

CASBAA Convention 2012
(30 October 2012)

Opening Speech by Miss Eliza Lee
Director-General of Communications

Mr Fenez, Distinguished Guests, Ladies and Gentlemen. Good morning! I am delighted to be here this morning and join you at this year's CASBAA Convention.

2. Set up over 20 years ago, CASBAA has dedicated itself to the promotion and growth of multichannel TV services in the Asia-Pacific Region. Its achievements and contributions are exemplified with the success of the CASBAA Convention, which has drawn hundreds of industry players and professionals across the region, to make use of this excellent platform to exchange views and share experience in areas of mutual interests. This is the tenth year that Hong Kong is hosting the Convention. It is my honour to be able to speak at this annual flagship event of CASBAA and welcome you all to Hong Kong.

Overview of Broadcasting and Telecommunications Sectors

3. As we all bear witness, the communications industry in Hong Kong and the Region has been evolving fast in the past years. It is pushed by the advent of technologies and pulled by the increasing expectations of our viewers and listeners and service users. In this regard, the establishment of the Communications Authority (in short, the CA), the unified regulator overseeing the broadcasting and telecommunications sectors in Hong Kong on 1 April 2012, is a landmark development in the Hong Kong communications industry regulatory landscape. Before I go into details about this important institutional transformation, let me first give you a brief picture of our broadcasting and telecommunications industries and the regulatory regimes governing them.

4. Hong Kong has always adopted a light-handed, pro-competition and technology-neutral regulatory framework. This facilitates the development of a robust communications market. With a liberalised regulatory environment, both our broadcasting and telecommunications sectors are vibrant, dynamic and highly competitive.

5. On the broadcasting side, it is all along the government's objectives to widen programme choice and diversity through competition and to enhance our position as a regional broadcasting hub. Hong Kong viewers have access to over 700 local and overseas television channels through free-to-air terrestrial and satellite reception or pay television services. For listeners, they have a choice of 28 radio channels provided by four commercial broadcasters and a public service broadcaster. The digital terrestrial television coverage has exceeded 96% of the population, and over 73% of the households are receiving digital terrestrial television services. As part of our strategy to develop digital sound broadcasting, the Government granted sound broadcasting licences to three commercial operators in March last year to provide digital audio services. In February this year, a mobile network operator officially launched its broadcast-type mobile television services to compete with streaming-type services provided by other operators.

6. With regard to the telecommunications market, you may be aware that Hong Kong is one of the world's leading metropolises in terms of mobile and broadband penetrations. Even though we are a small city, we have one of the most competitive mobile service markets in the world. With a population of some 7 million, the number of our mobile users has surpassed 15.8 million, with a penetration rate over 220% of the population. Among them, over 8.7 million are 3G and 4G service users. Our fixed broadband services are no less impressive with a household broadband penetration rate of over 86%, and the fibre access to households being ranked the third in the world. A great variety of telecommunications services are widely available for consumer choice at affordable prices.

Set up of CA to Meet Challenges of Convergence

7. With the advent of new technologies, the convergence of broadcasting and telecommunications has become a global and irreversible trend. Triple-play or even quadruple play services can be offered to customers over the same network. This blurs the boundaries between broadcasting and telecommunications, and communications takes on a whole new different meaning. For instance, when we talk about “watching TV” today, it does not just conjure up an image of a TV set showing dramas produced by a TV station, but also of a computer or a smartphone playing Internet TV programmes offered by different programme providers.

8. It is against this backdrop that the Government decided to set up the CA to regulate the entire electronic communications sector. Indeed, many advanced economies have already established their own unified regulators. These include the US Federal Communications Commission, the Canadian Radio-television and Telecommunications Commission and the Office of Communications in the United Kingdom. At the forefront of technological application and media convergence, Hong Kong needs to restructure its regulatory institutional arrangements to keep abreast of the times.

9. The CA comprises ten non-official members, including the Chairman, and two official members. It is conferred with the statutory functions previously performed by its predecessors, the former Broadcasting Authority and Telecommunications Authority in regulating the broadcasting and telecommunications sectors.

10. In order to uphold Hong Kong’s position as a communications hub in the region, and our capability in providing world-class communications services, the CA will strive to fulfil its public mission. This includes encouraging innovation and investment in the communications market and the adoption of best practices, promoting competition as well as to act in a manner consistent with the provisions of the Hong Kong Bill of Rights Ordinance to protect the core values of Hong Kong.

OFCA to Support CA Operation

11. However large the wealth of experience and expertise the CA members may possess, you may wonder how come a team of 12 members would be able to handle the rather onerous statutory duties and responsibilities of a unified regulator. The secret is, well, the CA has set up three Committees to assist it in discharging its duties, with membership of some drawn from outside the CA. These committees are the Broadcast Complaints Committee which looks into the complaints about broadcasting services; the Codes of Practice Committee which recommends revision of codes of practice relating to programmes, advertising and technical standards for compliance by broadcasters; and the Telecommunications Affairs Committee which offers advice on major telecommunications matters including complaints about misleading or deceptive conduct of telecommunications licensees etc.

12. Another secret is, the CA is underpinned by some 400-strong executive arm, the Office of the Communications Authority (“OFCA”), to support its daily operation. OFCA is a government department formed on the same date as the CA, by merging the former Office of the Telecommunications Authority, and relevant divisions of the Television and Entertainment Licensing Authority. OFCA is headed by a public officer, Director-General of Communications (“DG COM”) and I assumed this post on its establishment. This enables me to continue serving the communications sector and the public, leading OFCA to provide full support to the CA to meet its regulatory challenges in the era of technological advancement and media convergence. In my capacity as DG Com, I also serve as one of the two official members in the CA. The other one being the Permanent Secretary who is in charge of the technology and communications matters in Hong Kong.

Review of Legislative Regimes

13. The setting up of the CA is an important first step to deal with increasing market convergence. As the next step, the Government has

committed to carrying out a review of the existing regulatory regimes, with a view to formulating legislative amendment proposals that would seek to update and rationalise the Broadcasting Ordinance and the Telecommunications Ordinance.

14. When the two Ordinances were separately enacted some years ago, their technical settings and regulatory regimes were vastly different from those at present. There are hence many differences between the regulatory regimes governing broadcasting and telecommunications. In conducting the review, priority will be accorded to areas where the regulatory controls currently differ, such as cross-media ownership and foreign ownership restrictions, and the arrangements concerning licensing authorities and appeal mechanisms. The review aims to ensure that our legislative regimes can keep pace with technological developments in the two converging sectors.

15. Now that the CA is up and running, we stand ready to assist the Government in conducting this important review. The Government will be devising a more detailed plan together with the CA on the areas to be reviewed and the timetable.

Concluding Remarks

16. Ladies and gentlemen, as you can see, the CA has important mission and regulatory challenges ahead in the communications sector. In this regard, I believe that CASBAA will continue its constructive dialogues with us in furthering the interests of both the broadcasting industry and the community.

17. Last but not the least, I wish the Convention a big success! I also wish that all of you would not leave Hong Kong without making big dents in your credit cards – our tourism industry certainly needs your contributions. Thank you.