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Panel on Information Technology and Broadcasting

Meeting on 12 January 2015

**Updated background brief on the implementation of
digital terrestrial television broadcasting in Hong Kong**

Purpose

This paper provides background information on the implementation of digital terrestrial television ("DTT") broadcasting in Hong Kong and a summary of views and concerns expressed by Members in previous discussions.

Background

2. Pursuant to the implementation framework for DTT broadcasting announced by the Government in 2004, the two domestic free television programme service licensees, i.e. Asia Television Limited ("ATV") and Television Broadcasts Limited ("TVB"), officially launched DTT on 31 December 2007.

3. At present, the two existing domestic free television programme service licensees have completed construction of 29 DTT transmission stations. According to the Administration, the latest DTT network coverage stands at about 99% of the local population. The DTT take-up rate has reached over 80% of the total households which have access to DTT service through various means.

Previous discussions

Panel on Information Technology and Broadcasting

4. The Panel on Information Technology and Broadcasting ("the Panel") received regular reports from the Administration on the latest progress of the implementation of DTT and network rollout since 2007. Panel members in general supported the implementation of DTT broadcasting which had brought major benefits in enhancing efficiency in utilizing radio spectrum, resolved some reception problems, and offered opportunities of new services.

Analogue switch-off, DTT take up and programme quality

5. On 21 June 2011, the Chief Executive in Council ordered that the target date for switching off analogue television services (i.e. analogue switch-off, or "ASO") be deferred from end 2012 to end 2015. Given that DTT network coverage only stood at about 89% of the Hong Kong population in late 2010, the network coverage of DTT was not yet on par with that of analogue television ("TV") at about 98%. Moreover, as the DTT take-up rate stood only at about 63%, the Administration considered that the rate should reach a much higher level than 60% before ASO should be considered.

6. At the Panel meeting on 11 July 2011, members noted that the deferral of ASO would give ATV and TVB more time to extend and optimize their DTT network including the feasibility study on improvement of coverage in remote areas where current analogue television reception was poor, and would allow more time for the viewing public to switch to DTT and for the Administration to coordinate with the Mainland authorities on the use of digital dividend in order to yield the maximum economic benefits for Hong Kong.

7. Some Panel members expressed concern that the new target date for ASO in end 2015 might have to be further postponed if there was no improvement on DTT coverage. These members considered that the two domestic free television programme service licensees should invest more so as to enlarge the DTT network during the deferral period from end 2012 to end 2015. They also opined that more quality programmes should be broadcast in the DTT channels so as to encourage the audience to switch to DTT. The Administration advised that based on prudent commercial considerations, the television licensees had already seen the need to broadcast quality programmes on their DTT channels to enhance the penetration rate and acted accordingly.

8. At the Panel meeting on 12 March 2012, members opined that there were still buildings in Hong Kong where the television reception system had not been upgraded to receive DTT signals. This would pose a problem to DTT take-up and should be tackled before ASO could be implemented. The

Administration advised that the communal aerial broadcast distribution ("CABD") systems had been installed in multi-storey buildings. The former Office of the Telecommunications Authority (replaced by the Office of the Communications Authority ("OFCA") on 1 April 2012) had issued technical specifications and guidelines for the reception and distribution of DTT signals in buildings. Incorporated owners and building managers were encouraged to upgrade their CABD systems for DTT reception and to install additional amplifiers/filters for DTT channels.

9. At the Panel meeting on 4 February 2013, some members were of the view that programme content was of vital importance to the quality of DTT service and DTT take-up. These members also opined that provisions governing the frequency of the re-run of DTT programmes should be included in the licence conditions of the domestic free television programme service licensees to prevent the excessive re-run of these programmes. The Administration advised that it would consider public views received when conducting the annual surveys and consultation on renewal of the domestic free television programme service licences upon their expiry.

Unequal sharing of the transmission capacity in the Multiple Frequency Network for DTT services

10. At the Panel meeting on 13 January 2014, members followed up issues relating to the unequal sharing of the transmission capacity in the Multiple Frequency Network ("MFN") for DTT services by ATV and TVB. Members noted that pursuant to the "Implementation Framework for Digital Terrestrial Television Broadcasting" announced by the Administration in 2004, ATV and TVB were assigned a total of three digital multiplexes to provide DTT services to the viewing public. They were required to share one MFN multiplex for the digital simulcast of their four analogue free-to-air television programmes. Following the policy decision, the former Telecommunications Authority assigned the MFN multiplex to ATV and TVB on an equal sharing basis for digital simulcast of the four analogue free-to-air television programmes in 2007. In March 2013, OFCA found the transmission capacity in the MFN to have been unequally shared between ATV and TVB in a regular monitoring of the DTT broadcast network. OFCA completed its investigation and submitted its findings to the Communications Authority ("CA") on 6 July 2013.

