the contract request was approved and the contract was issued (the contract request was approved and the contract was issued on the same day). No documentary evidence was available showing the reasons and circumstances for seeking covering approval; and
- (b) for another contract, the engagement commenced 27 days before the contract was issued. No documentary evidence was available showing the reasons and circumstances for seeking covering approval.

2.24 Audit considers that RTHK needs to ensure that the engagements of Cat II Service Providers commence only after the contract requests are approved and the contracts are issued, and valid reasons for seeking covering approval on engagements of service providers are clearly stated.

## **Audit recommendations**

2.25 **Audit has *recommended* that the Director of Broadcasting should:**

- (a) **review whether the existing NCSC staff are employed in line with the Government's policy on the employment of NCSC staff;**
- (b) **ensure that the contract requests for the engagement of Cat II Service Providers are submitted to the CAU/staff assisting in administrative duties as early as practicable, preferably seven working days before the engagement, to allow sufficient time for them to ensure that the engagements are in compliance with RTHK's policy and guidelines;**

- (c) ensure that the engagements of Cat II Service Providers commence only after the contract requests are approved and the contracts are issued; and
- (d) ensure that covering approvals for engagements of Cat II Service Providers are supported by valid reasons.

## **Response from the Government**

2.26 The Director of Broadcasting agrees with the audit recommendations. He has said that:

- (a) from 2011-12 to 2018-19, RTHK has already created 96 civil service posts to replace NCSC positions with long-term service needs. RTHK will continue to review the service needs of its NCSC positions and explore the possibility of converting those NCSC positions with long-term service needs to civil service posts as appropriate; and
- (b) on the engagement of Cat II Service Providers, established guidelines and procedures governing its engagement have been in place. RTHK has reminded all staff to submit contract request forms to CAU for processing as early as practicable. Regarding the cases as identified by Audit in paragraph 2.23, RTHK will draw lessons learnt and seek to further enhance the mechanism in engaging Cat II Service Providers.

## **Acquisition of programmes**

### ***Acquisition procedures for TV programmes***

2.27 Since the commencement of the DTT channel TV 31 in 2014, RTHK has acquired broadcasting rights of TV programmes from both local and non-local distributors. The acquired programmes are broadcast on TV 31. They include programmes on international current affairs, social trends, history, cultures, travel, science, music, performing arts and animations. In 2017-18, RTHK acquired 487 episodes of programmes, accounting for 296 (21%) of the total output hours of 1,409 of all RTHK TV channels. The expenditure on acquiring programmes was \$50.9 million, accounting for 9% of RTHK's total expenditure on TV programmes.

## Production of programmes

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2.28 The Acquisition and Corporate Development Unit (ACDU) of the TV and Corporate Businesses Division (see Appendix D) is responsible for acquiring TV programmes (Note 12). In May 2016, RTHK promulgated the Policy on Acquisition of Copyright Licence for TV Programmes (Acquisition Policy). The Acquisition Policy sets out the acquisition procedures, guidelines on fee ranges and price negotiation, approving authority and the control measures including the declaration of interest. According to the Acquisition Policy:

- (a) members of the Acquired Programme Committee (APC) (Note 13) identify programmes from different sources before proposing to the APC for screening and assessment. Only programmes scoring 60% or above are recommended by the APC for acquisition. An APC assessment report is prepared by Head of the ACDU for Controller (TV)'s endorsement;
- (b) the responsible ACDU staff offers a price to the distributors and negotiates the fees and contract terms with the distributors. The negotiation should be clearly documented and all negotiation results are vetted by the Head of ACDU and Controller (TV);
- (c) the ACDU submits the proposed contracts to the relevant approving authorities (Note 14) for approval;
- (d) ACDU officers and the approving authorities involved in the screening, assessment and approval of acquisitions are required to declare interest to ensure that there is no conflict of interest in processing the acquisition of copyright licence for TV programmes;
- (e) payment is processed by the Finance and Resources Unit upon receipt of invoices duly certified by the Head of ACDU; and

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**Note 12:** *RTHK set up the Acquisition Team in 2013 for acquisition of TV programmes. The team was subsequently put under the ACDU after the re-organisation in 2016.*

**Note 13:** *The APC comprises at least four officers from ACDU at the rank of Programme Officer or above as members.*

**Note 14:** *The approving authorities are Controller (TV) for contract value up to \$286,000, Assistant Director (TV and Corporate Businesses) for contract value between \$286,001 and \$715,000, Deputy Director of Broadcasting (Programmes) for contract value between \$715,001 and \$1.43 million and Director of Broadcasting for contract value over \$1.43 million.*

- (f) all APC assessment reports, negotiation correspondences with distributors and signed contracts shall be centrally filed at the ACDU for reference and checking purposes.

### *Acquisition procedures for radio programmes*

2.29 RTHK acquires the broadcasting rights of radio programmes including radio drama and the local events such as award presentation ceremony. In 2017-18, the number of output hours of acquired radio programmes was 982.5 hours, which accounted for 1.7% of the total output hours of 57,359 of all radio programmes. The expenditure of acquiring programmes was \$0.4 million, accounting for 0.1% of RTHK's total expenditure on radio programmes. Unlike the acquisition of TV programmes, there is no separate unit handling the acquisition of radio programmes. There is also no promulgated acquisition policy and guidelines on the acquisition of radio programmes. According to RTHK:

- (a) the Programme Officers of the Radio and Corporate Programming Division identify suitable programmes by searching on the Internet;
- (b) the Programme Officers contact the potential supplier for preview;
- (c) after preview, channel head, channel deputy head and colleagues discuss to select suitable programmes;
- (d) the Programme Officers propose a price to the supplier and then negotiate with the supplier; and
- (e) after reaching an agreement with the supplier on the price and licensing terms, the Programme Officers seek approval from the relevant authorities for procuring the selected programme by single quotation.

### *Lack of acquisition policy for radio programmes*

2.30 Unlike the acquisition of TV programmes, RTHK did not set out acquisition policy and guidelines for radio programmes on fee ranges, price negotiation and approving authorities. Audit noted that:

## **Production of programmes**

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- (a) there was no guidelines on:
  - (i) marking scheme;
  - (ii) assessment criteria; and
  - (iii) price negotiation;
- (b) the baseline price for negotiation was not set;
- (c) the officers involved in proposing acquisition and approving acquisition were not required to declare potential conflict of interest; and
- (d) details on the assessment by the officers and the negotiation with the suppliers were not documented.

### ***Need to review acquisition procedures***

2.31 For each procured TV or radio programme, there is only one supplier. The acquisition procedures of TV and radio programmes are different from the procedures stipulated in the Stores and Procurement Regulations (SPR) for single quotation. Instead of inviting the supplier to quote a selling price as required by the SPR, RTHK offers a price and then negotiates with the supplier. The procedures after reaching an agreement on the price and the licensing terms with the supplier are as follows:

- (a) ***TV programmes.*** No quotation is sought from the supplier. The ACDU submits the proposed contract to the relevant approving authorities (see Note 14 to para. 2.28(c)) for approval and sign the contract with the supplier after approval; and
- (b) ***Radio programmes.*** The supplier completes the formalities by submitting a quotation. The price in the quotation is the price already agreed between RTHK and the supplier.



2.32 In December 2015, the Hong Kong Independent Commission Against Corruption (ICAC) completed a review and issued an assignment report on RTHK's acquisition of TV programmes for DTT channels. One of the key findings was that RTHK's practice of acquiring programmes by proposing the price and then negotiating with the supplier, instead of inviting a quotation from the supplier, could pose a collusion risk of circumventing the controls built in the standard government procurement procedures with a view to favouring a supplier. In the report, the ICAC recommended that RTHK should:

- (a) require its staff to strictly adhere to the procurement procedures stipulated in the SPR, including calling for quotations instead of offering a price as the means for acquiring programmes; and
- (b) fully justify and seek approval from the appropriate authority, including the Financial Services and the Treasury Bureau (FSTB) where appropriate, for any deviations from the laid down procedures.

2.33 To follow up the findings of the ICAC, RTHK informed the ICAC in May 2016 that:

- (a) the ACDU conducted a one-month trial scheme for acquiring TV programme by following the SPR procedures;
- (b) the trial ended in April 2016 with an extremely low success rate of 5%;
- (c) there were feedbacks from the distributors that the procurement requirements deviated significantly from the industry practice and unfairly hindered their parallel negotiation with other interested potential licensees;
- (d) the trial confirmed that the application of SPR to the acquisition of licensing of copyrights for TV programmes was not practicable;
- (e) it had sought the FSTB's advice on the issue in May 2016. The FSTB advised that:
  - (i) it was necessary to consider whether the nature of the issue was a procurement matter or not;

## **Production of programmes**

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- (ii) for non-procurement matters, there was no need to seek FSTB's exceptional approval; and
  - (iii) it was for the respective department to decide whether the issue in question was a government procurement matter or not; and
- (f) RTHK considered that the acquisition of TV programmes was in the nature of licensing of copyright rather than procurement of stores or services.

2.34 Audit considers that RTHK needs to review the acquisition procedures of TV and radio programmes, including whether the acquisition falls into the definition of procurement and is subject to government procurement regulations. RTHK needs to seek advice from the FSTB where necessary. If RTHK considers, after the review, that the acquisition is a procurement matter, RTHK needs to comply with the requirements of the SPR and seek exceptional approval from the FSTB as appropriate. If the acquisition is considered not a procurement matter, RTHK needs to ascertain areas for improvement with reference to the controls built in the standard government procurement procedures.

## **Audit recommendations**

2.35 Audit has *recommended* that the Director of Broadcasting should:

- (a) **formulate acquisition policy and guidelines for acquisition of radio programmes; and**
- (b) **review the acquisition procedures of TV and radio programmes and, where necessary, seek advice from the Secretary for Financial Services and the Treasury.**

## **Response from the Government**

2.36 The Director of Broadcasting agrees with the audit recommendations. He has said that RTHK will take appropriate follow-up actions to review the acquisition procedures of TV and radio programmes.

## **Community Involvement Broadcasting Service**

2.37 In May 2012, the FC of LegCo approved \$45 million for setting up the CIBF (see Note 7 to para. 1.9(e)). The aim of the CIBF is to support and encourage community and ethnic minority organisations and individuals to participate in broadcasting programme production through the CIBS on different themes, such as social services and ethnic minorities (see inset (b) of Appendix A). The objective of the CIBS is to promote a wide range of social gains to the community, in particular:

- (a) plurality, diversity and social inclusion;
- (b) mutual respect, social empathy and civic mindedness;
- (c) creativity, uniqueness and talent nurturing; and
- (d) community involvement.

The CIBS was launched in December 2012. RTHK provides airtime in channel Radio 7 (16 hours each week) for CIBS programmes.

2.38 RTHK uses different means and platforms to arouse and enhance the awareness of CIBS, including:

- (a) placing advertisements on newspapers and magazines (publications of ethnic minority groups in addition to Chinese and English publications);
- (b) launching CIBS Expo, CIBS Express and CIBS mobile studio for outreaching potential applicants;
- (c) producing trailers on radio, TV, Internet and social media platforms;
- (d) displaying banners in different districts; and
- (e) arranging featured interviews with the applicants by different media, etc.

## Production of programmes

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2.39 RTHK invites applications for the CIBS in June and December every year. The selection process includes assessment by a group of assessors, public voting through the CIBS website, as well as interview by the Selection Committee. The Selection Committee comprises seven external members who are scholars on communication or broadcasting, experts from different fields drawn from the RTHK Programme Advisory Panel and one member familiar with ethnic minority issues. The members of the Selection Committee are appointed by the Director of Broadcasting.

2.40 In the period from December 2012 to December 2017, 1,244 applications were received in 11 rounds of applications. The total number of successful applications was 367, with an overall success rate of 29.5% (see Table 11). As at 31 March 2018, the accumulated expenditure on the CIBF was \$23.7 million (see Table 12), which accounted for 52.7% of the approved funding of \$45 million.

**Table 11**

**Success rate of applications of CIBS  
(2012-13 to 2017-18)**

<b>Financial year</b>	<b>No. of applications received</b> <b>(a)</b>	<b>No. of successful applications</b> <b>(b)</b>	<b>Success rate</b> <b>(c) = (b) ÷ (a) × 100%</b>
2012-13 (From December)	59	31	52.5%
2013-14	167	62	37.1%
2014-15	239	62	25.9%
2015-16	240	64	26.7%
2016-17	266	69	25.9%
2017-18 (up to December)	273	79	28.9%
Overall	1,244	367	29.5%

*Source: Audit analysis of RTHK records*

Table 12

**Expenditure of CIBF  
(2013-14 to 2017-18)**

Financial year	Expenditure (\$ million)
2013-14	1.1
2014-15	3.5
2015-16	6.6
2016-17	6.1
2017-18	6.4
Total	23.7

*Source: Audit analysis of RTHK records*

*Remarks: Although the CIBS was launched in December 2012, no expenditure was incurred for the CIBF in 2012-13.*

***Detailed assessments of Selection Committee not documented***

2.41 A Selection Committee has been established to assess applications for CIBS and CIBF (see para. 2.39). The Selection Committee interviews and assesses the CIBS applicants, and finalises a list of successful applicants and a waiting list for the Director of Broadcasting's consideration. According to the Handbook of CIBS, the Selection Committee looks for applicants who display originality and the ability to communicate the intended messages through broadcasting. RTHK has laid down the following five selection criteria:

- (a) programme ideas and contents;
- (b) promotion of a wide range of social gains;
- (c) the views of the public and votes received on the RTHK website;

## Production of programmes

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- (d) the applicant's organisational capability to manage the project and deliver the proposed CIBS programme, and the applicant's track record in both quality and quantity of previous CIBS programmes; and
- (e) priority should be given to registered groups and proposals on recorded programmes.

2.42 Audit examined the records for the 6 rounds of applications conducted in the period from 2015-16 to 2017-18, and noted that the Selection Committee only gave an overall score and overall comments on each applicant. Detailed assessments on each of the five selection criteria were not documented. Such detailed assessments would help ensure that the applications were thoroughly assessed on each criterion. To enhance the fairness and objectivity of the assessments, Audit considers that RTHK needs to ensure that the Selection Committee gives views and assessment on each applicant in respect of each of the five selection criteria and records such views and assessment accordingly. This will also provide applicants with more useful feedbacks that may help them improve the success rate of their applications in future.

### *Difficulty in submitting programme recordings on time*

2.43 To ensure compliance with the broadcasting rules promulgated by the Communications Authority and to allow sufficient time for the facilitator (i.e. an officer assigned by RTHK to monitor the production of the CIBS programme) to check the quality of programme recordings, RTHK requires the CIBS participants to submit their programme recordings as follows:

- (a) ***First two episodes.*** Programme recordings for the first two episodes are required to be submitted one month before the scheduled broadcasting date or on the date as agreed with RTHK; and
- (b) ***Third episode onwards.*** Programme recordings from the third episode onwards are required to be submitted two weeks before the scheduled broadcasting date or on the date as agreed with RTHK.

2.44 Audit examination of the submission of 156 programme recordings for 12 programmes (12 programmes × 13 episodes = 156) broadcast during the period from April 2015 to April 2018 revealed that:

- (a) ***First two episodes.*** Of the 24 programme recordings for the first two episodes (12 programmes  $\times$  2 episodes = 24), 12 (50%) were submitted late. The average delay was 10 days, ranging from 1 to 31 days, i.e. submitted on average about 20 days before the scheduled broadcasting dates; and
- (b) ***Third episodes onwards.*** Of the remaining 132 programme recordings for the third episodes onwards (12 programmes  $\times$  11 episodes = 132), 71 (54%) were submitted late. The average delay was 11 days, ranging from 1 to 25 days, i.e. submitted on average 3 days before the scheduled broadcasting dates.

2.45 RTHK assigns a facilitator to monitor the production of each CIBS programme. To ensure compliance with broadcasting rules and effective quality control, RTHK needs to take measures to ensure the timely submission of the programme recordings by the CIBS participants.

