

**For discussion on
11 January 2016**

**Legislative Council
Panel on Information Technology and Broadcasting**

Issues Relating to the Policy on Digital Audio Broadcasting

Purpose

This paper briefs Members on issues related to the policy on digital audio broadcasting (DAB).

Background

DAB Policy

2. In February 2010, the Government promulgated the development framework for the provision of DAB services in Hong Kong (DAB Framework) and invited applications for sound broadcasting licences to provide DAB services (DAB licence). The DAB Framework sets out the Government's policy and implementation plan for DAB services in Hong Kong. The key points of the DAB Framework includes –

- (a) there is no plan for switching-off analogue AM/FM services;
- (b) the Government will adopt a technology-neutral approach, and it will be for the broadcasters to decide on the technical standards to be adopted;
- (c) the Government will invite interested parties to submit applications for sharing the transmission capacity of one 1.5

MHz multiplex for the provision of DAB services covering the territory of Hong Kong. Spectrum utilisation fees will not be required; and

- (d) sharing of existing hilltop broadcasting site facilities (including transmission equipment) is necessary and will be subject to commercial agreement among the DAB operators.

Launch of DAB Service

3. Eventually, four applications for DAB licences were received. One of them was withdrawn by the applicant itself while being processed. On 22 March 2011, the Chief Executive in Council granted DAB licences to Digital Broadcasting Corporation Hong Kong Limited (DBC), Metro Broadcast Corporation Limited (Metro), and Phoenix U Radio Limited (Phoenix U Radio) (DAB licensees) under section 13C(2) of the Telecommunications Ordinance (Cap. 106) for providing DAB services. Upon granting the DAB licences, one 1.5 MHz Band III multiplex (219.584 – 221.120 MHz, also known as Channel No.11C) was allocated to DBC, Metro, and Phoenix U Radio to provide 13 DAB programme channels (three each for Metro and Phoenix U Radio and seven for DBC). The remaining spectrum capacity was assigned to Radio Television Hong Kong (RTHK) for providing five DAB programme channels.

4. The DAB licences require the DAB licensees to formally launch their services within 18 months after the date of the grant of the DAB licences (i.e. on or before 21 September 2012). The DAB licensees and RTHK (DAB operators) formally launched their services, by phases, starting from 2012. The number of DAB programme channels grew from 15 by the end of 2012 to 17 by the end of 2014.

The Government's Support Measures

5. It has all along been the Government's policy to support the development of DAB. Since the grant of DAB licences, the Government has taken forward a series of supporting measures, including the promotion of the brand new services to the public. These measures (details are at **Annex**) are summarised as follows –

(a) Signal coverage:

The Government contributed to the construction of the DAB transmission network through RTHK. We also constructed DAB re-broadcasting systems in 11 Government tunnels. In addition, we have also maintained close liaison with the Mainland authority in the context of frequency coordination between Hong Kong and the Mainland, thus enabling a substantial increase in the total transmission power of all DAB transmitting stations (including fill-in stations);

(b) Liaison with the trade:

To ensure that DAB radios are readily available in the market, we have maintained close liaison with retailers of electrical appliances. We have also maintained close liaison with car manufacturers / importers to urge them to pre-install or provide the option of retro-fitting DAB radios in vehicles imported to Hong Kong; and

(c) Promotion of the use of the DAB services:

While there is no statutory prohibition against the installation of DAB radios in vehicles, we have worked closely with the Transport Department (TD) to arrange for an exemption from the relevant regulations on the installation of in-car DAB radios equipped with visual display units. The relevant exemption was granted by TD on 16 September 2015.

Also, since the granting of DAB licences in 2011, we have launched two waves of PR campaign in early 2012 and late 2013 / early 2014, at a total cost of \$6.9 million. We are now working with the DAB operators on launching another wave of PR campaign in early 2016 to raise the profile and public awareness of the DAB services.

6. The DAB services could not thrive without the concerted efforts of the DAB operators. In this regard, the Government has also

encouraged the DAB operators to take relevant actions to support the development of the DAB services. For instance, as it is the responsibility of the DAB operators to develop the DAB transmission network to ensure satisfactory reception, we have all along closely monitored the progress of the construction of the DAB transmission network, and urged the DAB operators to take action in enhancing the DAB transmission network. We also encourage the DAB operators to maintain close liaison with the trade and conduct PR campaigns to promote the DAB services.

