



25 April 2007

Communications and Technology Branch
Commerce, Industry and Technology Bureau
2/F, Murray Building
Garden Road
Hong Kong
Fax: (852) 2511 1458
Email: wwchong@citb.gov.hk
By Fax and Email

Dear Madam/Sir:

**Response to the Commerce, Industry and Technology Bureau's Consultation on
"Digital Broadcast: Mobile Television and Related Issues"**

STAR Group Limited is pleased to provide comments in this proceeding.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Welch".

Joe Welch
Senior Vice President
Government Affairs
STAR Group Limited



STAR Group Limited

Comments on the Commerce, Industry and Technology Bureau's Consultation Paper Concerning

Digital Broadcasting: Mobile Television and Related Issues

INTRODUCTION

STAR Group Limited (STAR) welcomes the opportunity to provide comments on the Commerce, Industry and Technology Bureau (CITB)'s public consultation on Digital Broadcasting, Mobile Television and Related Issues.

STAR is a leading media and entertainment company in Asia, providing more than 50 television services in nine languages to more than 300 million viewers throughout the region. Hong Kong serves as STAR's pan-Asia headquarter for corporate and broadcasting functions.

STAR's parent company is News Corporation, a diversified international media and entertainment company with operations in a variety of industry segments including: filmed entertainment; television; cable network programming, direct broadcast satellite television; magazines; newspapers; and book publishing. The activities of News Corporation are conducted principally in the United States, Continental Europe, the United Kingdom, Australia, and the Asia Pacific.

In this submission we focus our response on the key policy topics presented in the consultation paper.

OVERVIEW - TWO KEY POINTS

At the outset of our comments, in response to the "overview" section of CITB's consultation paper, we make two key points as follows.

1. Broadcast-based mobile TV technologies designed to enable television transmission more efficiently than the 3G network are indeed emerging in other parts of the world

CITB, in its Consultation Paper, notes that "[m]obile TV in the form of video-on-demand or video streaming is already available in Hong Kong on the 2.5G or 3G mobile telecommunications platform, supporting mainly point-to-point transmission ..." and that "[m]obile TV services of this kind require no extra spectrum to support them."¹

¹ "Consultation on Digital Broadcasting: Mobile Television and Related Issues", Communications and Technology Branch, Commerce, Industry and Technology Bureau, January 2007, p.5



We agree; it is the point to multi-point high transmission broadcast-based technologies that require the government to take proactive steps to foster the development of mobile broadcast television services. These broadcast-based technologies include DVB-H, T-DMB, S-DMB, MediaFLO and others, as listed in the consultation paper.

Regulatory regimes aimed to facilitate deployment of these broadcast-based technologies are taking shape in leading countries, with trials and commercial launches proceeding apace.

In the United States, for instance, the Federal Communications Commission in 2003 and 2004 auctioned spectrum for mobile TV. MediaFLO prevailed in the auction and holds licenses covering all of the US. Having successfully secured content and reached agreement with the two largest mobile phone operators, mobile TV via a broadcast-based technology appears poised for rapid growth.

In the United Kingdom, OFCOM decided in March 2006 to auction frequencies for a range of mobile multimedia services including mobile TV. In December 2006 British Sky Broadcasting Limited (BSkyB), a sister company of STAR and a large player in the UK's content creation and distribution market, announced the results of a MediaFLO trial. The benefits of a broadcast-based technology were summarized in the trial's results and included both consumer friendly aspects such as channel switching time as well as benefits for the operator, including a variety of network efficiency measures.

Italy and South Korea, two of the leading countries in the world in terms of existing mobile TV subscribers, also share the characteristic of early adoption of a broadcast-based transmission approach for mobile TV. In Italy, a commercial mobile TV service was launched over a DVB-H network in June 2006 just prior to the start of the World Cup. South Korea has two rival mobile TV service providers - mobile phone operator SK Telecom and the consortium of Korean broadcasters - and both utilize a broadcast-based transmission technology. SK Telecom, interestingly, first launched a mobile TV service in 2003 as part of its 3G multimedia package, only to realize that the 3G network is not optimal for TV transmission. Shortly thereafter, it shifted to S-DMB, a satellite broadcast network, for its mobile TV service.

- 2. The government should move quickly to facilitate the deployment of broadcast-based mobile TV technologies and should ensure that eligibility to bid for the spectrum is open to broadcasters and other third parties i.e. is not limited to the mobile phone operators***

STAR strongly supports CITB's proposal to make spectrum available for broadcast-based mobile TV services to Hong Kong. We further agree with CITB that this will "promote investment, innovation and competition for the benefits of the consumers and the further development of Hong Kong's communications market."² Hong Kong's position as a

² Ibid, p.1



technology leader and global telecom and media hub will be reinforced by the government's swift action in this regard.