### ***Delay in submission of post-broadcast reports***

2.46 RTHK requires the CIBS participants to submit the post-broadcast reports (i.e. self-evaluation reports in which the participants give their views on whether the expected deliverables of the programmes were achieved, and Limited Assurance Engagement Reports, together with the statements of expenditure, prepared by accredited/registered accounting firms) after the completion of the programme to ensure that the programmes achieved the expected deliverables and the expenditure of the programmes were properly accounted for. The date of submission was specified in the agreements signed between RTHK and the participants. Audit examination of the timeliness of the submission of post-broadcast reports for 12 programmes broadcast from April 2015 to April 2018 revealed that:

- (a) 7 (58%) of the 12 self-evaluation reports were submitted late. The average delay was 62 days, ranging from 1 to 210 days; and
- (b) 7 (58%) of the 12 Limited Assurance Engagement Reports were submitted late. The average delay was 82 days, ranging from 1 to 213 days.

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2.47 According to RTHK's policy, RTHK will terminate the agreement with those participants who fail to submit the post-broadcast reports within 12 months after the broadcast of the programme without a legitimate reason. Upon termination, any outstanding portion of payment according to the agreement will not be paid to the participants. Up to 30 June 2018, 6 agreements had been terminated due to failure to submit the post-broadcast reports before the deadlines. Audit considers that RTHK needs to take measures to ensure that the participants submit the post-broadcast reports in a timely matter and terminate the agreements with the participants with long delay in their submission.

### ***Need to improve evaluation of CIBS programmes***

2.48 RTHK evaluates the performance of the CIBS programmes through:

- (a) participants' self-evaluation after the completion of programmes;
- (b) facilitators' reports on the overall performance of participants; and
- (c) feedbacks from the public received by the CIBS Secretariat (including those received via CIBS Facebook).

2.49 In May 2012, in seeking funding from the FC for the CIBF (see para. 2.37), RTHK informed the FC that RTHK would put in place the following mechanism to assess the cost-effectiveness of the projects funded by the CIBF:

- (a) setting up focus groups, comprising listeners and experts, to seek feedbacks on the CIBS programmes; and
- (b) inviting listeners to provide their views on the CIBS programmes through the submission of questionnaires available on the CIBS thematic website.

2.50 ***Focus group study not conducted since 2014.*** In 2014, RTHK conducted a focus group study to understand the awareness level and views of the public on the CIBS. A total of 11 focus group sessions were held from September to November 2014. Each session was participated by a particular group of participants, namely the successful applicants, unsuccessful applicants, members of Selection Committee,



CIBS listeners, members of the public and organisations which were not involved in the CIBS. After the 2014 focus group study, RTHK has not conducted any focus group study on the CIBS. Audit considers that RTHK needs to regularly conduct focus group studies to assess the cost-effectiveness of the projects funded by the CIBF.

**2.51 *Need to collect audience views on CIBS programmes through questionnaires.*** In May 2012, RTHK informed the FC that one of the mechanisms to assess the cost-effectiveness of the CIBS projects was to invite listeners to provide their views through submission of questionnaires available on the CIBS thematic website. In December 2012, RTHK had set up a thematic website for the CIBS. However, up to August 2018, no questionnaire has been posted on the website to collect audience views on CIBS projects.

**2.52 *Need to evaluate the achievements of expected deliverables.*** In their applications, the CIBS applicants are required to state the expected deliverables of the programmes. Audit reviewed the self-evaluation reports and facilitators' reports of 12 CIBS programmes broadcast in the period from April 2015 to April 2018 and found that the achievements of the expected deliverables were not reported in:

- (a) 8 (67%) of the 12 self-evaluation reports; and
- (b) all the 12 facilitators' reports.

In response to Audit's enquiry, RTHK informed Audit in September 2018 that the expected deliverables set by the applicants were broad principles, the achievement of which was difficult to measure (e.g. to make the public understand and support restaurants run by social enterprises). Audit considers that RTHK needs to require the CIBS applicants to set expected deliverables that are measurable and evaluate the achievements of the expected deliverables.

### ***Low public awareness on CIBS programmes***

**2.53** The CIBS programmes are only broadcast on channel Radio 7. According to the results of the 2017 Radio Audience Survey, the listenership and awareness level of Radio 7 were only 2.3% of the population and 2.8% of the respondents, and only 21% of the respondents was aware of the CIBS. The low listenership and awareness level might undermine the effectiveness of the CIBS in encouraging community or

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ethnic minority involvement in broadcasting. Audit considers that RTHK needs to step up promotion on the CIBS to the community and ethnic minority organisations and individuals to enhance its reach to the service targets and listenership.

## **Audit recommendations**

**2.54      Audit has *recommended* that the Director of Broadcasting should:**

- (a)      ensure that the Selection Committee gives views and assessment on each CIBS applicant in respect of each of the five selection criteria and records such views and assessment;**
- (b)      take measures to ensure the timely submission of the programme recordings, self-evaluation reports and Limited Assurance Engagement Reports by the CIBS participants, and terminate the agreements with the participants with long delay in their submission;**
- (c)      regularly conduct focus group studies to assess the cost-effectiveness of the projects funded by the CIBF;**
- (d)      post questionnaires on the CIBS website to collect audience views on CIBS projects;**
- (e)      require the CIBS applicants to set expected deliverables that are measurable and evaluate the achievements of the expected deliverables; and**
- (f)      step up promotion on the CIBS to the community and ethnic minority organisations and individuals to enhance its reach to the service targets and listenership.**

## **Response from the Government**

**2.55      The Director of Broadcasting agrees with the audit recommendations. He has said that:**

- (a) RTHK will take appropriate follow-up actions;
- (b) under the present arrangement, although the Selection Committee does not give assessment on each applicant in respect of each of the five criteria, it gives an overall score and overall comments based on the stipulated selection criteria. On evaluation, a participant is required to make self-evaluation after completion of programme, while the facilitator would submit report that reflects the overall performance of the participant from administrative and technical aspects. Listeners are also able to provide their views on the RTHK website through a “Feedback Box”. Notwithstanding the above, RTHK will take follow-up actions to further enhance the assessment and evaluation mechanism; and
- (c) RTHK will continue its promotional efforts to further enhance its reach to the service targets and listenership.

## Commissioning of TV programmes

2.56 Since 2000, RTHK has introduced a scheme for commissioning private production houses to produce TV programmes. Programme commissioning provides an open platform for independent producers to exhibit their creativity. There are three types of commissioned programmes, namely drama, documentary and animation. Through programme commissioning, RTHK aims to help build up Hong Kong's independent TV programme production industry. RTHK provides 100% funding in the form of equity and owns 100% of the copyright to the programmes produced. In 2017-18, RTHK commissioned 31 programmes for a total of 19.5 hours. The estimated expenditure was \$9.9 million.

2.57 RTHK accepts applications for programme commissioning from private production houses three times a year. In each round of application, a Selection Board with four to six members from the Programme Officers rank or above is set up for each category of commissioned programmes. The assessment criteria include creativity, content originality, production feasibility, relevant expertise, crew profile and experience, track records of programme director, and suitability for prime time broadcast. An agreement will be signed between RTHK and the successful applicant (i.e. the commissioned contractor).

## **Production of programmes**

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2.58 Since May 2015, RTHK has monitored the progress of commissioned programmes by preparing monthly progress reports. According to the agreement signed between RTHK and the commissioned contractor, the contractor shall deliver before the submission deadlines:

- (a) production materials in different production stages (e.g. completion of treatment and shooting script, completion of principal photography, completion of rough cut, and completion of fine cut); and
- (b) an audited report (i.e. the report containing the figures of the final production costs of the programme and is audited by a professional accountant) to account for their expenditures.

### ***Delay in production progress and submission of audited reports***

2.59 Audit analysed the monthly progress reports of on-going commissioned programmes in the period from January 2017 to June 2018 and noted that:

- (a) 57 (93%) of 61 on-going commissioned programmes had delays in submission of production materials in different production stages or delays in submission of audited reports; and
- (b) the delay ranged from 1 day to 15.6 months (averaging 1.8 months). In particular, for 5 programmes, the delays were more than 6 months.

2.60 ***Delay in submission of production materials.*** Audit reviewed 15 programmes completed in the period from July 2016 to April 2018 and noted that:

- (a) all the 15 programmes had delays in submission of production materials. The average delay was 2 months, ranging from 4 days to 5.8 months;
- (b) for each of the 15 programmes, there were four to five stages:
  - (i) for 13 (87%) programmes, there were delays in all four or five stages of the programmes; and

- (ii) for the remaining 2 (13 %) programmes, there were delays in four of the five stages of these 2 programmes; and
- (c) as a result of delay in different production stages, the completion of programmes were delayed. The average delay was 2.2 months, ranging from 4 days to 5.7 months from the submission deadline stipulated in the agreement.

2.61 ***Delay in submission of audited reports.*** A commissioned contractor is required to submit an audited report within 6 weeks from the delivery of the completed programme. Audit examination of the 15 programmes completed in the period from July 2016 to April 2018 revealed that:

- (a) for 13 (87 %) of the 15 programmes, the commissioned contractors did not submit the audited reports on time. The average delay was 2.9 months, ranging from 2 days to 6.1 months; and
- (b) in particular, for 7 (47 %) programmes, the delays in submitting the audited reports were more than 3 months (see Table 13).

**Table 13**

**Delay in submission of audited reports for 15 programmes completed in the period from July 2016 to April 2018**

<b>Delay (No. of months)</b>	<b>No. of programmes</b>	<b>Delay</b>
No delay	2 (13%)	-
≤ 1	3 (20%)	2 days to 0.8 months
> 1 to 2	-	-
> 2 to 3	3 (20%)	2.5 to 2.8 months
> 3 to 4	4 (27%)	3.1 to 3.7 months
> 4 to 5	2 (13%)	4.4 to 4.7 months
> 5	1 (7%)	6.1 months
Total	15 (100%)	2 days to 6.1 months (Average 2.9 months)

*Source: Audit analysis of RTHK records*

2.62 Audit considers that RTHK needs to take measures to ensure that the commissioned contractors submit the production materials and the audited reports and complete the commissioned programmes in a timely manner.

***Need to collect audience views on commissioned programmes***

2.63 RTHK evaluates the performance of the commissioned programmes and the contractors after programme completion. The evaluation aspects include:

- (a) conformity with original programme idea;
- (b) quality of production;
- (c) communication with commissioning editor;

- (d) timely submission of all deliverables; and
- (e) comments on unsatisfactory performance.

2.64 RTHK did not collect audience views on the satisfaction rate of commissioned programmes and areas for improvement. Such audience views would be very useful as a reference for the Selection Board in assessing the track record of the programme director in future applications. As the objective of the TV commissioning is to nurture talent in the field of TV production, Audit considers that RTHK needs to develop a mechanism to collect audience views (e.g. through focus group studies or surveys) on the satisfaction rates of commissioned programmes and on areas for improvement.

### ***Need to explore the feasibility of increasing output hours of commissioned programmes***

2.65 Audit analysis of the application statistics of programme commissioning in the period 2013-14 to 2017-18 revealed that:

- (a) the number of applications increased by 62% from 242 in 2013-14 to 391 in 2017-18; and
- (b) the success rate for each year was low, ranging from 7% to 9%.

2.66 Audit analysed the number of output hours of commissioned programmes for the period from 2013-14 to 2017-18 and noted that the number of output hours of commissioned programmes per year was very small, ranging from 21 to 33 hours. They made up only a small percentage of the total output hours of TV programmes, ranging from 1.5% to 3.5% (see Table 14).

**Table 14**

**TV commissioned programmes made up  
a small percentage of total output hours  
(2013-14 to 2017-18)**

<b>Financial year</b>	<b>No. of output hours</b>		<b>Percentage (c) = (a) ÷ (b) × 100%</b>
	<b>Commissioned programmes (a)</b>	<b>TV programmes (b)</b>	
2013-14	26.5	764.4	3.5%
2014-15	33.0	1,348.6	2.4%
2015-16	25.0	1,334.0	1.9%
2016-17	23.0	1,398.0	1.6%
2017-18	21.0	1,408.8	1.5%

*Source: Audit analysis of RTHK records*

2.67 In view of the increasing number of applications, low success rate and small number of output hours of commissioned programmes, Audit considers that RTHK needs to explore the feasibility of increasing the number of output hours of commissioned programmes.

## **Audit recommendations**

2.68 **Audit has recommended that the Director of Broadcasting should:**

- (a) **take measures to ensure that the commissioned contractors:**
    - (i) **submit production materials in different production stages;**
    - (ii) **complete the commissioned programmes; and**
    - (iii) **submit audited reports**
- in a timely manner;**



- (b) **develop a mechanism to collect audience views, e.g. through focus group studies or surveys, on the satisfaction rates of commissioned programmes and on areas for improvement; and**
- (c) **explore the feasibility of increasing the number of output hours of commissioned programmes.**

## **Response from the Government**

2.69 The Director of Broadcasting agrees with the audit recommendations. He has said that RTHK will take appropriate follow-up actions.

## **PART 3: BROADCASTING OF PROGRAMMES AND NEW MEDIA SERVICES**

3.1 This PART examines the broadcasting of programmes and the provision of new media services, focusing on the following areas:

- (a) management of TV broadcasting hours (paras. 3.2 to 3.7);
- (b) content licensing (paras. 3.8 to 3.20); and
- (c) new media services (paras. 3.21 to 3.28).

### **Management of TV broadcasting hours**

3.2 RTHK operates three DTT channels (TV 31, TV 32 and TV 33) and two analogue TV channels (TV 31A and TV 33A) (see Table 2 of para 1.6(b)). RTHK broadcasts on these channels all year round and 24 hours a day (i.e.  $24 \text{ hours} \times 365 = 8,760$  hours per year). TV 31 is the flagship channel, which offers general programming, and operates 19 hours a day (6:30 am to 1:30 am). TV 32 is a live event channel, which mainly covers LegCo meetings, important local press conferences, etc. It operates 17 hours a day (8:30 am to 1:30 am). TV 33 relays 24 hours a day the programmes of China Central Television Channel 1. TV 31A and TV 33A simulcast the programmes of TV 31 and TV 33 respectively.

3.3 The number of output hours of the RTHK TV programmes has increased slightly by 4% from 1,349 hours in 2014-15 to 1,409 hours in 2017-18 (see Table 15).

**Table 15****Output hours of TV programmes  
(2014-15 to 2017-18)**

<b>Financial year</b>	<b>No. of output hours</b>
2014-15	1,349
2015-16	1,334
2016-17	1,398
2017-18	1,409

*Source: RTHK records*

***Need to enrich the programmes of TV 31 and TV 32***

3.4 Channel TV 31 is the flagship channel of RTHK, which offers diversified programmes, aiming to cater to the needs of audience from all walks of life. Channel TV 32 is a live event channel, which covers LegCo meetings, important local press conferences, international news, international sports news and local sports events. Audit analysed the broadcasting hours of TV 31 and TV 32 for 2017-18 (see Table 16) and found that:

**Table 16**

## Analysis of broadcasting hours of TV 31 and TV 32 (2017-18)

Channel	First-run programmes (Note 1) (a)	Re-run programmes (Note 2) (b)	Radio Programmes on TV (Note 3) (c)	Miscellaneous contents (Note 4) (d)	Total operating hours (e) = (a) + (b) + (c) + (d)	Non- operating hours (Note 5) (f)	Total broadcasting hours (g) = (e) + (f)
TV 31	1,409 (16.1%)	4,877 (55.7%)	649 (7.4%)	-	6,935 (79.2%)	1,825 (20.8%)	8,760 (100%)
TV 32	2,073 (23.7%)	2,021 (23.1%)	11 (0.1%)	2,100 (24.0%)	6,205 (70.9%)	2,555 (29.1%)	8,760 (100%)
Overall	3,482 (19.9%)	6,898 (39.4%)	660 (3.8%)	2,100 (11.9%)	13,140 (75.0%)	4,380 (25.0%)	17,520 (100%)

Source: Audit analysis of RTHK records

Note 1: First-run programmes are those programmes that had not been broadcast before by RTHK.

