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12-year licences for TV stations

By LULU YU

HONGKONG'S two television stations, TVB and ATV, will each have their broadcasting licences renewed for 12 years in December.

The Broadcasting Authority has given its approval for the licence renewal and drafters are putting the final touches to the licence agreements.

The Executive Council will be asked to approve the agreements before the licences of Television Broadcasts and Asia Television expire on December 1.

TVB and ATV currently hold a 10-year licence each. Government officials say if the licence duration is too long, the public might be subject to prolonged period of unsatisfactory services, whereas if the duration is too short, the TV companies may not have enough time to carry out long-term planning and investment.

The approval by the Broadcasting Authority followed elaborate steps taken by the television companies to comply with new licensing conditions set down by the Government earlier this year.

It also marks a successful bid by the ailing ATV to continue broadcasting despite years of loss-making operations.

In its bid to meet new licensing conditions which require television licensees to demonstrate economic viability in the next six years, ATV has undergone its most costly and significant personnel shake-up in recent months.

While Mr Deacon Chiu remains ATV's chairman, television veteran and Legislative Councillor Mrs Selina

Chow Liang Shuk-ye has been recruited to head a revamped team of ATV executives.

Under new licensing conditions, both ATV and TVB will be required to hand over revenues to the Government because payment of royalties will be based on programming and advertising income rather than net profits.

ATV Ltd, which was a subsidiary of ATV Holdings, was reorganised into a company with two-thirds of its interests owned by the New World group and the Lam family of the Lai Sun group.

The separation of ATV from its former parent company enables ATV to continue to be a licence holder under new licensing conditions.

TVB, too, is in the process of becoming a company independent of its existing parent, HK-TVB.

From next month, TVB will concentrate on television broadcasting and related activities while HK-TVB will remain a public company carrying out all the other activities of the HK-TVB group.

Directors of HK-TVB last month announced proposals to make TVB, the broadcasting licensee, a public-listed company separate from HK-TVB.

The new licensing conditions require that licensees are not held by other companies, and do not hold shares in companies which deal in non-broadcast activities.

There will be a mid-term review of the new licences in 1994, when the stations will be asked to submit another six-year plan before their licences are extended for the second half of the licensing period.