

CEDB's Second Consultation on Development of Mobile Television Services

I. Introduction

- 1.1 Hong Kong Cable Television Limited ("HKCTV") welcomes the opportunity to express its comments on the "*Second Consultation on Development of Mobile Television Services*" ("Consultation Paper") issued by the Government's Commerce and Economic Development Bureau ("CEDB") on 29 January 2008. Although HKCTV supports the early introduction of mobile television ("mobile TV") in Hong Kong, the Government should, for the long-term benefit of mobile TV market, postpone the timetable set out in Consultation Paper for at least six months until China has developed a technical standard for mobile TV. Unlike what the Government has suggested, in order to promote healthy competition in the mobile TV market, there should be ownership and cross-holding restriction to prevent the extension of the influence and control of the dominant terrestrial or mobile telecommunications operator to the mobile TV industry and emergence of cross-media monopoly.

II. Timetable for launch of mobile TV in Hong Kong: Hong Kong should wait for the development of a technical standard of mobile TV in China

- 2.1 Paragraph 8.1 of the Consultation Paper provides a very tight timetable after the end of the consultation on 28 April 2008. In July 2008, there will be announcement of implementation framework. According to the Consultation Paper, if legislative amendments to the Broadcasting Ordinance are required, this would be prepared in the second half of 2008 and spectrum auction and licensing of mobile TV services would take place in the first half of 2009.
- 2.2 In Appendix B of the Consultation Paper, it was stated that China Mobile Broadcasting Satellite would cooperate with the State Administration of Radio, Film and Television ("SARFT") to provide satellite capacity for mobile TV in China which is scheduled for launch before the 2008 Beijing Olympic Game. According to the Consultation Paper, China Mobile Broadcasting Satellite actively participates in the China Mobile Multimedia Broadcasting ("CMMB") Working Group on the development of technical standard of mobile TV in China.
- 2.3 The Government should postpone the timetable set out in the Consultation Paper for at least six months until China has developed a technical standard for mobile TV. If mobile TV in Hong Kong uses the same technical standard as that in China, people in Hong Kong and China would have seamless access to mobile TV service when they are traveling between Hong Kong and China and there will be greater variety of services and applications with a much larger customer base. In short, the Government should, for the long-term benefit of mobile TV market, postpone the timetable set out in Consultation Paper for at least six months until China has developed a technical standard for mobile TV.

III. Spectrum availability

Band III (174MHz – 230MHz) and UHF Band (470MHz – 806MHz)

- 3.1 We generally support the Government's proposal of allocating frequency within UHF Band and Band III for providing mobile TV service. We request the Government to release the two multiplexes in UHF Band (which are currently kept in reserve for DTT) for the purpose of mobile TV bearing in mind that one UHF multiplex would not be sufficient for the 9 operators who have indicated their preference for UHF Band in the last consultation.

L Band (1466MHz – 1480MHz)

- 3.2 In relation to the use of L Band, HKCTV expressed reservation in the last consultation on mobile TV in April 2007 on the possible deployment of L Band for mobile TV and digital audio broadcasting ("DAB") services on the ground of interference. HKCTV is using L-Band for inter-facility links between equipments and if the mobile TV transmitters are physically located near HKCTV satellite reception and MMDS sites, they may create ingress noises and interrupt the operations of both systems. HKCTV reiterates its view that L Band should not be used for mobile TV purpose.

S Band (2500MHz – 2690MHz)

- 3.3 According to the Consultation Paper, China has set aside 2635 MHz – 2660 MHz on a primary basis for mobile satellite broadcasting based on CMMB technology. As the Government had indicated, CMMB would have its footprint covering China and Hong Kong, it might not be feasible to harness this portion of S band for other terrestrial services as it might give rise to mutual interference with CMMB. We therefore support the allocation of 2635 MHz – 2660 MHz to CMMB for providing mobile satellite broadcasting service based on CMMB technology. If CMMB technology becomes the technical standard for mobile TV in China, the Government should allocate frequency within the range 2500MHz – 2635 MHz or 2660 MHz - 2690 MHz to operators in Hong Kong for providing mobile satellite broadcasting service.