Note 2: Re-run TV programmes are those programmes that had been broadcast before by RTHK.

Note 3: These are programmes that are broadcast on radio and TV simultaneously.

Note 4: Miscellaneous contents include fillers (e.g. slow TV), on-air promotions and Announcements of Public Interest.

Note 5: During non-operating hours, miscellaneous contents were broadcast. According to RTHK, TV 32 was a live event channel and there were constraints in reducing the non-operating hours.

- (a) **Short first-run programme hours.** The number of first-run programme hours for TV 31 (1,409 hours) and TV 32 (2,073 hours) only represented 20.3% and 33.4% respectively of the operating hours, or 16.1% and 23.7% respectively of the total broadcasting hours. TV 31 and TV 32 also broadcast first-run Radio Programmes on TV. RTHK counts the broadcasting hours of these programmes as operating hours but not as output hours of TV 31 and TV 32. If the broadcasting hours of Radio Programmes on TV (649 hours for TV 31 and 11 hours for TV 32) were

included, the number of first-run programme hours for TV 31 and TV 32 were 2,058 hours and 2,084 hours respectively, representing 23.5% and 23.8% respectively of the total broadcasting hours (see items (a) and (c) in Table 16);

- (b) ***Long re-run programme hours.*** The number of re-run programme hours for TV 31 and TV 32 (i.e. 4,877 hours and 2,021 hours respectively) represented 70.3% and 32.6% respectively of the operating hours, or 55.7% and 23.1% respectively of the total broadcasting hours (see Table 16). Audit noted that from 2014-15 to 2017-18, while the total number of broadcasting hours of first-run programmes for TV 31 increased by 4% from 1,349 hours to 1,409 hours, the number of broadcasting hours of re-run programmes for TV 31 increased by 107% from 2,358 hours to 4,877 hours. Audit reviewed the frequency of re-run for the programmes broadcast on TV 31 in 2017-18 and noted that some programmes were re-run frequently. For example, there was a 25-minute music programme that was re-run for five times during the 6-month period from August 2017 to January 2018 in 2017-18. As RTHK had not formulated strategies on selecting re-run programmes, no guidelines were promulgated on the selection of programmes for re-run and the proportion of broadcasting hours for re-run programmes (e.g. how the audience preference should be taken into account);
- (c) ***Long non-operating hours for TV 31.*** Despite being the flagship channel of RTHK, TV 31 had non-operating hours as high as 1,825 hours, representing 20.8% of its total broadcasting hours (see item (f) in Table 16); and
- (d) ***Need to enrich the quality of miscellaneous contents.*** During non-operating hours for TV 31 and TV 32, miscellaneous contents comprising fillers (such as “TV Journey”, photo gallery and news feeds), on-air promotions and Announcements of Public Interest were broadcast. In addition, for TV 32, miscellaneous contents were also broadcast during operating hours when there were no live events. “TV Journey” mainly broadcasts slow TV which refers to TV coverage of an ordinary event without any commentary and is similar to the videos captured by the monitoring cameras. Examples of “TV Journey” are the make-up of a Cantonese Opera actor and Container Terminals (see Figure 4). For TV 31 and TV 32, 20.8% and 53.1% (i.e. 4,655 hours (2,100 hours during operating hours and 2,555 hours during non-operating hours)) respectively

of their broadcasting hours were used to broadcast miscellaneous contents (see items (d) and (f) in Table 16). The large number of broadcasting hours of miscellaneous contents is a cause for concern as this may reduce the attractiveness of the channels to audience. At a meeting of the Board of Advisors held in May 2017, a member commented that TV 32 aired a lot of slow TV. Audit considers that RTHK needs to explore ways to enrich the miscellaneous contents with a view to enhancing the channels' attractiveness.

**Figure 4**

**An example of “TV Journey” – Container Terminals  
(3 October 2018)**



*Source: Screen capture of TV 32 by Audit staff on 3 October 2018*

3.5 Audit considers that RTHK needs to enrich the programmes of TV 31 and TV 32 and devise a strategy for re-run programmes, taking into account audience preference in selecting programmes for re-run. RTHK also needs to reduce the non-operating hours for TV 31 and explore ways to enrich the miscellaneous contents of TV 31 and TV 32 with a view to enhancing the channels' attractiveness.

## Audit recommendations

3.6 Audit has *recommended* that the Director of Broadcasting should endeavour to enrich the TV programmes, including:

- (a) exploring ways to increase the output hours of TV programmes;
- (b) increasing the first-run programme hours;
- (c) devising a strategy for re-run programmes, taking into account the audience preference in selecting programmes for re-run;
- (d) reducing the non-operating hours for TV 31; and
- (e) exploring ways to enrich the miscellaneous contents of TV 31 and TV 32 with a view to enhancing the channels' attractiveness.

## Response from the Government

3.7 The Director of Broadcasting agrees with the audit recommendations. He has said that:

- (a) RTHK will endeavour to increase the output/first-run programmes hours from 2018-19 onwards and to devise a strategy for re-run programmes;
- (b) starting from April 2019 onwards, RTHK TV 31 will extend its daily broadcast to 24 hours when the DTT coverage reached 99% of Hong Kong population. By then, RTHK programmes will be broadcast 24 hours a day on TV 31. The current arrangement of broadcasting miscellaneous contents during non-operating hours from 1:30 am to 6:30 am will, thus, be ceased; and

- (c) TV 32 is a live event channel which mainly covers LegCo meetings, important local press conferences, etc. The broadcasting hours as well as broadcasting time of these live events are beyond RTHK's control. With these constraints, broadcasting of miscellaneous contents between live events is therefore inevitable.

## Content licensing

3.8 The RTHK Content Policy was first established in August 2004 to set out the objectives, definition and guiding principles for content licensing. RTHK also promulgates the pricing policy, the price scheme for various types of programmes and the procedures for handling content licensing in its Content Licensing Guidelines. In 2017-18, income generated from content licensing was \$2.3 million (see Table 3 in para. 1.8).

3.9 The Content Policy stipulates the objectives of content licensing with prioritisation. The priority of the objectives for content licensing is as follows:

- (a) to enhance audience reach;
- (b) to strengthen RTHK's corporate branding;
- (c) to promote networking, enhance creativity and cultural exchange;
- (d) to maximise the cost-efficiency of public money spent; and
- (e) to generate revenue.

3.10 The Programme and Content Management (PCM) Unit, under the ACDU, co-ordinates the licensing of TV and radio programmes, Internet content and footage of RTHK. The Unit is led by Head of PCM Unit with an Assistant Corporate Development Officer. Contracts are recommended by the Head of ACDU and approved by the Deputy Director of Broadcasting (Programmes).



3.11 According to the Content Licensing Guidelines, the procedures for content licensing are as follows:

- (a) potential client approaches RTHK;
- (b) the PCM team checks for copyright availability;
- (c) if copyright is available, the PCM team informs the client and suggests a price based on parameters of the Price Scheme (Note 15) and the rights required by the client;
- (d) negotiation is required if the client does not accept the price. Upon acceptance of price, the PCM team proceeds to contract drafting and further negotiation;
- (e) Head of PCM Unit needs to seek the approval of Deputy Director of Broadcasting (Programmes) if the price counter offered by the client falls below the minimum of the Price Scheme;
- (f) Head of ACDU reviews and endorses the contract; and
- (g) Deputy Director of Broadcasting (Programmes) reviews and signs the contract.

### ***Basis of price determination and negotiation process not documented***

3.12 According to the Content Licensing Guidelines, when a potential licensee approaches RTHK for certain content, the PCM team will offer a price. The PCM team will negotiate with the potential licensee if the offered price is not accepted.

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**Note 15:** *Before July 2018, price ranges were set under the Price Scheme for various types of programmes. With effect from July 2018, only a minimum was set.*

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3.13 Audit examined 15 licence contracts signed in the period from 2015-16 to 2017-18 and found that:

- (a) for all the 15 contracts, the basis of determining the offer price was not documented;
- (b) for 6 (40%) contracts, the negotiation processes with potential licensees were not documented; and
- (c) for 12 (80%) contracts, the prices were on the lower side of the price ranges and close to the minimum of the price ranges set.

3.14 Although the minimum prices had been set, there were no guidelines on how the offer price to potential licensees should be determined. This may lead to offer prices that were on the lower side. It is not entirely satisfactory that most of the prices offered were at the lower side of the price ranges and the bases for the determination of prices offered were not documented. Audit considers that RTHK needs to set out guidelines on how to determine the offer price to potential licensees and document the bases for the determination of the offer price and the negotiation process with the potential licensees.

### ***Decreasing number of licensing contracts/licensees and licensing income***

3.15 Audit analysed the number of licensing contracts and the number of licensees from January 2013 to June 2018 (see Table 17) and noted that:

- (a) the number of licensing contracts decreased by 65% from 92 in 2013 to 32 in 2017;
- (b) the number of licensees decreased by 45% from 51 in 2013 to 28 in 2017; and
- (c) for the six months from January to June 2018, the number of licensing contracts and number of licensees were only 10 and 6 respectively.

**Table 17**

**Number of licensing contracts and licensees  
(January 2013 to June 2018)**

<b>Year</b>	<b>No. of licensing contracts</b>	<b>No. of licensees</b>
2013	92	51
2014	77	49
2015	47	30
2016	46	40
2017	32	28
2018 (up to June)	10	6

*Source: RTHK records*

3.16 The licensing income decreased by 53% from \$4.9 million in 2013-14 to \$2.3 million in 2017-18 (see Table 18).

**Table 18**

**Licensing income  
(2013-14 to 2017-18)**

<b>Financial year</b>	<b>Licensing income (\$ million)</b>
2013-14	4.9
2014-15	3.2
2015-16	2.7
2016-17	2.7
2017-18	2.3

*Source: RTHK records*

3.17 In view of the significant drop in the number of licensing contracts and licensees as well as the licensing income, Audit considers that RTHK needs to ascertain the reasons and take appropriate measures with a view to enhancing the attractiveness of content licensing and achieving its objectives for content licensing as set out in the Content Policy.

### *Need to step up promotion on content licensing*

3.18 Both the number of licensing contracts and the number of licensees had decreased from 2013 to 2017 (see Table 17 in para. 3.15). Despite the decrease in licensing contracts and licensees, RTHK did not formulate any plans or carry out any promotion activities on content licensing, with a view to enhancing audience reach, strengthening RTHK's corporate branding and generating revenue. The contents which are available for licensing are not posted on the RTHK website. In order to achieve the main objectives for content licensing, Audit considers that RTHK needs to take action to promote content licensing, for example, by posting the contents which are available for licensing on its website.

## Audit recommendations

3.19 Audit has *recommended* that the Director of Broadcasting should:

- (a) set guidelines on how to determine the offer price to potential licensees;
- (b) document the basis for the determination of the offer price and the negotiation process with the potential licensees;
- (c) ascertain the reasons for the decreasing number of licensing contracts and licensees as well as the decreasing licensing income, and take appropriate measures with a view to enhancing the attractiveness of content licensing and achieving its objectives for content licensing as set out in the Content Policy; and
- (d) take action to promote content licensing, for example, by posting the contents which are available for licensing on the RTHK website.

## **Response from the Government**

3.20 The Director of Broadcasting agrees with the audit recommendations. He has said that RTHK will take appropriate follow-up actions.

## **New media services**

3.21 The NMU of RTHK provides the following online platforms for audiences:

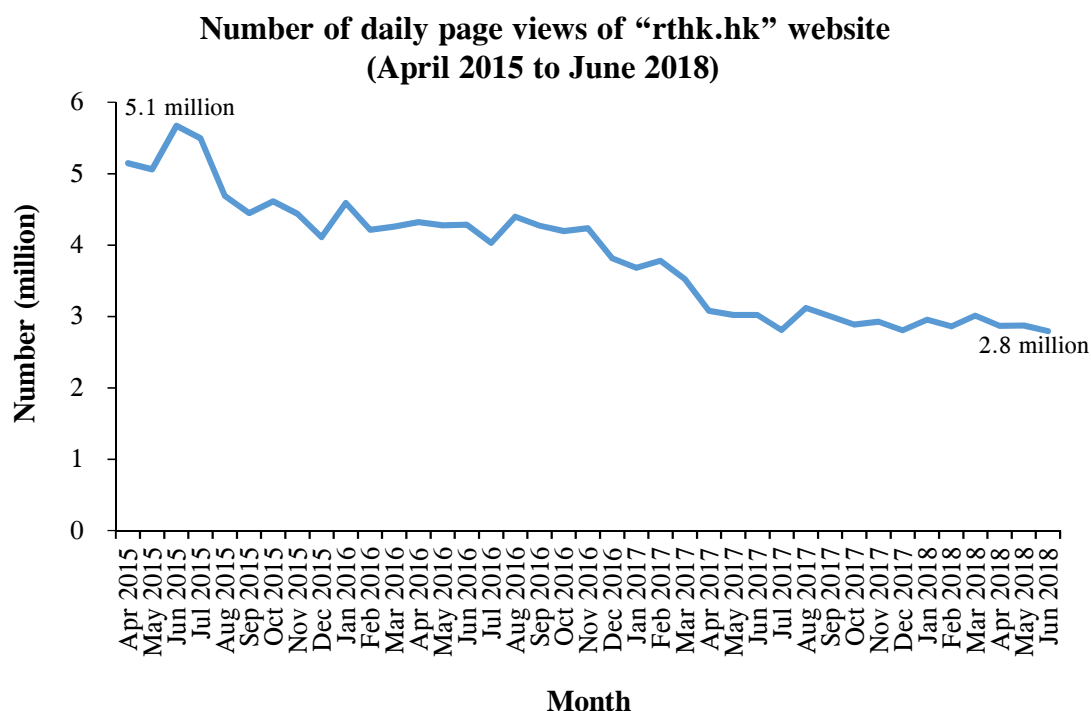
- (a) the RTHK website “rthk.hk”, which provides:
  - (i) the simulcast of all 24-hour radio channels;
  - (ii) on-demand archives of all radio, TV and news programmes broadcast in the past 12 months; and
  - (iii) original web contents produced by the NMU;
- (b) seven mobile applications, namely “RTHK On the Go”, “RTHK Screen”, “RTHK News”, “RTHK Mine”, “RTHK Vox”, “Chinese History - the Flourishing Age” and “RTHK Memory”; and
- (c) social media, e.g. YouTube, Twitter and Facebook, etc.

The NMU prepares Monthly Access Report to measure the performance of its services for management purposes.

## ***Decreasing trend of daily page view of RTHK website***

3.22 The RTHK website “rthk.hk” provides 24-hour multimedia news and programmes, and podcast service of selected programmes. Audit examined the usage of “rthk.hk” website and noted that the daily page views of the “rthk.hk” website decreased by 45% from 5.1 million in April 2015 to 2.8 million in June 2018 (see Figure 5). Audit also noted that RTHK did not meet the performance target on daily page view of “rthk.hk” from 2015-16 to 2017-18 (see Table 19).

Figure 5



Source: Audit analysis of RTHK records

Table 19

**Performance on daily page view of “rthk.hk”  
(2015-16 to 2017-18)**

Financial year	Daily page view of “rthk.hk”		Percentage of target achieved  (c) = (b) ÷ (a) × 100%
	Performance target (million) (a)	Actual (million) (b)	
2015-16	5.1	4.8	94 %
2016-17	5.1 (Note)	4.1	80 %
2017-18	4.3	3.0	70 %

Source: Audit analysis of RTHK records

Note: The performance target on daily page view of “rthk.hk” for 2016-17 was subsequently revised to 4.3 million. The percentage of revised target achieved would be 95%.