Recent Developments

7. On 17 September 2015, Phoenix U Radio wrote to the Secretary for Commerce and Economic Development to seek the approval of the Chief Executive in Council for the “surrender” of its DAB licence. Phoenix U Radio submitted that it had strong commitment to the development of DAB services. Notwithstanding the efforts it had made in the operation and promotion of DAB services, the lack of a critical mass of audience for Phoenix U Radio’s DAB services made it difficult for Phoenix U Radio to attract advertisers. Phoenix U Radio found that there was no prospect of making the business model commercially viable. The Chief Executive in Council approved the termination of the DAB licence of Phoenix U Radio with effect from 7 November 2015.

8. As a result of the cessation of Phoenix U Radio’s service, the total number of DAB programme channels will be lightly reduced to 15. This however remains more than the total number of analogue AM/FM channels (13), and provides diversified programme choices to listeners.

Review on the Development on DAB

9. As one of the DAB licensees had left the market owing to commercial considerations, and in view of the fact that other DAB licensees have also indicated to us that they encountered difficulties in their business, we will review the development of DAB in Hong Kong. The review will assess whether there needs to be any change in policy, and if so, propose recommendations. The review will cover the

audience's feedback and overseas experience in the development of the DAB services. We will engage the DAB operators in the conduct of the review.

Conclusion

10. Members are invited to note the content of the paper.

Commerce and Economic Development Bureau
January 2016

**Measures Taken by the Government
to Support the Development of the Digital Audio Broadcasting (DAB) Service in Hong Kong**

Areas	Efforts	Details
1. Signal Coverage	(a) Construction of the transmission network	<ul style="list-style-type: none"> ✧ The Government has, through the Radio Television Hong Kong, contributed towards the construction of the DAB transmission network.
	(b) Increasing the transmission power	<ul style="list-style-type: none"> ✧ The Office of the Communications Authority has maintained close liaison with the Mainland authority in the context of frequency coordination between Hong Kong and the Mainland. ✧ The total transmission power of all DAB transmitting stations (including fill-in stations) has been increased three times and is now 200% more than the transmission power stipulated in the licence.
	(c) DAB re-broadcasting systems in tunnels	<ul style="list-style-type: none"> ✧ The Government invested \$46 million in installing DAB re-broadcasting systems in 11 Government tunnels¹. The construction works were completed in early 2014. ✧ Installation of DAB re-broadcasting systems in private tunnels is a commercial issue for the private tunnel operators to decide. We have approached the private tunnel operators to provide them with an update on the development of the DAB services in Hong Kong and to convey to them the request of the DAB operators for the tunnel operators to install DAB

¹ DAB re-broadcasting systems have been installed in 11 Government tunnels, namely Tseung Kwan O Tunnel, Lion Rock Tunnel, Cross Harbour Tunnel, Aberdeen Tunnel, Kai Tak Tunnel, Shing Mun Tunnel, Cheung Tsing Tunnel, Nam Wan Tunnel, Eagle's Nest Tunnel, Sha Tin Heights Tunnel and Tai Wai Tunnel.

Areas	Efforts	Details
		re-broadcasting systems in their tunnels.
2. Liaison with the trade	(a) Liaison with car manufacturers / importers	✧ We have approached the car manufacturers / importers to provide them with information on the DAB services in Hong Kong, and to urge them to pre-install or provide an option of retro-fitting DAB radios in vehicles imported to Hong Kong.
	(b) Liaison with retailers of electrical appliances	✧ We have maintained close liaison with retailers of electrical appliances and share with them Government's publicity plans.
3. Promotion of the use of the DAB services	(a) Relaxation of relevant regulations	✧ There is no statutory prohibition against the installation of DAB radios in vehicles. However, the installation of visual display units so that the screen is visible to the driver or at any point forward of the driver's seat is prohibited under the law, and some of the DAB radios installed in imported vehicles are equipped with visual display units. We have worked closely with the Transport Department (TD) to seek an exemption from the relevant regulations on the installation of in-car DAB radios equipped with visual display units. The TD announced on 16 September 2015 that all private cars, taxis and light goods vehicles are exempted from the relevant regulations in respect of the installation of in-car DAB radios equipped with visual display units.
	(b) Promotion campaigns	✧ Since the grant of licence in 2011, we have launched two waves of PR campaign in early 2012 and late 2013 / early 2014, at a total cost of \$6.9 million. The promotional measures implemented include the creation of a dedicated website for DAB, participation in relevant exhibitions, meeting with the industry, production of promotional posters / leaflets for public

Areas	Efforts	Details
		distribution, production of announcement of public interest for release on television and radio, and advertising in newspapers, on the Internet and on public transport. Another wave of PR campaign is being planned for rolling out in early 2016.

**Commerce and Economic Development Bureau
January 2016**