11. Having considered the findings of OFCA's investigation, and having been satisfied that ATV and TVB had been afforded a reasonable opportunity to make representations, the CA concluded that ATV and TVB had failed to comply with the relevant special condition and schedules of their Fixed Carrier Licences, by unequally sharing the capacity in the MFN without obtaining the prior approval of the CA. The CA considered the breach a serious one and decided to impose a financial penalty of HK\$200,000 each on both ATV and

TVB for the contravention.

12. Some Panel members considered it inappropriate for the CA to have sanctioned ATV and TVB for contravention of the licence requirement on their equal sharing of MFN transmission capacity on the one hand, and allowed them to formalize the unequal sharing arrangement on the MFN through licence amendments on the other. Some other members considered the unequal sharing of the transmission capacity in the MFN by ATV and TVB without the CA's prior approval a very serious contravention of the licence conditions of the two licensees. These members opined that the sanctions imposed on the two licensees were too lenient to have any deterrent effect. As such, the CA should consider imposing heavier penalties on the licensees, including non-renewal of licence. The CA advised that past performance, including records of non-compliance with licence conditions, as well as public opinion on the broadcasting services provided by the free TV licensees would be taken into account when the CA considered their applications for renewal of licence.

Council Meeting

13. At the Council meeting on 15 October 2014, Hon Charles Peter MOK raised a question on, inter alia, whether the Administration had considered deferring the date of ASO, the measures that the authorities would take to expeditiously achieve the ASO target and how the Administration would ensure the efficient use of the spectrum to be released following ASO. The Administration advised that it was studying the need to adjust the timeframe for ASO in view of the latest position, and would make appropriate arrangements accordingly. The Administration would also enhance the publicity on the benefits of DTT to encourage the viewing public to switch over to DTT. At present, the Administration did not have a specific plan on the use and allocation of the spectrum to be freed up after ASO.

Recent developments

14. On 9 December 2014, the Chief Executive in Council announced that the target date for ASO be deferred to 2020, and that the ASO working target be reviewed in 2017-2018. Details of the justifications are given in the Legislative Council Brief (File Ref.: CTB(CR)9/1/9) issued by the Commerce and Economic Development Bureau.

15. According to the Administration, the analogue TV and DTT services of Hong Kong are currently transmitted by using frequency spectrum at the Ultra High Frequency ("UHF") band in the range of 470-806 MHz, the spectrum band allocated by the International Telecommunications Union ("ITU") for TV broadcasting worldwide. In view of the increasing demand for spectrum for

mobile telecommunications services, the ITU has already recommended that part of the spectrum in the UHF 470-806 MHz band (namely, UHF 698-806 MHz) is suitable for mobile telecommunications services. ASO can thus vacate spectrum to relieve the ever-increasing demand for spectrum for high value-added mobile telecommunications services, such as mobile broadband services (the so-called "digital dividend"). Enhancing spectrum efficiency and maximizing the digital dividend are the main reasons for ASO.

Latest position

16. The Administration will brief the Panel on 12 January 2015 on the deferral of the target date for ASO.

Relevant papers

17. A list of the relevant papers with their hyperlinks is at:

http://www.legco.gov.hk/yr11-12/english/panels/itb/papers/itb_ad.htm

<http://www.legco.gov.hk/yr12-13/english/panels/itb/papers/itb0204cb4-364-6-e.pdf>

<http://www.legco.gov.hk/yr12-13/english/panels/itb/papers/itb0204cb4-364-7-e.pdf>

<http://www.legco.gov.hk/yr12-13/english/panels/itb/minutes/itb20130204.pdf>

<http://www.legco.gov.hk/yr13-14/english/panels/itb/papers/itb0113cb4-272-5-e.pdf>

<http://www.legco.gov.hk/yr13-14/english/panels/itb/minutes/itb20140113.pdf>

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