3.23 According to the three Public Opinion Surveys (see para. 4.2(d)) conducted for the years 2014, 2016 and 2018, the usage of RTHK website was decreasing:

- (a) the percentage of respondents who usually used the RTHK website decreased from 3.4% in 2014 to 2.2% in 2018;
- (b) the percentage of respondents who sometimes used the RTHK website decreased from 18.5% in 2014 to 17.8% in 2018; and
- (c) the percentage of respondents who never used the RTHK website increased from 77.9% in 2014 to 79.9% in 2018 (see Table 20).

**Table 20**

**Usage of RTHK website  
(2014, 2016 and 2018)**

<b>Year</b>	<b>Respondents who usually used the RTHK website</b>	<b>Respondents who sometimes used the RTHK website</b>	<b>Respondents who never used the RTHK website</b>
2014	3.4%	18.5%	77.9%
2016	1.5%	19.9%	78.6%
2018	2.2%	17.8%	79.9%

*Source: RTHK records*

*Remarks: The percentages did not add up to 100% because some respondents chose the answer “Do not know”.*

3.24 In response to Audit enquiry, RTHK informed Audit in September and October 2018 that:

- (a) the RTHK website had undergone a re-structuring revamp in March 2017 to facilitate effective user access by simplifying the web navigation process, thus it would reduce the number of daily page views accordingly. After the revamp, users can access the multimedia contents on “rthk.hk” more

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directly and conveniently. Instead of clicking page by page, they can search for contents by scrolling the screen. This eliminates unnecessary page turning that is counted as page views;

- (b) in view of the change in habit, nowadays many consumers had switched to mobile devices in accessing RTHK web contents including programmes and news through mobile applications instead of visiting the RTHK website, but the indicator “page views” was not applicable to mobile access; and
- (c) in the near future, RTHK would consider eliminating the indicator “daily page view” in the COR as it no longer reflected the genuine performance on the new media platforms.

Audit considers that RTHK needs to keep in view the usage of the RTHK website. RTHK also needs to take proactive measures to devise suitable performance indicators in a timely manner to measure the performance of the new media platforms, including the RTHK website.

### ***Need to boost the usage of new media services***

3.25 RTHK has taken measures to boost the usage and improve the quality of new media services. According to RTHK records, RTHK is making an aggregate growth in:

- (a) the total number of visits per day of the RTHK website by 50.6% from 318,000 as of September 2015 to 479,000 as of September 2018;
- (b) the total number of downloads of all the existing RTHK mobile applications by 43.2% from 2,083,000 as of September 2015 to 2,983,000 as of September 2018;
- (c) the catch up media (i.e. the number of archived media being accessed) per day by 20.6% from 618,000 as of September 2015 to 745,000 as of September 2018; and
- (d) the livestreaming hits per day by 64.3% from 1,892,000 as of September 2015 to 3,109,000 as of September 2018.



3.26 Notwithstanding the above, as indicated in the latest Public Opinion Survey 2018, the percentage of respondents who had accessed RTHK contents through new media platforms was low (i.e. 27.6%). Of the respondents who had accessed the RTHK contents through new media platforms, while the majority of the respondents accessed the RTHK contents through social media and SmartTV, only 24.2% and 18.4% of the respondents used mobile applications and the RTHK website respectively to access RTHK programmes. Audit considers that RTHK needs to take measures to boost the usage and improve the quality of the new media platforms, taking into account the results of the Public Opinion Survey on new media services.

### Audit recommendations

3.27 **Audit has *recommended* that the Director of Broadcasting should:**

- (a) **keep in view the usage of the RTHK website;**
- (b) **take proactive measures to devise suitable performance indicators in a timely manner to measure the performance of the new media platforms, including the RTHK website; and**
- (c) **take measures to boost the usage and improve the quality of the new media platforms, taking into account the results of the Public Opinion Survey on new media services.**

### Response from the Government

3.28 The Director of Broadcasting agrees with the audit recommendations. He has said that a review on the performance indicators of RTHK website is now underway to better capture the performance of RTHK new media services.

## **PART 4: EVALUATION OF PROGRAMMES AND OTHER ADMINISTRATIVE ISSUES**

4.1 This PART examines the evaluation of RTHK's programmes and other administrative issues, focusing on the following areas:

- (a) audience surveys (paras. 4.2 to 4.14);
- (b) evaluation of TV programmes (paras. 4.15 to 4.34);
- (c) evaluation of radio programmes (paras. 4.35 to 4.45);
- (d) evaluation of school ETV programmes (paras. 4.46 to 4.66); and
- (e) matters relating to Charter of RTHK (paras. 4.67 to 4.74).

### **Audience surveys**

4.2 To collect audience's views, RTHK periodically conducts audience surveys on its services. The four major regular audience surveys are:

- (a) ***TV Appreciation Index (TVAI) Survey.*** RTHK carries out TVAI Survey quarterly to measure how well the audience appreciate and are aware of the TV programmes produced in-house. The first TVAI Survey was carried out in 1989 (see para. 4.17);
- (b) ***Radio Audience Survey.*** RTHK has conducted the Radio Audience Survey annually since 1988. The Survey aims to find out the listenership, appreciation index, awareness level and image perception of RTHK's radio channels, most favourite programmes and presenters, and radio listening habits. The Survey is usually carried out in October and November every year, lasting for about three weeks;

- (c) ***TV Audience Measurement Survey (TAM Survey).*** RTHK has collected TV ratings through TAM Survey, for its TV programmes broadcast in the commercial TV channels since 1997. The Survey was extended to cover programmes broadcast in Channels TV 31 and TV 32 since 2014 and TV 31A since 2017. The Survey is conducted by a private survey agency. The results of Surveys conducted by the agency is open to the subscription of the public. It measures the average percentage of the Hong Kong population that is watching a TV channel/programme. A daily TV ratings report with rating for each programme in each quarter-hour (i.e. each 15 minutes) is provided to RTHK; and
- (d) ***Public Opinion Survey.*** Public Opinion Surveys are conducted every two years. Four Public Opinion Surveys were conducted in 2012, 2014, 2016 and 2018 respectively. Through Public Opinion Surveys, RTHK collects:
  - (i) the public's views and expectations on RTHK in achieving its public purposes and missions stated in the Charter of RTHK;
  - (ii) information on the usage of RTHK TV, radio and new media services; and
  - (iii) information on RTHK's performance in achieving its public purposes and mission.

### ***Procurement of service for TVAI Surveys and Radio Audience Surveys***

4.3 As a government department, RTHK has to follow the SPR and its departmental guidelines in making purchases of stores and services. According to RTHK Accounting Circular No. 1/2014, officers should adopt a consistent and fair approach in selecting suppliers/service providers from the relevant supplier list for quotations. For the purpose of obtaining quotations, officers should:

- (a) invite the last successful supplier/service provider with a satisfactory performance; and

- (b) invite sufficient number of suppliers/service providers. For purchases that are over \$50,000 but not exceeding \$1.4 million, at least five other written quotations should be invited.

The contract value of the procurement of service providers for TVAI survey and Radio Audience Survey was over \$50,000 but not exceeding \$1.4 million. RTHK engaged service providers to conduct TVAI survey and Radio Audience Survey by inviting quotation from last successful service provider and at least five other written quotations.

### *One and same service provider for many years*

4.4 Audit analysed the results of the five procurement exercises for TVAI Surveys for the years 2009 to 2018 and five procurement exercises for Radio Audience Surveys for the years 2010 to 2017 and noted that only one and the same service provider (Service Provider A) submitted an offer in each and every of the ten procurement exercises. Service Provider A was awarded the contract for TVAI surveys or Radio Audience Surveys in every of the ten procurement exercises during the period. Details are as follows:

- (a) ***TVAI surveys.*** Five procurement exercises were conducted for TVAI surveys by invitation of quotation in 2009, 2011, 2013, 2015 and 2017. Selected service providers were awarded a contract for two years. In these five procurement exercises, only Service Provider A submitted an offer to RTHK. Service Provider A was awarded the contract for TVAI Surveys for ten consecutive years from 2009 to 2018; and
- (b) ***Radio Audience Surveys.*** Five procurement exercises were conducted for Radio Audience Surveys by invitation of quotation in 2010, 2012, 2014, 2016 and 2017. Selected service providers for the procurement exercises conducted in 2010, 2012 and 2014 were awarded a contract for two years. Selected service providers for procurement exercises conducted in 2016 and 2017 were awarded a contract for one year. In these five procurement exercises, only Service Provider A made offer to the RTHK's invitation of quotation. Service Provider A was awarded the contract to conduct Radio Audience Survey for eight consecutive years from 2010 to 2017.

### *Need to review the Supplier List*

4.5 RTHK maintains a Supplier List under the category of “Radio/TV Audience Survey” for inviting service providers for both the TVAI Surveys and Radio Audience Surveys. When it needs to identify a service provider, it invites quotations from:

- (a) the last successful service provider with a satisfactory performance; and
- (b) at least five service providers on the Supplier List on a rotational basis.

4.6 According to RTHK Accounting Circular No. 1/2014:

- (a) the Supplier List is updated as and when necessary and reviewed annually by the Supplies Office of RTHK;
- (b) those suppliers who have already gone out of business, ceased to have appropriate products/services available, lost trace, voluntarily withdrawn, performed badly or rarely responded to invitations would be removed from the Supplier List by the Supplies Office; and
- (c) officers may encourage potential suppliers to apply for registration on the Supplier List.

4.7 Audit examination of five procurement exercises for the TVAI Surveys and Radio Audience Surveys respectively revealed that there was room for improvement in the Supplier List:

- (a) ***Incorrect service provider on the Supplier List.*** As at 30 June 2018, there were 16 service providers on the Supplier List under the category of “Radio/TV Audience Survey”. Audit noted that the List included an association of taxi operator as a service provider. According to RTHK, the association could provide service to RTHK in surveys on traffic information, taxi business and taxi drivers’ radio listening habit. The association was unable to provide and had never provided service for TVAI Surveys or Radio Audience Survey. However, the association was incorrectly invited for quotation in five procurement exercises. The five exercises were the

exercises for TVAI Surveys in 2011, 2013 and 2017, and for Radio Audience Surveys in 2012 and 2014;

- (b) ***Duplicate service provider on the Supplier List.*** The Supplier List included a tertiary institute and one of its research units specialising in carrying out public opinion survey as two separate service providers. In five procurement exercises, the tertiary institute and its public opinion survey unit were invited to offer quotation and were counted as two invitations. The five exercises were the TVAI Surveys in 2011, 2013 and 2017, and Radio Audience Surveys in 2010 and 2017; and
- (c) ***Only one and the same service provider made offers to invitations for quotation.*** In each of the five procurement exercises for the TVAI Survey and the five procurement exercises for the Radio Audience Survey, only one and the same service provider made offers to invitations (see para. 4.4). No record was available showing that RTHK had taken follow-up action to ascertain the reasons for the lukewarm response. Of the 16 service providers on the Supplier List as at 30 June 2018, 8 service providers had been invited for quotations for 3 times or more in the ten procurement exercises. Audit analysed the response from these 8 service providers and noted that 5 of them had never responded, including 3 service providers who had been invited for 6 times.

4.8 To ensure there is adequate competition for the provision of service for the TVAI Survey and Radio Audience Survey, Audit considers that RTHK needs to take follow-up action to ascertain why most of the suppliers on the Supplier List were not interested in submitting a quotation. RTHK also needs to critically review the Supplier List and remove the duplicate or incorrect service providers and the service providers who rarely responded to invitations. To increase the number of service providers for selection, RTHK needs to encourage potential service providers to apply for registration on the Supplier List.

***Need to consider relaxing the mandatory requirements on the service providers in order not to render them overly restrictive***

4.9 According to RTHK's Accounting Circular No. 1/2014:

- (a) stores and services specifications should be drawn up in a manner which meets the government procurement principle of maintaining open and fair competition and not to create obstacles to international trade or to competition amongst the potential service providers; and
- (b) it should be ensured that the specifications are general enough and there is no over-prescription.

4.10 Some mandatory requirements on the service providers for the TVAI Surveys rendered most of the service providers on the Supplier List unqualified for quotation, thereby reducing the competition amongst the potential service providers. Although only Service Provider A made offer to the procurement exercises carried out in 2009, 2011 and 2013, RTHK imposed two additional mandatory requirements in selecting service providers for the TVAI Surveys in the procurement exercises conducted in 2015 and 2017:

- (a) ***Established for at least 15 years.*** The service provider should be established in Hong Kong for at least 15 years before the quotation closing date; and
- (b) ***Conducted at least 20 appreciation surveys.*** The service provider should have relevant experience with conducting appreciation survey of broadcasting media in Hong Kong for at least twenty surveys in the last ten years before quotation closing date.

There was no documentary evidence showing the justifications for the additional mandatory requirements, and showing that the need for such mandatory requirements outweighed the adverse effect on the competition among the potential service providers.

## Evaluation of programmes and other administrative issues

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4.11 Audit noted that the additional mandatory requirements might create obstacles to competition amongst the potential services providers:

- (a) ***Established for at least 15 years.*** Audit reviewed the years of establishment of the service providers invited in the procurement exercises for TVAI Surveys in 2015 and 2017 and noted that 3 of the 6 service providers invited in 2015 and 2 of the 6 service providers in 2017 became unqualified due to their failure in meeting the mandatory requirement of having established in Hong Kong for at least fifteen years before the quotation closing date; and
- (b) ***Conducted at least 20 appreciation surveys.*** RTHK was the only broadcasting media in Hong Kong which had conducted appreciation surveys in the past twenty years. Only Service Provider A had been engaged for conducting such TVAI Survey for RTHK since 1998. Therefore, this additional mandatory requirement rendered the service providers other than Service Provider A unqualified and only Service Provider A was qualified.

4.12 Over-prescribing requirements may perpetuate incumbent advantage inhibiting competition and lead to over-reliance on a single contractor. Audit noted that Service Provider A had been the service provider for the TVAI Surveys and Radio Audience Surveys since 1998 and 2005 respectively. In view of the lukewarm response from the other service providers, Audit considers that RTHK needs to revisit the need for the mandatory requirements imposed on the service providers for the TVAI Surveys and the Radio Audience Surveys, and consider the feasibility of relaxing them to ensure that the requirements do not create undesirable obstacles to competition amongst the potential service providers.

## Audit recommendations

4.13 **Audit has *recommended* that the Director of Broadcasting should:**

- (a) **take follow-up action to ascertain why most of the suppliers were not interested to submit a quotation for the TVAI Survey and Radio Audience Survey;**



- (b) **ensure that sufficient qualified service providers are invited in the procurement exercises for the TVAI Surveys and the Radio Audience Surveys;**
- (c) **critically review the Supplier List under the category of “Radio/TV Audience Survey” and remove:**
  - (i) **duplicate service providers;**
  - (ii) **incorrect service providers; and**
  - (iii) **those service providers who rarely responded to invitations for quotations;**
- (d) **encourage potential service providers for radio and TV surveys to apply for registration as suppliers on the Supplier List; and**
- (e) **revisit the need for the mandatory requirements imposed on the service providers for the TVAI Surveys and the Radio Audience Surveys and consider the feasibility of relaxing them to ensure that the requirements do not create undesirable obstacles to competition amongst the potential service providers.**

## **Response from the Government**

4.14 The Director of Broadcasting agrees with the audit recommendations. He has said that:

- (a) follow-up actions are in progress to remove:
  - (i) the duplicate service providers;
  - (ii) incorrect service providers; and
  - (iii) those service providers who rarely responded to invitations from the Supplier List;

## **Evaluation of programmes and other administrative issues**

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- (b) RTHK will endeavour to ensure that sufficient qualified service providers are invited in the procurement exercises; and
- (c) the need for the mandatory requirements will be reviewed.

## **Evaluation of TV programmes**

4.15 RTHK evaluates the performance of its TV programmes through the appreciation index and TV ratings. The appreciation index measures the qualitative performance of TV programmes in terms of how well the audience appreciate and enjoy the programmes. RTHK introduced a qualitative appreciation index as one of its performance indicators. The TV ratings measures the popularity of TV programmes in terms of audience size. RTHK reports in its COR the average viewership of prime-time programmes on a commercial broadcaster as one of its performance indicators.