We suspect that CITB, when designing its process for assigning and licensing the mobile TV spectrum, will ensure that broadcasters and other third parties are eligible i.e. that the process will not be limited to the mobile phone operators. This would be consistent with the past practice of CITB and OFTA in adopting pro-competitive policies aimed not to favor one industry or player over another. It is also consistent with the practice in many other major mobile TV markets, including the US where a third party (MediaFLO) was assigned spectrum for mobile TV and in the UK where BSkyB is poised to lead deployment of mobile TV.

Open eligibility will also mitigate against the potential that mobile phone operators will attempt to delay the deployment of broadcast-based mobile TV. Mobile operators in Hong Kong as elsewhere are mindful of the need to drive traffic to their newly deployed 3G networks. There is therefore an incentive for a mobile operator to delay deployment of broadcast-based mobile TV technologies (and to argue against the ability of other entities to lead the deployment) until a date uncertain in the future when the mobile operator deems it timely to migrate television traffic to a broadcast-based network.

CITB should guard against this possibility in the interest of maintaining a pro-competition policy aimed to foster (not delay) new services for Hong Kong's consumers. Hong Kong's citizens will be well served by CITB in this regard, given that broadcast-based mobile TV technologies provide consumer-friendly features such as increased channel capacity and faster channel switching.

We request that CITB clarify this important point in setting out its mobile TV policy going forward.

SPECTRUM AVAILABILITY

Broadcast-based mobile transmission standards, as CITB mentions in its consultation paper, can operate in a number of frequency bands. While we continue to examine which bands are most favorable in the Hong Kong context, we make two preliminary observations for CITB as follows.

First, with regard to the spectrum band preferable for mobile broadcast service, we note that the UHF band, and in particular the upper UHF frequency band, is particularly suitable for broadcast-based mobile TV transmission such as DVB-H and MediaFLO. We therefore urge CITB to target this band for mobile broadcast services. While fixed terrestrial television service also occupies this spectrum band, we believe that sufficiently flexible UHF Band policy and appropriate sharing criteria would make UHF a viable band for mobile broadcast services. We note that other countries and regions of the world, - including the US, Australia and the European Union - share this view.



In the alternative, the L-band, as CITB recognizes, is also an option for countries considering spectrum allocation for broadcast-based mobile TV technologies.

Secondly, we wish to understand in more depth CITB's consideration of access to the broadcast towers in Hong Kong for deployment of a broadcast-based mobile television network. While not mentioned in the consultation paper, we understand that the six hill-top TV broadcast sites in Hong Kong are permitted at higher power levels whereas the remaining towers in Hong Kong operate under much lower power level limits. We urge CITB to focus on this issue as a critical component of its consultative process, given that the economic viability of the mobile broadcast network operator will in large part depend on its ability to access the high powered broadcast sites at just and reasonable rates, and to ensure reasonable network deployment and operating costs.

SPECTRUM ALLOCATION

STAR supports the "pro-mobile TV" approach for the reasons described by CITB. In particular, we agree that world trends and local circumstances indicate that mobile TV services are poised for rapid growth, which in turn will likely promote the bundling of value added services including perhaps DAB.

In addition, we urge CITB not to mandate a particular standard for mobile broadcast but rather to leave the choice of technology to the operators to decide.

SPECTRUM ASSIGNMENT

STAR supports CITB's continued use of a market-led approach for releasing spectrum. We believe that an auction, properly designed, is one of a number of effective methods for assigning spectrum in a fair and efficient manner.

In addition, we reiterate our earlier point that broadcasters and other third parties should be eligible to bid i.e. that the process will not be limited to the mobile phone operators. With clarification from CITB on this point, we will prepare more detailed input on the auction design and licensing framework.

CONTENT REGULATION

Given mobile TV's nascent status and that it is unlikely in the near future to be a substitute for traditional television service; we believe the government's approach for now should be to take a light touch.

We do, however, agree with the private sector-led approach that has arisen in the US, UK and Singapore where the industry on its own motion has developed a self-regulatory code of conduct for mobile TV operators.



CONCLUSION

STAR supports the CITB's intention to release spectrum for new mobile broadcasting services. In this submission:

- We ask CITB to ensure that eligibility to bid for the spectrum is open to broadcasters and other third parties (i.e. not limited to the mobile phone operators);
- We recommend the government to consider the UHF frequency band or the L-band for mobile broadcast service;
- We urge the government to consider the ability to access high powered broadcast sites at reasonable costs as a high priority issues as it formulates its mobile TV policy; and
- We support the "pro-mobile TV" approach for spectrum allocation and ask that the government not mandate a particular standard for mobile broadcast.

We would like to thank the government again for the opportunity to provide our views in this initiative. We look forward to working with the government as this process moves ahead.