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**Panel on Information Technology and Broadcasting**

**Meeting on 5 December 2003**

**Background brief on  
digital terrestrial broadcasting**

**Purpose**

This paper summarizes past developments and the Panel's concerns on the policy and regulatory proposals for digital terrestrial broadcasting in Hong Kong.

**Introduction**

2. Digital broadcasting, which includes Digital Terrestrial Television (DTT) and Digital Audio Broadcasting (DA Broadcasting) services, is a new technology of transmitting sound and television services. Sound and pictures are processed electronically and converted into digital format for transmission. The signals will be re-converted by appropriate receivers or set-top boxes into sound or television programmes. As digital broadcasting can make more efficient use of the available spectrum, its benefits include the possible increase in the number of channels, new interactive multimedia services and high quality sound and pictures.

## **Past developments**

### Public consultation

3. The Panel was first briefed on the Administration's preliminary proposals on DTT in the context of the consultation on the 1998 Review of Television Policy. Members noted the Administration's proposal to conduct technical trials on DTT and pending the satisfactory completion of the trials, to commence the simulcast of both analogue and digital TV services. The Administration has also indicated that the introduction of DTT should be market-led with the industry driving it for commercial reasons.

4. In December 2000, the Administration initiated a three-month public consultation on the policy and regulatory proposals for digital terrestrial broadcasting in Hong Kong. The scope of the consultation covered the choice of DTT technical standard, the frequency plan, the licensing approach, the arrangements for transition from analogue to digital TV broadcasting, the determination of an analogue switch-off date, the requirements of set-top boxes and the prerequisites for introducing DA Broadcasting.

5. The Administration subsequently informed the Panel that over 23 written submissions had been received. On the technical standard to be adopted for DTT, the incumbent domestic free TV programme service licensees (namely, Television Broadcasts Limited (TVB) and Asia Television Limited (ATV)) urged that a decision should not be made until the Mainland had announced their decision on the DTT technical standard. Different views had also been received on the method of allocating spectrum capacity to the licensees. On DA Broadcasting, the Administration reported that the existing sound broadcasting licensees in general agreed that the introduction of DA Broadcasting services should be market-driven.

6. Since then, the Administration has been following the developments of digital broadcasting in other countries, the changes in market conditions, as well as the implications of an emerging Mainland DTT technical standard with a view to formulating further proposals for public consultation.

Views of the incumbent domestic free TV programme service licensees

7. Since the release of the 2000 consultation paper, TVB and ATV have issued several submissions. Apart from commenting on certain technical aspects, the two broadcasters highlighted the importance of a smooth transition in the introduction of DTT in Hong Kong. They considered that there should be as little change to existing analogue frequencies as possible.

8. One of the principal concerns reiterated by TVB and ATV was that the Administration should await the Mainland's decision on the technical standard to be adopted for DTT before finalizing the technical standard for Hong Kong. They pointed out that if the same technical standard was adopted by the Mainland and Hong Kong, the wider multi-media market would be more attractive to investors of DTT and more business opportunities will be opened up for Hong Kong. In their latest submission to the Panel in February 2002, the two broadcasters re-affirmed their position and referred to press reports at that time that the Mainland would complete the testing of various DTT standards within 2002 and announce the standard before end 2003. Both TVB and ATV have also called upon the Administration to conduct another consultation before finalizing its proposals.

**Members' concerns**

9. The Panel has discussed the major proposals in the 2000 Consultation Paper. Members have also re-visited the subject of digital broadcasting when considering the issues of sound broadcasting licence renewal and the review of the Digital 21 Strategy. Their major concerns are as follows :

- (a) Before analogue broadcast is replaced by digital transmission, the Administration must be satisfied that the benefits of digital broadcasting should outweigh its costs. Besides, support equipment such as set-top boxes should be available to consumers at affordable prices.
- (b) While consideration should be given to the technical standard adopted in the Mainland, the taking forward of digital broadcasting in Hong Kong (including the formulation of policy and regulatory proposals) should not be unduly delayed.

- (c) When considering issues related to the licence renewal of Commercial Radio Hong Kong in July 2003, some members saw merits in the early implementation of digital broadcasting in order that more radio frequency spectrum could be released for additional channels, thereby widening choice and enhancing programme diversity.
- (d) In anticipation that digital broadcasting would enable the opening up of more channels on available spectrum capacity, some members urged the Administration to seriously consider designating one or more channels for the use of the public or certain sector(s) of the community.

**Latest position**

10. The Administration will conduct a second consultation on digital terrestrial broadcasting and will issue a consultation paper in December 2003 to solicit public views.

Council Business Division 1  
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