4.16 To enhance the awareness and the appreciation level of its programmes, RTHK:

- (a) arranges on-air promotion (on both RTHK and other commercial channels) and “Today’s Pick” to highlight the upcoming programmes;
- (b) organises publicity events for new programmes;
- (c) visits different areas in Hong Kong under its Mobile TV Campaign to introduce RTHK programmes and programme hosts to the public;
- (d) posts updated programme information on Facebook, RTHK website, RTHK YouTube Channel to arouse public interest; and
- (e) arranges highlights of RTHK programmes on First Ferry.

### ***Need to review the strategy for the coverage of programmes in TVAI Surveys***

4.17 Since 1989, RTHK has conducted TVAI Surveys quarterly to measure the audience's appreciation level (i.e. appreciation index) to the locally produced TV programmes. RTHK has also invited three other local TV operators to join the Survey and the cost is borne by RTHK. In each quarter, 80 programmes (i.e. 20 programmes from each of the four local TV operators including 20 RTHK programmes) are selected for TVAI Survey. RTHK used the following criteria to select programmes for TVAI surveys:

- (a) they must be local productions;
- (b) they must have been broadcast at least once during the survey period; and
- (c) they must not be re-run programmes, news and sports programmes or promotional programmes.

4.18 ***Acquired programmes not covered.*** Although the acquired programmes accounted for 21 % of the total output hours in 2017-18, all acquired programmes had not been selected for TVAI Surveys because they were not local productions. As a result, RTHK has not evaluated the quality and audience's appreciation level of the acquired programmes.

4.19 ***Percentage of programmes surveyed on the decrease.*** RTHK surveys up to 80 programmes per year. RTHK did not set out guidelines on the selection of programmes for the Survey. Because some programmes had been surveyed more than once a year, the total number of programmes surveyed remained at about 55 per year. As the number of programmes meeting the selection criteria increased from 70 in 2015 to 80 in 2017, the percentage of different programmes surveyed decreased from 77% in 2015 to 66% in 2017 (see Table 21). This may have an effect on the usefulness of the survey results.

**Table 21**

**Number of programmes covered by TVAI Survey  
(2015 to 2017)**

	No. of programmes covered		
	2015	2016	2017
No. of programmes meeting the selection criteria (a)	70	74	80
Programme surveyed (b)			
once	40	43	40
twice	7	7	5
thrice	2 } 14	1 } 13	2 } 13
four times	5 }	5 }	6 }
Total (b)	54	56	53
Percentage of programmes surveyed (c) (c) = (b) ÷ (a) × 100 %	77 %	76 %	66 %

*Source: Audit analysis of RTHK records*

4.20 In response to Audit enquiry as to why some programmes had been surveyed more than once a year, RTHK informed Audit in September 2018 that:

- (a) some programmes having been surveyed more than once a year were flagship programmes, which were broadcast in the prime time; and
- (b) in view of their importance, it was necessary to evaluate their performance more than once a year.

The results from TVAI Surveys are useful for RTHK to evaluate the appreciation level of its programmes. Audit considers that RTHK needs to review the strategy for the coverage of programmes in TVAI Surveys. RTHK also needs to strike a balance between the need to survey more programmes and the need to survey flagship programmes more frequently.

*Low awareness level and low appreciation index of some TV programmes*

4.21 Every year, RTHK reports the results of the TVAI Surveys in its COR. RTHK reported the average appreciation index score of RTHK programmes and the number of RTHK programmes in the top 20 appreciation index score (Top 20 List) as two of its performance indicators. The Top 20 List is the list of 20 programmes among all programmes from all channels including commercial channels that have the highest appreciation index scores. In 2018-19, RTHK reported in the COR that for 2016, RTHK's programmes scored 68.92, which was the highest average amongst all local stations (average was 66.99). Of the programmes on the Top 20 List, 9 were RTHK's productions. However, Audit noted that amongst these 9 RTHK programmes on the Top 20 List for TVAI Survey 2016, the awareness level (Note 16) of 2 programmes were of 6.3% and 12.6% respectively, well below the average of 18.4% of all programmes from all channels.

4.22 TVAI Survey 2017 covered 223 programmes. Audit analysed the results of the TVAI Survey 2017 and noted that of the 9 RTHK programmes in the Top 20 List, the awareness level of 5 (56%) were below the average awareness level of 17.1% of all 223 programmes. The awareness level of the 5 programmes ranged from 1.5% to 13.8%. Audit found that:

- (a) of the 53 RTHK programmes surveyed:
  - (i) 40 (75%) were below the average awareness level of 17.1% (ranging from 1.5% to 15.8%) among all TV channels;
  - (ii) 16 (30%) were below the average appreciation index of 66.83 (ranging from 59.56 to 66.71) among all TV channels; and
  - (iii) 14 (26%) were below both the average awareness level of 17.1% and the average appreciation index of 66.83 (see Table 22);

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**Note 16:** *The awareness level is an indicator produced by the TVAI Survey. The awareness level of a programme is calculated by dividing the number of respondents who have watched the programme by the total number of respondents in the Survey.*

**Table 22****14 RTHK programmes with below-average awareness level  
and appreciation index  
(2017)**

<b>Programme</b>	<b>Awareness level</b>	<b>Appreciation index</b>
A	8.2%	66.71
B	12.9%	66.64
C	6.3%	66.44
D	9.6%	66.44
E	5.8%	66.43
F	11.2%	66.41
G	11.0%	66.19
H	4.7%	65.81
I	8.2%	64.94
J	12.0%	64.89
K	5.9%	62.25
L	4.1%	61.83
M	3.2%	59.92
N	3.5%	59.56

*Source: Audit analysis of RTHK records*

*Remarks: The average awareness level and the average appreciation index for the 223 programmes were 17.1% and 66.83 respectively.*

- (b) the average awareness level of the 53 RTHK programmes was 15.1%; and
- (c) the average appreciation index of the 53 RTHK programmes was 69.19.

The high percentage (i.e. 75%) of the RTHK's TV programmes with awareness level below average is a cause for concern because this indicates that these programmes had small number of audience. Audit considers that RTHK needs to take measures to improve the awareness level and the appreciation index of its programmes.

### *Low TV ratings*

4.23 Since 1997, RTHK has engaged service providers to provide the TV ratings for its programmes broadcast in the commercial TV channels through TAM Survey. Since 2014, Channel TV 31 has been included in the TAM Survey. Since 2017, the TAM Survey has also covered the average ratings of TV 31/31A. The TAM Survey counts the total viewing population for specific TV programmes or channels as a means to measure their popularity. Every day, the service provider provides to RTHK a TV ratings report with rating for each programme in each quarter-hour (i.e. 15 minutes). The TV ratings report includes the TV ratings of RTHK programmes of RTHK channels and also other Hong Kong free TV channels so as to serve as benchmarks for easy comparison.

4.24 Audit examination of the TV ratings reports for RTHK Channels TV 31/31A for the period from January to June 2018 (see Table 23) revealed that the average TV rating of TV 31/31A was low (Note 17). The average rating for TV 31/31A for the six-month period was 0.1 (i.e. 6,400 viewers), ranging from 0.0 (Note 18) to 2.2 (i.e. 140,800 viewers).

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**Note 17:** *Each score of rating represents around 64,000 viewers.*

**Note 18:** *A rating of 0.0 represents a rating less than 0.05 (i.e. fewer than around 3,200 viewers on average ( $64,000 \times 0.05 = 3,200$ )).*

**Table 23****TV ratings for RTHK programmes of TV 31/31A  
(January to June 2018)**

<b>Month</b>	<b>Average rating</b>	<b>Highest rating for the month</b>
January	0.1	2.2
February	0.1	1.4
March	0.1	1.4
April	0.1	1.2
May	0.1	1.5
June	0.1	1.2
Overall	0.1	2.2

*Source: Audit analysis of RTHK records*

*Remarks: Each score of rating represents around 64,000 viewers.*

4.25 Audit further analysed the TV ratings for programmes of Channels TV 31/31A during the prime time (i.e. from 6:00 pm to 12:00 midnight) for June 2018, and noted that TV ratings of TV 31/31A were low even during the prime time. The average rating for TV 31/31A was 0.2, ranging from 0.0 to 0.9 (see Table 24).



Table 24

TV ratings for programmes of TV 31/31A during the prime time  
(June 2018)

Time	Average rating	Lowest rating (Note)	Highest rating
6 to 7 pm	0.1	0.0	0.4
7 to 8 pm	0.3	0.0	0.6
8 to 9 pm	0.3	0.0	0.7
9 to 10 pm	0.4	0.1	0.9
10 to 11 pm	0.3	0.0	0.9
11 pm to 12 midnight	0.1	0.0	0.3
Overall	0.2	0.0	0.9

Source: Audit analysis of RTHK records

Note: A rating of 0.0 represents a rating less than 0.05 (i.e. fewer than around 3,200 viewers on average ( $64,000 \times 0.05 = 3,200$ )).

4.26 Audit recognises that some RTHK programmes are produced for minority interest groups. Thus, it is not appropriate to use TV ratings as the sole indicator for RTHK's performance on such programmes. However, with the launch of its own three DTT channels and two analogue channels, TV ratings have become important for RTHK to assess media and audience viewership trends to facilitate programme planning for its TV channels, especially for programmes which are intended to be popular programmes. RTHK needs to ascertain the reasons for low ratings of its programmes and take measures to enhance the popularity of its TV programmes, especially for those which are intended to be popular programmes.

### *Lower TV ratings when programmes were broadcast on RTHK channels*

4.27 RTHK programmes are also broadcast on a free channel of a commercial TV operator. Audit analysed six RTHK programmes which had been broadcast both on TV 31/31A and the free channel of a commercial TV operator for at least three months in the period from January to June 2018 and noted that the TV ratings of these six programmes when broadcast on RTHK Channels TV 31/31A were much lower than those when the same programmes were broadcast on the free channel of a commercial TV operator (see Table 25). Audit considers that RTHK needs to take measures to address the issue of lower TV ratings of RTHK TV programmes broadcast on RTHK channels than the ratings of the same programmes broadcast on a commercial channel.

**Table 25**

**TV ratings of 6 programmes which were broadcast on TV 31/31A  
and a free commercial channel  
(January to June 2018)**

Programme	Appreciation index (Note 1)	Awareness level (Note 1)	TV 31/31A		A free channel of a commercial TV operator	
			Average TV ratings (a)	No. of viewers (Note 2) (b) = (a) × 64,000	Average TV ratings (c)	No. of viewers (Note 2) (d) = (c) × 64,000
O	73.21	28.7%	0.4	25,600	5.0	320,000
P	74.32	53.1%	0.2	12,800	4.5	288,000
Q	71.00	52.4%	0.3	19,200	4.6	294,400
R	68.67	14.2%	0.3	19,200	4.8	307,200
S	75.61	65.3%	0.2	12,800	5.3	339,200
T	67.32	44.0%	0.2	12,800	4.7	300,800

Source: Audit analysis of RTHK records

Note 1: The appreciation index and awareness level were the results of TVAI Survey conducted for the period from January to March 2018. The results for the period April to June 2018 were not yet available at the time of Audit.

Note 2: Each score of rating represents around 64,000 viewers.

### *Need to collect the cross-media TV ratings*

4.28 Owing to the rapid advancement of technology and online platforms, the public's habit of watching TV has also changed in recent years. Viewers can watch RTHK TV programmes not only through TV sets, but also via a variety of online platforms. They can view the RTHK TV programmes through the mobile application "RTHK Screen", RTHK's webpage and social media such as YouTube and Facebook in real time or on demand. Therefore, only measuring the number of viewers who watched TV programmes on TV sets does not reflect the complete picture.

4.29 The service provider of TAM Survey provides to commercial TV operators the cross-media TV ratings by gauging the number of viewers who watched TV programmes on TV sets and online platforms by aggregating the viewing data via TV sets, mobile phones, tablets and other mobile devices. This helps the TV broadcasters to study audiences' viewing behaviours across TV sets and other media platforms. Audit noted that RTHK only subscribed to the TV ratings from the viewers who watched TV programmes on TV sets, but not the cross-media TV ratings. Audit considers that RTHK needs to collect the cross-media TV ratings to obtain more comprehensive information on the viewership of its programmes.

### *No viewership indicators for RTHK TV channels and programmes*

4.30 RTHK uses the appreciation index as one of the performance indicators of its TV programmes. In the COR, RTHK reported the average appreciation score and the number of RTHK programmes on the Top 20 List (see para. 4.21). However, both indicators do not measure the number of people who have watched the TV programmes.

4.31 Audit noted that RTHK had reported in the COR the average viewership of prime-time programmes on free-to-air channels of other TV operators as a performance indicator. The average viewership of prime-time programmes on a commercial channel decreased from 759,000 in 2013-14 to 272,000 in 2017-18 (see (b) in Appendix C). However, despite the launch of its three DTT channels in 2014 and two analogue channels in 2016, the average viewership of RTHK's TV channels and the programmes broadcast on its channels was not reported in the COR. Therefore, the public could not get information on the popularity of RTHK's TV channels and programmes from the COR. Taking into account the fact that as at

30 June 2018, the overall DTT coverage had already reached 95% of the population in Hong Kong, Audit considers that RTHK needs to consider developing viewership indicators for its TV channels and its programmes and reporting them in the COR.

### *No target appreciation index and target awareness level set*

4.32 RTHK does not set targets of appreciation index or awareness level for its programmes. Given that RTHK has its own TV channels since 2014, RTHK may consider setting targets/benchmarks for both appreciation index and awareness level of its programmes in order to facilitate more meaningful evaluation of its programmes. Different targets/benchmarks of appreciation index or awareness level can be set for different categories of programmes, taking into account whether the programmes are intended to be popular programmes or minority programmes. For example, for programmes which are intended to be popular programmes, a higher target/benchmark of awareness level should be set. For minority programmes, a lower target/benchmark of awareness level may be acceptable.

## Audit recommendations

4.33 **Audit has recommended that the Director of Broadcasting should:**

- (a) **review the strategy for the coverage of programmes in TVAI Surveys;**
- (b) **strike a balance between the need to survey more programmes and the need to survey flagship programmes more frequently;**
- (c) **take measures to improve the awareness level and the appreciation index of RTHK's TV programmes;**
- (d) **ascertain the reasons for low ratings of RTHK's programmes and take measures to enhance the popularity of its TV programmes, especially for those which are intended to be popular programmes;**
- (e) **take measures to address the issue of lower TV ratings of RTHK TV programmes broadcast on RTHK channels than the ratings of the same programmes broadcast on a commercial channel;**

- (f) **collect the cross-media TV ratings to obtain more comprehensive information on the viewership of RTHK's programmes;**
- (g) **consider developing viewership indicators for RTHK's TV channels and its programmes and reporting them in the COR; and**
- (h) **consider setting targets/benchmarks for RTHK's TV programmes, in terms of both programme quality (e.g. appreciation index) and the awareness level, for different categories of its programmes, in order to facilitate more meaningful evaluation of its TV programmes.**

### **Response from the Government**

4.34 The Director of Broadcasting agrees with the audit recommendations. He has said that:

- (a) RTHK will take appropriate follow-up actions;
- (b) regarding the coverage of programmes in TVAI surveys, notwithstanding the reasons explaining why some programmes were surveyed more than once a year (see para. 4.20), RTHK will review the strategy for the coverage of programmes in TVAI surveys; and
- (c) RTHK will continue its efforts to further enhance the promotion and publicity of its programmes.

### **Evaluation of radio programmes**

4.35 RTHK evaluates its radio channels and programmes using the results of the annual Radio Audience Survey such as listenership and appreciation index of radio channels.

### *Number of listeners of some radio channels decreased*

4.36 RTHK commissions a service provider to conduct the annual Radio Audience Survey to find out the listenership of radio channels in Hong Kong (including commercial radio channels). The number of listeners — past seven days (Note 19) per RTHK radio channels in 2013 to 2017 is shown in Table 26.