IV. Spectrum allocation

- 4.1 In relation to the services to be provided through the spectrum to be released, HKCTV supports the Government's recommendation that the allocation of the multiplexes in Band III and UHF Band should follow the pro-mobile TV approach whereby at least 50% of the transmission capacity should be used to carry mobile TV content and the remaining capacity will be used to provide other ancillary services. HKCTV also agrees that the percentage of spectrum capacity dedicated for mobile TV would be subject to review by OFTA five years after service launch in light of the development of the market.

V. Spectrum Assignment

- 5.1 HKCTV agrees that the spectrum allocated for mobile TV should be assigned through auction as auction is a fair and efficient method to assign spectrum to potential operators. HKCTV also echoes the view that there would be rollout obligations with performance bonds. However, as we would point out below, we believe that, in order to foster competition in the mobile TV market, ownership or cross-holding restrictions should be imposed on mobile TV operators.

VI. Licensing arrangements: Ownership and cross-holding restrictions

- 6.1 HKCTV disagrees with the Government's position on pre-qualification criteria as well as ownership or cross-holding restrictions. In HKCTV's view, ownership or cross-holding restrictions should be imposed to promote healthy competition and to minimize the danger of cross-media monopoly. For this reason, there should be ownership and cross-holding restrictions in order to prevent the extension of influence and control of the dominant terrestrial or mobile telecommunications operator to the mobile TV market.

- 6.2 In the Consultation Paper, the Government did not consider it necessary to impose ownership or cross-holding restrictions on mobile TV licensees. The Government explained its approach on the following ground:

“As mobile TV is a nascent service, the [Telecommunications Authority (“TA”)] considers that simple pre-qualification criteria should likewise be adopted and that ownership or cross-holding restrictions should not be imposed on mobile TV operators. This is in line with the light-handed approach [the Government] propose[s] for licensing mobile TV services ...” (see paragraph 5.6 of the Consultation Paper)

- 6.3 Contrary to the Government's line of thinking, the fact that mobile TV is a nascent service makes the imposition of ownership or cross-holding restrictions even more compelling in order to ensure that a dominant operator in the terrestrial television or mobile telecommunications market would not make use of its dominant position in these sectors to gain unfair advantage over other licensees in the mobile TV market. A dominant operator in the terrestrial television or mobile telecommunications market might abuse its dominant position and prevent new licensees from competing with them effectively in the mobile TV market. We are of the view that it would be too late for the Government to introduce ownership or cross-holding restrictions in subsequent stage of development of the industry when a dominant terrestrial television company or mobile telecommunications operator has already entrenched its position in the mobile TV industry and may have unfairly forced newcomers out of the mobile TV market. This would only stifle competition in the nascent mobile TV sector. The inclusion of ownership or cross-holding restrictions in the pre-qualification criteria of mobile TV would ultimately benefit consumers because it helps to maintain an access to a pluralist range of opinions and

diverse sources of programmes and news. In other words, this would mean greater choices for consumers.

VII. Licensing arrangements: Licensing mobile TV under the Broadcasting Ordinance

7.1 As HKCTV has pointed out in our submission in the first consultation on mobile TV, given that mobile TV makes use of broadcasting frequency, mobile TV should be regulated and licensed under the Broadcasting Ordinance.

VIII. Conclusion

8.1 To conclude, HKCTV is of the view that:

- the Government should postpone the timetable set out in the Consultation Paper for at least six months until China has developed a technical standard for mobile TV because Hong Kong would benefit from using the same technical standard by having, in the long run, a greater variety of services and applications with a much larger customer base;
- the Government should assign S Band (2635 MHz – 2660 MHz) to CMMB and allocate frequency within the range 2500MHz – 2635 MHz or 2660 MHz - 2690 MHz to operators in Hong Kong for providing mobile satellite broadcasting service;
- the allocation of the multiplexes in Band III and UHF Band should follow the pro-mobile TV approach whereby at least 50% of the transmission capacity should be used to carry mobile TV content and the remaining capacity will be used to provide other ancillary services;
- the spectrum allocated for mobile TV should be assigned through auction and there should be rollout obligations with performance bonds;
- there should be ownership and cross-holding restriction to prevent the extension of the influence and control of the dominant terrestrial or mobile telecommunications operators to the mobile TV industry and emergence of cross-media monopoly;
- mobile TV should be regulated and licensed under the Broadcasting Ordinance.

Hong Kong Cable Television Limited
28 April 2008