**Table 26**  
**Number of listeners of RTHK radio channels**  
**(2013 to 2017)**

Radio channel	No. of listeners					Increase/decrease from 2013 to 2017	
	2013 (a)	2014	2015	2016	2017 (b)	No. (c) = (b) – (a)	Percentage (d) = (c) ÷ (a) × 100%
1	1,785,000	2,023,000	2,159,000	2,421,000	2,225,000	+440,000	+25 %
2	1,665,000	1,751,000	1,982,000	1,687,000	1,741,000	+76,000	+5 %
3	252,000	237,000	252,000	250,000	240,000	–12,000	–5 %
4	344,000	346,000	384,000	392,000	385,000	+41,000	+12 %
5	468,000	490,000	553,000	423,000	447,000	–21,000	–4 %
6	181,000	205,000	222,000	155,000	78,000	–103,000	–57 %
7	232,000	220,000	268,000	211,000	155,000	–77,000	–33 %
Overall	2,949,000	3,288,000	3,476,000	3,411,000	3,371,000	+422,000	+14 %

*Source:* Audit analysis of RTHK records

*Remarks:* The figures did not add up as the listeners would listen to more than one RTHK radio channel.

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**Note 19:** The number of listeners was calculated by projecting the percentage of respondents who had listened to any RTHK radio channels at least for a total of five minutes in the past seven days to the latest figure of Hong Kong population.

4.37 According to the 2017 Radio Audience Survey, RTHK had a total number of listeners of 3,371,000 for its seven radio channels. The overall number of listeners of the seven RTHK radio channels altogether increased by 14% or 422,000 from 2013 to 2017 (see Table 26). However, the number of listeners in four of the seven channels decreased. In particular, the number of listeners in Radio 6 and 7 decreased by 57% and 33% from 181,000 and 232,000 in 2013 to 78,000 and 155,000 in 2017 respectively. Audit considers that RTHK needs to keep in view the number of listeners for each of the seven radio channels and take appropriate action to boost the number of listeners for radio channels with decreasing number of listeners.

### *Appreciation index and awareness level decreased for some radio channels*

4.38 RTHK gauges the appreciation index and awareness level of its seven radio channels through the annual Radio Audience Survey. Audit analysed the results of Radio Audience Survey from 2013 to 2017 and noted that:

- (a) for Radio 1, the score in appreciation index increased by 0.04 (0.6%) to 6.98, and the awareness level increased by 1.9 (4.8%) to 41.8 (see Tables 27 and 28);
- (b) for 4 channels, namely Radio 2, 5, 6 and 7, the scores in appreciation index decreased. The decreases ranged from 0.01 to 0.53, representing a decrease of 0.1% to 7.8% (see Table 27); and
- (c) for 6 channels, namely Radio 2, 3, 4, 5, 6 and 7, the awareness levels decreased. The decreases ranged from 0.4 percentage point to 4.1 percentage points, representing a decrease of 5.3% to 64.9% (see Table 28).

Table 27

Appreciation index of RTHK radio channels  
(2013 to 2017)

Radio channel	Appreciation index					Increase/decrease from 2013 to 2017	
	2013 (a)	2014	2015	2016	2017 (b)	Score (c) = (b) – (a)	Percentage (d) = (c) ÷ (a) × 100%
1	6.94	6.72	6.98	6.96	6.98	+0.04	+0.6%
2	6.97	6.88	7.01	6.89	6.96	–0.01	–0.1%
3	6.68	6.69	6.85	6.76	6.81	+0.13	+1.9%
4	7.03	7.05	6.99	7.10	7.18	+0.15	+2.1%
5	7.29	7.12	6.96	7.17	7.10	–0.19	–2.6%
6	6.83	6.80	6.29	7.55	6.30	–0.53	–7.8%
7	6.60	6.53	6.51	6.37	6.51	–0.09	–1.4%

Source: Audit analysis of RTHK records

Remarks: The average appreciation indices of all radio channels in Hong Kong from 2013 to 2017 were 6.88, 6.77, 6.71, 6.80 and 6.82 respectively.



Table 28

Awareness level of RTHK radio channels  
(2013 to 2017)

Radio channel	Awareness level					Increase/decrease from 2013 to 2017	
	2013	2014	2015	2016	2017	Level	Percentage
	(a)				(b)	(c) = (b) – (a)	(d) = (c) ÷ (a) × 100%
	(%)	(%)	(%)	(%)	(%)	(%)	
1	39.9	39.8	40.5	44.5	41.8	+1.9	+4.8%
2	37.0	34.5	37.0	30.9	32.9	–4.1	–11.1%
3	5.4	4.4	4.6	4.4	4.6	–0.8	–14.8%
4	7.6	6.7	7.2	7.3	7.2	–0.4	–5.3%
5	10.4	9.4	9.9	7.6	8.3	–2.1	–20.2%
6	3.7	3.5	4.0	2.8	1.3	–2.4	–64.9%
7	4.8	4.2	4.7	3.6	2.8	–2.0	–41.7%

Source: Audit analysis of RTHK records

Remarks: The average awareness levels of all radio channels in Hong Kong from 2013 to 2017 were 13.79%, 13.27%, 16.14%, 15.58% and 14.85% respectively.

4.39 Audit considers that RTHK needs to take measures to improve the appreciation index and awareness level of its radio channels.

***Need to include the share of total listening time per channel as performance indicator***

4.40 Apart from the number of listeners and audience reach per channel, the Radio Audience Survey also provides information on the share of total listening time and the average daily listening time per audience per radio channel (see Table 29). For example, the share of total listening time of Radio 1 was 33.5% in 2017 whereas the average daily listening time per audience was 3.2 hours in the same year.

Table 29

Share of total listening time and average daily listening time per audience of RTHK's radio channels (2015 to 2017)

Radio channel	Share of total listening time (%)			Average daily listening time per audience (Hour)		
	2015	2016	2017	2015	2016	2017
1	24.6%	28.2%	33.5%	2.5	2.7	3.2
2	25.3%	20.5%	21.4%	3.1	3.2	3.2
3	0.7%	1.0%	0.9%	2.1	2.0	1.7
4	1.2%	1.6%	1.4%	1.9	2.1	1.8
5	5.6%	6.0%	5.3%	3.5	4.0	3.7
6	0.7%	0.4%	0.0%	1.6	2.1	1.4
7	0.9%	0.6%	0.4%	2.0	2.2	1.5

Source: Audit analysis of RTHK records

4.41 The service provider of the Radio Audience Survey stated in the survey report that the share of total listening time might reflect a more comprehensive and accurate picture on the audienceship than the number of listeners because it took into account both the number of listeners and the duration of listening time per audience. In order to reflect a more comprehensive and accurate picture on the audienceship, RTHK may consider including the share of total listening time per channel as a performance indicator and report it in the COR.

### *No qualitative indicators for radio services*

4.42 RTHK uses only quantitative performance indicators, namely the number of listeners and the audience reach per channel for measuring the performance of its radio services. Audit notes that the annual Radio Audience Survey also covers appreciation index of radio channels, which indicates how well the audience appreciate the radio channels. Audit considers that RTHK needs to monitor the appreciation index of its radio channels and report them in the COR for measuring the quality of its radio services.

4.43 Furthermore, in the Radio Audience Survey, RTHK collects appreciation index at channel level, but not at programme level. In the absence of such information at programme level, RTHK is unable to monitor the quality of individual radio programmes and take appropriate follow-up action to improve their quality. In response to Audit enquiry, RTHK informed Audit in September 2018 that there were over 250 RTHK radio programmes per year. Surveying all radio programmes might not be cost effective. Audit considers that RTHK needs to consider collecting information on the appreciation index for selected radio programmes on a sample basis to facilitate the monitoring of the quality of RTHK radio programmes.

### **Audit recommendations**

4.44 **Audit has *recommended* that the Director of Broadcasting should:**

- (a) **keep in view the number of listeners for each of the seven radio channels and take appropriate action to boost the number of listeners for radio channels with decreasing number of listeners;**
- (b) **take measures to improve the appreciation index and awareness level of RTHK's radio channels;**
- (c) **consider including the share of total listening time per channel as a performance indicator and report it in the COR;**
- (d) **monitor the appreciation index of RTHK's radio channels and report them in the COR for measuring the quality of its radio services; and**
- (e) **consider collecting information on the appreciation index for selected radio programmes on a sample basis to facilitate the monitoring of the quality of RTHK radio programmes.**

## **Response from the Government**

4.45 The Director of Broadcasting agrees with the audit recommendations. He has said that:

- (a) RTHK will take appropriate follow-up actions; and
- (b) despite the world-wide trend of decrease in radio audienceship, according to the annual Radio Audience Survey, RTHK is making an aggregate growth in:
  - (i) the share of total listening time by 3.9% from 2015 to 2017; and
  - (ii) the number of listeners by 14% from 2013 to 2017.

## **Evaluation of school ETV programmes**

4.46 RTHK produces school ETV programmes for the EDB. School ETV programmes are produced for kindergarten, primary and secondary students based primarily on the school curriculum and learning needs of students. The duration of each of these programmes is around 10 to 20 minutes. School ETV programme is part of the ETV multimedia resources (eg. short videos, sound tracks, photos, songs, picture books, etc.) provided by the EDB to schools. Schools make use of school ETV programmes flexibly to suit their needs.

4.47 The school ETV programmes reach the students by the following ways:

- (a) they are broadcast via a commercial channel for one hour daily on school days;
- (b) RTHK Channels TV 31 and 31A transmit one hour of school ETV programmes daily on weekdays;
- (c) they are provided to schools on DVDs; and
- (d) they are accessible on the Internet.

4.48 The Government started to broadcast school ETV programmes to primary schools in 1971, to secondary schools in 1976, and to pre-primary schools in 2003. With the downsizing of the school ETV service for secondary schools in 2003-04 and subsequent redeployment of resources in the EDB in accordance with the direction of curriculum development, the financial resources allocated to the production of school ETV programmes and production level have decreased:

- (a) the financial provision decreased by 25% from \$39.5 million in 2003-04 to \$29.8 million in 2017-18;
- (b) the number of programmes produced decreased by 62% from 183 in 2003-04 to 70 in 2017-18; and
- (c) the output hours decreased by 63% from 50.7 hours in 2003-04 to 18.9 hours in 2017-18 respectively.

In the 2018-19 Estimates, the financial provision, number of programmes and output hours further decreased by 7%, 11% and 15% to \$27.7 million, 62 programmes and 16 hours respectively (see Table 30).

**Table 30**

**Number of programmes, output hours and  
financial provision of school ETV programmes  
(2003-04 to 2018-19)**

<b>Financial year</b>	<b>No. of programmes</b>	<b>No. of output hours</b>	<b>Financial provision (\$ million)</b>
2003-04	183	50.7	39.5
2004-05	161	49.6	36.5
2005-06	148	51.5	35.6
2006-07	144	48.0	35.2
2007-08	143	45.6	32.3
2008-09	137	44.9	34.6
2009-10	130	43.3	33.0
2010-11	126	42.1	28.4
2011-12	146	49.8	27.3
2012-13	80	20.3	27.6
2013-14	80	20.6	30.9
2014-15	80	21.8	30.8
2015-16	80	21.0	32.1
2016-17	80	20.0	34.5
2017-18	70	18.9	29.8
2018-19 (Estimate)	62	16.0	27.7

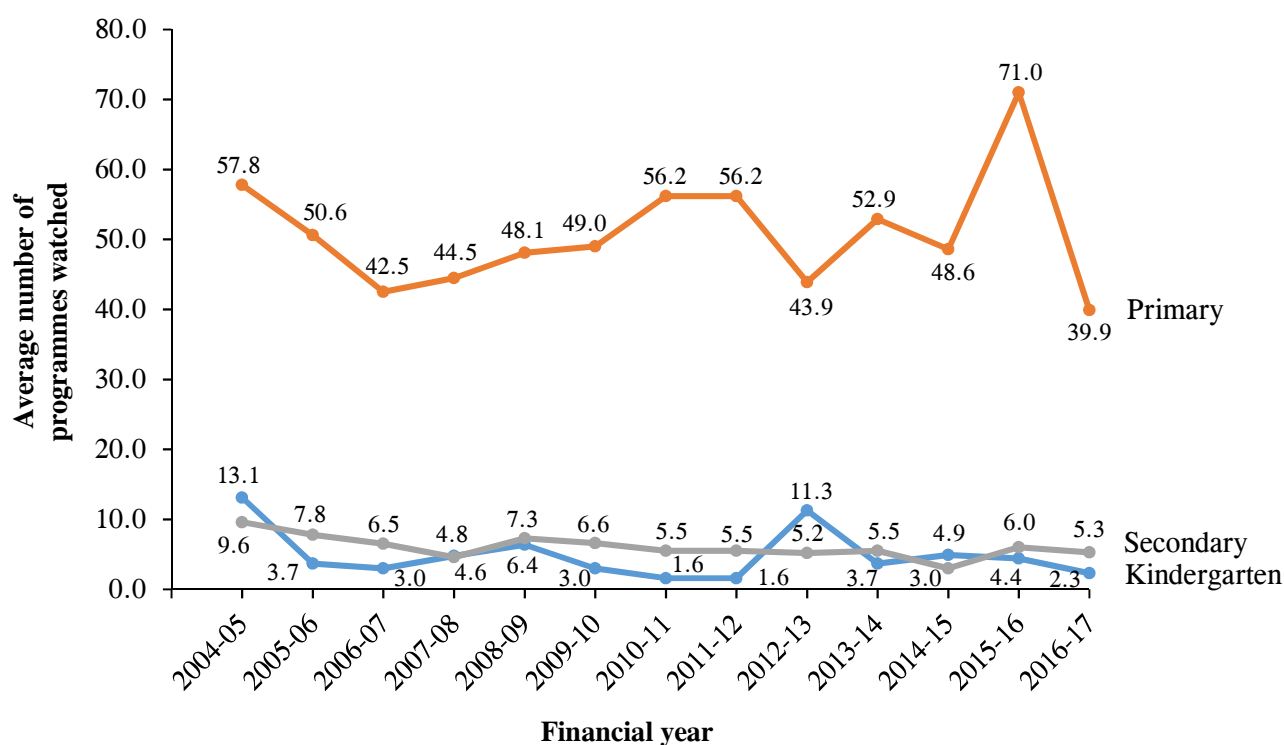
*Source: RTHK records*

### *Small number of school ETV programmes watched*

4.49 In order to evaluate the utilisation and effectiveness of the school ETV service, the EDB engages a service provider to carry out annual surveys. Based on the survey results, the EDB monitors the average number of school ETV programmes watched by each class (see Figure 6).

**Figure 6**

**Average number of school ETV programmes watched by each class  
(2004-05 to 2016-17)**



Source: Audit analysis of RTHK records

Remarks: The average number of school ETV programmes watched was based on annual surveys conducted by a service provider. The surveys for 2004-05 to 2015-16 covered a random sample of 350 schools (i.e. 100 kindergartens, 150 primary schools and 100 secondary schools). The survey for 2016-17 covered all 880 kindergartens, 573 primary schools and 522 secondary schools. According to the EDB, a new methodology was used for the 2016-17 survey and therefore, the survey results should not be compared directly with those of previous surveys.

4.50 According to the EDB:

- (a) the average number of school ETV programmes watched by each class decreased significantly across levels for the first few years after 2004-05. This was largely attributed to the availability of school ETV programmes on the Internet since 2004-05 and the gradual cessation of designating lessons for watching school ETV programmes in schools;
- (b) despite some fluctuations, the average number of school ETV programmes watched by each class for kindergartens decreased by 66% from 13.1 in 2004-05 to 4.4 in 2015-16. One of the reasons might be the temporary suspension of production of new programmes for kindergartens until 2012-13, where there was a boost in the figure to 11.3 programmes;
- (c) the average number of school ETV programmes watched by each class for secondary schools decreased by 38% from 9.6 in 2004-05 to 6 in 2015-16. As reflected by frontline teachers, many secondary school teachers were not inclined to use the 15-20-minute programmes in their 35-40-minute lessons in view of their tight teaching schedule. On the other hand, the availability of other video resources on the Internet, in particular the YouTube since 2005, offered plenty of alternative choices (i.e. with shorter duration of a few minutes) for teachers and students. These factors had inevitably affected the average number of programmes watched by each class;
- (d) despite some fluctuations, the corresponding figures for primary schools increased by 23% from 57.8 programmes in 2004-05 to 71 programmes in 2015-16 (see Figure 6); and
- (e) the average number of school ETV programmes watched by each class for kindergartens and secondary schools were significantly lower than those for primary schools which stood at 71.0 in 2015-16. In 2015-16, the average numbers for kindergartens and secondary schools were 4.4 and 6 programmes respectively. They were much lower than that (71 programmes) for primary schools (see Figure 6).



### *Need to enhance staff productivity*

4.51 According to RTHK, in the course of providing school ETV programmes, RTHK staff responsible for school ETV programmes have to:

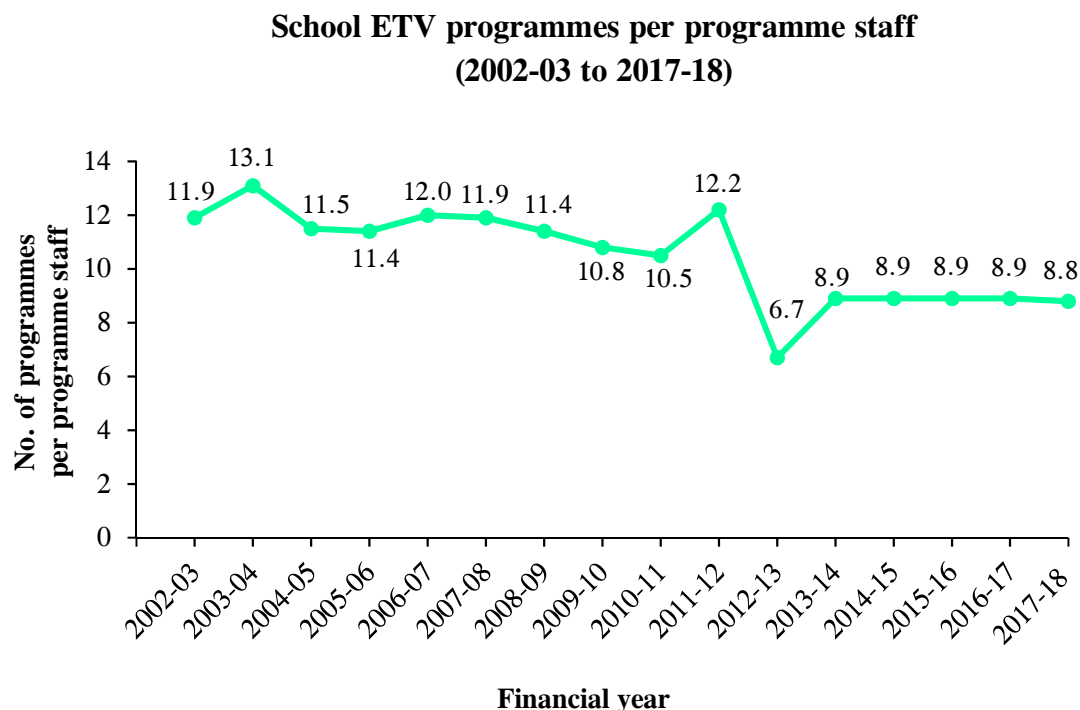
- (a) ensure the pronunciation of artists and accuracy of all details are of a high quality to meet the teaching purposes;
- (b) undertake the checking process for the subtitle versions of some school ETV programmes; and
- (c) produce promotion trailers for broadcasting on RTHK TV channels.

4.52 RTHK introduced staff productivity indicators in the COR starting from 2002-03 and undertook to set productivity targets/standards once sufficient in-house productivity statistics had been accumulated for school ETV programme production. The staff productivity indicator “programmes per programme staff” have been reported in the COR since 2002-03.

4.53 Audit analysed the indicator of the number of school ETV programmes per programme staff for the period from 2002-03 to 2017-18 and found that:

- (a) the number of programmes per programme staff dropped by 26% from 11.9 in 2002-03 to 8.8 in 2017-18 (see Figure 7); and
- (b) no targets were set for assessing the staff productivity for school ETV programmes although RTHK had undertaken to set productivity targets once sufficient in-house productivity statistics had been accumulated.

Figure 7



Source: Audit analysis of RTHK records

4.54 Audit considers that RTHK needs to take appropriate actions to address the problem of decreasing staff productivity in terms of programmes per programme staff. RTHK also needs to consider setting targets to assess the staff productivity for school ETV programmes.

### ***High production cost of school ETV programmes***

4.55 In April 2004, the high production cost of school ETV programmes had aroused the concern of some LegCo Members. A LegCo Member commented that the level of production cost for school ETV programmes was unduly high. On another occasion, in discussing the 2014-15 Estimates, a LegCo Member expressed concern that the school ETV programmes had a high production cost.

4.56 Audit examined the production cost of school ETV programmes in the past ten years from 2008-09 to 2017-18 and noted that the average production cost increased significantly during the period. Audit noted that:

## Evaluation of programmes and other administrative issues

- (a) the cost per hour of school ETV programme increased significantly by 105% from \$0.77 million in 2008-09 to \$1.58 million in 2017-18;
- (b) the cost per programme increased by 72% from \$0.25 million in 2008-09 to \$0.43 million in 2017-18; and
- (c) the average production cost increased sharply from 2012-13 onwards. The cost per hour of school ETV programme increased by 147% from \$0.55 million in 2011-12 to \$1.36 million in 2012-13, while the cost per programme increased by 84% from \$0.19 million in 2011-12 to \$0.35 million in 2012-13 (see Table 31).

**Table 31**

### Production cost of school ETV programme (2008-09 to 2017-18)

Financial year	No. of programmes produced (a)	No. of output hours (b)	Expenditure (c) (\$ million)	Cost per hour (d) = (c) ÷ (b) (\$ million)	Cost per programme (e) = (c) ÷ (a) (\$ million)
2008-09	137	44.9	34.6	0.77	0.25
2009-10	130	43.3	33.0	0.76	0.25
2010-11	126	42.1	28.4	0.67	0.23
2011-12	146	49.8	27.3	0.55	0.19
2012-13	80	20.3	27.6	1.36	0.35
2013-14	80	20.6	30.9	1.50	0.39
2014-15	80	21.8	30.8	1.41	0.39
2015-16	80	21.0	32.1	1.53	0.40
2016-17	80	20.0	34.5	1.73	0.43
2017-18	70	18.9	29.8	1.58	0.43

*Source: Audit analysis of RTHK records*

## **Evaluation of programmes and other administrative issues**

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4.57 In April 2014 and December 2017, in response to LegCo Members' enquiry, RTHK said that the reasons for high production cost of school ETV programmes were:

- (a) the programme duration of school ETV programme ranged from 10 to 20 minutes which inevitably led to higher hourly cost of production because some basic costs of production were required;
- (b) the school ETV programmes would invite students to participate in the programmes. As these students were not professional artists, the time needed for production would be much longer than the normal TV production;
- (c) RTHK would make use of animations and songs to make the school ETV programmes more interesting, and therefore increase the cost of production; and
- (d) the sharp rise in production cost in 2012-13 was due to the reduction of programme production from 36 hours to 20 hours and increase in production cost for high definition migration of school programmes and pre-primary programmes production.

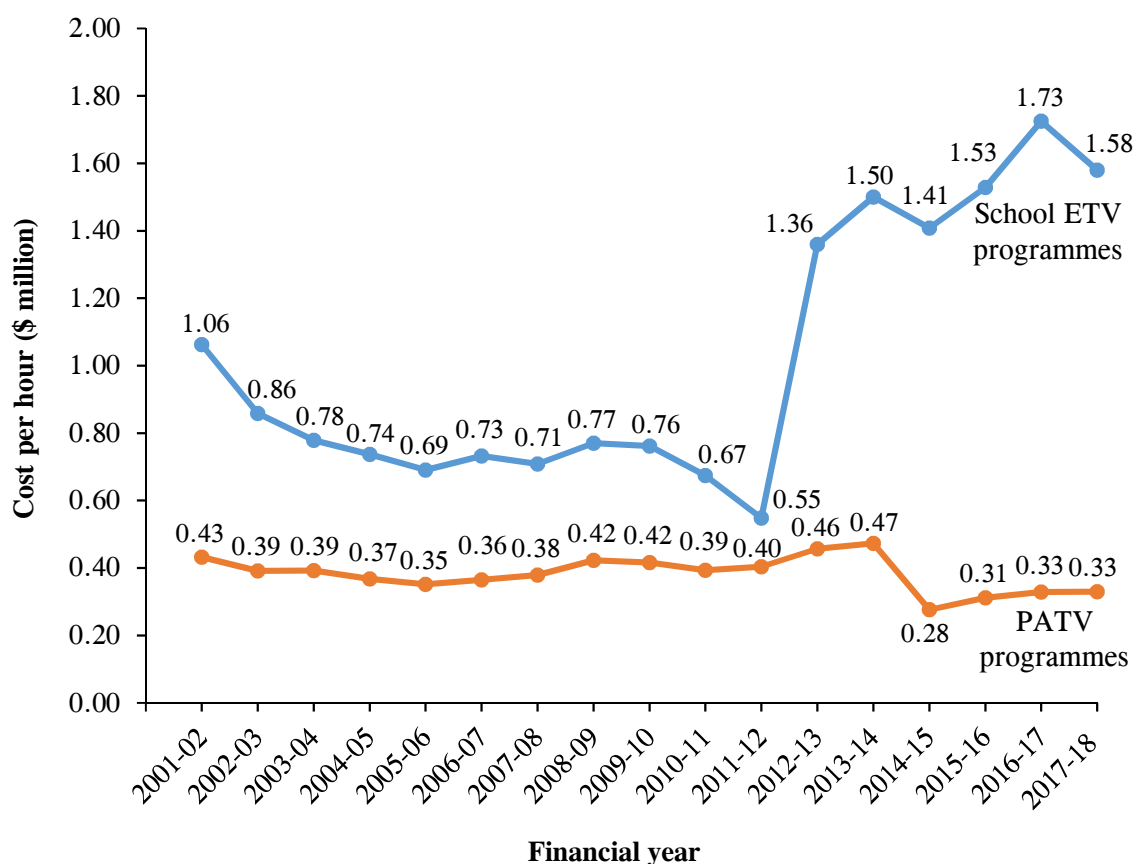
4.58 Audit compared the cost per hour for school ETV programmes with that for public affairs and general TV (PATV) programmes and noted that:

- (a) the effect of migration to high definition production on TV programmes was not significant for PATV programmes. There was no sharp rise in average production cost for PATV programmes after 2012-13 (see Figure 8); and
- (b) the school ETV programmes were much costlier when compared with PATV programmes. In 2001-02, the cost per hour for school ETV programmes (\$1.06 million) was 2.47 times that of PATV programmes (\$0.43 million). However, in 2017-18, the cost per hour for school ETV programmes (\$1.58 million) was 4.79 times that of PATV programmes (\$0.33 million) (see Figure 8).

Audit considers that RTHK needs to take appropriate actions to contain the high production cost per hour for school ETV programmes.

**Figure 8**

**Cost per hour for school ETV and PATV programmes  
(2001-02 to 2017-18)**



*Source: Audit analysis of RTHK records*

### ***Need to explore the possibility of increasing the scale of commissioning of school ETV programme productions***

4.59 In an evaluation report of June 2001, the EDB concluded that the quality of the commissioned programmes was comparable to that of RTHK, and that commissioning was a viable, flexible and cost-effective alternative to supplement the mainstream production by RTHK. RTHK undertook to work on a long-term

commissioning strategy upon drawing up the manpower plan and when a pool of reliable independent producers/contractors was available in the market. The EDB said that it would work out with RTHK a proposal for commissioning, say, 10% to 15% of the school ETV programme productions.

4.60 In its review on the school ETV service carried out in 2003, the Standing Committee on the Development of the ETV Service (see para. 4.61) advised the EDB and RTHK to work on an outsourcing strategy to progressively increase the proportion of outsourced programme production from 5% in 2004 to not less than 50% in the long term. According to the EDB, it had been developing some school ETV programmes as well as other multimedia resources by commissioning, such as independent thematic short videos, multi-ending micro-movies, photos, sound tracks, articles, etc. However, the EDB and RTHK had not formulated any commissioning strategy or drawn up any definite plan for commissioning the production of school ETV programmes. In view of the high cost per hour for the production of school ETV programmes by RTHK, Audit considers that the EDB and RTHK need to explore the possibility of increasing the scale of commissioning of school ETV programme productions.

### ***Need to conduct comprehensive review on RTHK's production of school ETV programmes***

4.61 In 2002, the Standing Committee on the Development of the ETV Service was set up. Before January 2005, the Standing Committee had reviewed various aspects of the school ETV programmes, including the utilisation of school ETV programmes in secondary and primary schools, and the cost and mode of producing school ETV programmes. Based on the review findings, the Standing Committee had drawn up proposals to revamp the school ETV programmes. These proposals were accepted by the EDB. According to the EDB, since 2005, various committees have been set up by the EDB to review the EDB's ETV service on an on-going basis. As a result, the EDB's ETV service has been revamped and extended to cover the kindergartens, themes of moral and civic education, education magazines, as well as other multimedia resources, etc. (Note 20).

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**Note 20:** *Apart from providing school ETV programmes, the EDB's ETV service also includes the provision of multimedia resources, e.g. picture books, muppets, animations, songs, video clips, photos, etc.*

4.62 In view of the audit observations on small number of programmes watched resulting from the change in the viewing mode, decreasing staff productivity and high production cost of the school ETV programmes, Audit considers that the EDB and RTHK need to conduct a comprehensive review on RTHK's production of school ETV programmes to determine the way forward and the improvement measures.

### **Audit recommendations**

4.63 Audit has also *recommended* that the Director of Broadcasting should:

- (a) take appropriate actions to address the problem of decreasing staff productivity in terms of programmes per programme staff;
- (b) consider setting targets to assess the staff productivity for school ETV programmes; and
- (c) take appropriate actions to contain the high production cost per hour for school ETV programmes.

4.64 Audit has also *recommended* that the Secretary for Education and the Director of Broadcasting should:

- (a) explore the possibility of increasing the scale of commissioning of school ETV programme productions; and
- (b) taking into account the audit observations on small number of programmes watched by students, decreasing staff productivity and high production cost, conduct a comprehensive review on RTHK's production of school ETV programmes to determine the way forward and the improvement measures.

### Response from the Government

4.65 The Director of Broadcasting agrees with the audit recommendations. He has said that:

- (a) RTHK will follow up with the EDB on the recommendations as school ETV programmes is under the policy responsibilities of the EDB; and
- (b) there are many reasons leading to the issues of low staff productivity and high cost, as explained in paragraphs 4.51 and 4.57 respectively.

4.66 The Secretary for Education agrees with the audit recommendations. He has said that:

- (a) in view of the fact that there have been changes in the mode of viewing and the adoption of only part of the ETV programmes in teaching and learning, figures collected in the annual surveys are not reflecting fully the utilisation of ETV programmes by teachers and students, in particular, students' viewing via the Internet outside the classroom;
- (b) to better inform the review that will be undertaken, the EDB will review the design of the survey as the first step with the aim of gauging the utilisation of ETV service more accurately from different perspectives; and
- (c) the EDB will continue to further promote the effective and flexible use of these e-resources in this era of e-learning.

### Matters relating to Charter of RTHK

#### *Performance evaluation reports not provided to Board of Advisors*

4.67 It was stipulated in the Charter of RTHK that:

- (a) in order to provide a basis for public scrutiny of the extent to which RTHK delivers its public service mission and returns value for the public money



it expends, RTHK should set clear targets, develop measurable performance evaluation indicators and conduct regular assessments;

- (b) RTHK should issue performance pledges and compile performance evaluation reports on a regular basis;
- (c) the Director of Broadcasting should submit performance evaluation reports to the Board of Advisors and seek its advice on related matters; and
- (d) the Board of Advisors should receive reports on the performance evaluation of RTHK and RTHK's compliance with performance evaluation indicators, and advise the Director of Broadcasting on the adoption of appropriate performance evaluation indicators and ways to improve service delivery.

4.68 Audit noted that RTHK made a set of performance pledges each year. These pledges include a number of performance targets as performance evaluation indicators on its radio, TV, school ETV and new media services. However, RTHK did not submit the reports on the performance evaluation of RTHK and the reports on the RTHK's compliance with performance evaluation indicators to the Board of Advisors.

4.69 Audit compared the actual performance with the performance targets set for 2016-17 and noted that of the 21 performance targets set for 2016-17, 10 (48%) targets were not achieved (see Appendix E). In the absence of the reports on the performance evaluation and the reports on RTHK's compliance with performance evaluation indicators, the areas where the performance targets were not achieved and needed improvement were not highlighted to the Board of Advisors.

4.70 In response to Audit enquiry, RTHK informed Audit in September 2018 that RTHK had submitted the final results of TVAI, COR, programmes updates, complaint updates, Annual Plan and CIBS updates to the Board of Advisors. However, Audit noted that no performance evaluation report including evaluating the actual performance against the performance targets had been submitted. Audit considers that RTHK needs to submit the performance evaluation reports of RTHK and the reports on RTHK's compliance with performance evaluation indicators to the Board of Advisors on a regular basis as required by the Charter to facilitate the Board

## **Evaluation of programmes and other administrative issues**

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of Advisors to advise on its actual performance against the performance targets and ways to improve service delivery.

### ***Annual Report not prepared***

4.71 It is stipulated in the Charter of RTHK that:

- (a) for the sake of transparency, RTHK should produce an Annual Report for public inspection no later than six months after the conclusion of the year reported on; and
- (b) the Annual Report should set out details on RTHK's operation in the past year, its performance pledges, the extent to which it has met its public purposes and mission, programming objectives, developments in its modes of service delivery and programming directions, achievements in performance evaluation, compliance in the areas of corporate governance and accountability, complaints handling, as well as related information and follow-up action.

4.72 Audit noted that RTHK did not prepare the Annual Report, contrary to the requirement of the Charter of RTHK. Audit considers that RTHK needs to prepare an Annual Report as required by the Charter of RTHK.

### **Audit recommendations**

4.73 **Audit has *recommended* that the Director of Broadcasting should:**

- (a) **submit the reports on performance evaluation of RTHK and RTHK's compliance with performance evaluation indicators to the Board of Advisors on a regular basis as required by the Charter of RTHK to facilitate the Board of Advisors to advise on its actual performance against the performance targets and ways to improve service delivery; and**
- (b) **prepare an Annual Report for public inspection as required by the Charter of RTHK.**

## **Response from the Government**

4.74 The Director of Broadcasting agrees with the audit recommendations. He has said that RTHK will take appropriate follow-up actions.

## **Public purposes of RTHK**

- (a) ***Sustaining citizenship and civil society.*** This involves promoting understanding of our community, our nation and the world through accurate and impartial news, information, perspectives and analyses, promoting understanding of the concept of “One Country, Two Systems” and its implementation in Hong Kong, and engendering a sense of citizenship and national identity through programmes that contribute to the understanding of our community and nation;
- (b) ***Providing an open platform for the free exchange of views without fear or favour.*** This involves the provision of a wide range of programmes for public participation and expression of views, and provision of a platform to support and facilitate community participation in broadcasting, including the administration of a Community Involvement Broadcasting Fund;
- (c) ***Encouraging social inclusion and pluralism.*** This involves the provision of programmes with diversity of programming coverage, universality of reach and sensitivity to the pluralistic nature of Hong Kong and the world. The objective is to enhance public understanding and acceptance of the cultural, linguistic, religious and ethnic diversity both in the local community and beyond;
- (d) ***Promoting education and learning.*** This involves stimulating interest in a wide range of subjects, and providing information and resources to facilitate lifelong learning at all levels and for all ages; and
- (e) ***Stimulating creativity and excellence to enrich the multi-cultural life of Hong Kong people.*** This involves the production, commission and acquisition of distinctive and original content for public broadcast. There should be active promotion of public interest, engagement and participation in cultural activities, and its programming and other corporate policies and practices should foster creativity and nurture talent.

*Source: RTHK records*

### **Mission of RTHK**

- (a) inform, educate and entertain members of the public through multimedia programming;
- (b) provide timely, impartial coverage of local, national and global events and issues;
- (c) deliver programming which contributes to the openness and cultural diversity of Hong Kong;
- (d) provide a platform for the Government and the community to discuss public policies and express view thereon without fear or favour; and
- (e) serve a broad spectrum of audiences and cater to the needs of minority interest groups.

*Source: RTHK records*

**Appendix C**  
(paras. 1.7 and 4.31 refer)

**Key performance measures in respect of the four programme areas  
(2013-14 to 2017-18)**

Key performance measure	2013-14	2014-15	2015-16	2016-17	2017-18
<b>(a) Programme area (1): Radio</b>					
Output hours	54,217	55,185	55,525	55,525	57,359
Output hours per programme staff	398.7	383.2	382.9	360.6	362.6
Cost per channel hour excluding Newsroom and CIBS (Note 1)					
– Channel 1	\$5,251	\$5,964	\$5,945	\$6,251	\$6,558
– Channel 2	\$5,989	\$6,196	\$6,913	\$6,989	\$6,233
– Channel 3	\$3,208	\$3,351	\$3,343	\$3,342	\$3,482
– Channel 4	\$4,042	\$4,830	\$4,996	\$5,129	\$4,055
– Channel 5	\$4,811	\$4,639	\$4,308	\$4,153	\$3,408
– Channel 6	\$64	\$80	\$85	\$113	\$57
– Channel 7	\$2,772	\$3,046	\$2,965	\$2,938	\$3,340
No. of listeners — past seven days	2.949 million	3.288 million	3.476 million	3.411 million	3.371 million
Cost per listener — past seven days	\$101.6	\$103.0	\$101.9	\$111.0	\$116.0
<b>(b) Programme area (2): Public Affairs and General Television Programme</b>					
Output hours	764.4	1,348.6	1,334.0	1,398.0	1,408.8
Programmes per programme staff	8.2	12.0	12.1	12.1	12.8
Cost per hour	\$472,900	\$276,200	\$312,000	\$328,800	\$333,800
Average viewership of prime-time programmes on commercial channels					
– Asia Television Limited	80,000	69,036	59,000	N.A. (Note 2)	N.A. (Note 2)
– Television Broadcasts Limited (Note 3)	759,000	723,819	715,000	482,000	272,000

**Appendix C**  
(Cont'd)  
(paras. 1.7 and 4.31 refer)

Key performance measure	2013-14	2014-15	2015-16	2016-17	2017-18
<b>(c) Programme area (3): School Education Television Programme</b>					
Output hours	20.6	21.8	21.0	20.0	18.9
Programmes per programme staff	8.9	8.9	8.9	8.9	8.8
Cost per hour	\$1,500,000	\$1,408,300	\$1,528,600	\$1,725,000	\$1,576,700
School children benefited	392,798	439,433	371,027	398,889	398,889 (Note 4)
Cost per school student benefited	\$78.7	\$69.9	\$86.5	\$86.5	\$77.2 (Note 4)
Average no. of programmes watched by each class					
– kindergartens	3.7	4.9	4.4	2.3	2.3
– primary	52.9	48.6	71.0	39.9	39.9
– secondary	5.5	3.0	6.0	5.3	5.3
<b>(d) Programme area (4): New Media</b>					
“rthk.hk”					
– daily page view	4.3 million	5.5 million	4.8 million	4.1 million	3.0 million
– daily media access	520,000	556,000	510,000	535,000	627,000
– daily visits	280,000	346,000	320,000	327,000	401,000
– live webcast hours	1,000	1,357	1,260	1,208	1,024
“eTVonline”					
– daily page view	49,000	61,000	70,000	61,000	52,000
– daily media access	1,781	2,268	2,772	2,438	2,152
– live webcast hours	384	329	363	382	387

Source: RTHK records

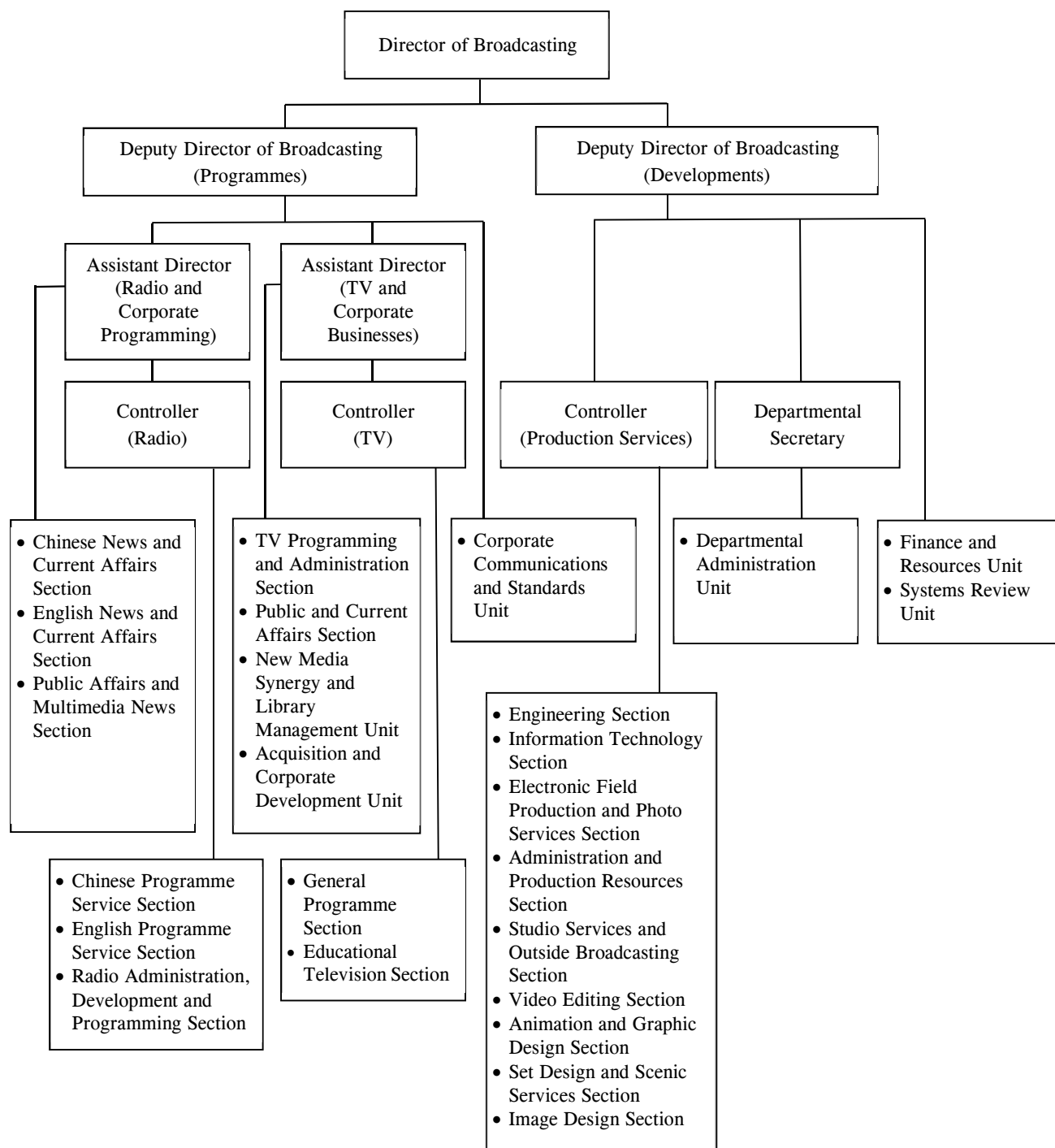
Note 1: The cost per channel hour for 2013-14 to 2016-17 had excluded the Newsroom while the cost per channel hour for 2017-18 had excluded the Newsroom and CIBS.

Note 2: The domestic free television programme service licence of Asia Television Limited expired in April 2016.

Note 3: According to RTHK, the broadcasting time of RTHK programmes from Monday to Friday on a commercial channel of Television Broadcasts Limited has been advanced from 7:00 pm to 6:00 pm since September 2016.

Note 4: These figures were revised estimates provided in the COR.

**RTHK: Organisation chart (extract)**  
**(30 June 2018)**



Source: RTHK records



**Appendix E**  
(para. 4.69 refers)

**RTHK's actual performance against targets  
(2016-17)**

	<b>Performance target (a)</b>	<b>Actual performance (b)</b>	<b>% of target achieved (c) = (b) ÷ (a) × 100%</b>
<b><i>(a) Radio service</i></b>			
No. of hours of programme output on analogue channels	55,525	55,525	100 %
No. of hours of news programme output	7,140	7,140	100 %
No. of output hours per programme staff	362.9	360.6	99.4 %
No. of community/educational projects organised	145	150	103.4 %
No. of hours of programme output on digital audio broadcasting channels	2,173	N.A.	N.A.
<b><i>(b) TV service</i></b>			
No. of programmes produced (Note)	2,557	2,456	96.1 %
No. of programmes per programme staff (Note)	12.5	12.1	96.8 %
No. of community/educational projects organised	65	85	130.8 %
Average viewership of RTHK prime-time programmes on Television Broadcasts Limited	610,436	482,000	79.0 %
<b><i>(c) School ETV service</i></b>			
No. of programmes produced	80	80	100 %
No. of programmes per programme staff	8.9	8.9	100 %
No. of primary schools benefited	430	466	108.4 %
No. of secondary schools benefited	310	321	103.5 %
No. of kindergartens benefited	290	278	95.9 %
No. of school children benefited	439,000	398,889	90.9 %

**Appendix E**  
(Cont'd)  
(para. 4.69 refers)

	<b>Performance target (a)</b>	<b>Actual performance (b)</b>	<b>% of target achieved (c) = (b) ÷ (a) × 100%</b>
<b><i>(d) New media service</i></b>			
Daily page view of “rthk.hk”	5,100,000	4,100,000	80.4 %
Daily visits of “rthk.hk”	330,000	327,000	99.1 %
Live webcast hours	1,000	1,208	120.8 %
Daily page view of “Teen Power”	65,000	27,000	41.5 %
Daily page view of “eTVonline”	65,000	61,000	93.8 %
Live webcast hours of “eTVonline”	350	382	109.1 %

*Source: Audit analysis of RTHK records*

*Note: For these two items, number of programmes refers to the number of episodes.*

**Acronyms and abbreviations**

ACDU	Acquisition and Corporate Development Unit
APC	Acquired Programme Committee
Audit	Audit Commission
Cat II	Category II
CAU	Central Administration Unit
CEDB	Commerce and Economic Development Bureau
CIBF	Community Involvement Broadcasting Fund
CIBS	Community Involvement Broadcasting Service
COR	Controlling Officer's Report
DCS	Departmental contract staff
DTT	Digital terrestrial television
EDB	Education Bureau
ETV	Education television
FC	Finance Committee
FSTB	Financial Services and the Treasury Bureau
ICAC	Independent Commission Against Corruption
LegCo	Legislative Council
NCSC	Non-civil service contract
NMU	New Media Unit
PATV	Public affairs and general TV
PCM	Programme and Content Management
RTHK	Radio Television Hong Kong
SPR	Stores and Procurement Regulations
TAM Survey	TV Audience Measurement Survey
TV	Television
TVAI	Television Appreciation Index