

10th March, 2004

Mr Eddie Cheung
Principal Assistant Secretary
Commerce, Industry and Technology Bureau
Information Technology and Broadcasting Branch
2/F, Murray Building
Garden Road, Central
Hong Kong

Dear Eddie,

Below is the CASBAA's Comment in response to the Second Consultation on Digital Terrestrial Broadcasting in Hong Kong.

1. The Cable & Satellite Broadcasting Association of Asia (CASBAA) welcomes the opportunity to comment on the deployment of DTT services in Hong Kong.
2. CASBAA has reservations about the applicability of this technology within the HKSAR's highly vertical wired environment.
3. Although DTT will expand the availability of spectrum for terrestrial services it is noted that, by many measures, DTT is an additional pay-TV application in an already highly segmented market. The addition of at least one more multiplex in multi apartment buildings will only increase that segmentation.
4. The Association's concerns are based on the fact that Hong Kong today has five pay-TV service providers in what is self-evidently a restricted market of less than two million TV Households.
5. CASBAA is of the strong belief that more regulatory attention should be given to enhancing Hong Kong's "in-building spectrum and organization" with an objective to provide households with optimum access to bandwidth.

Thus we ask the HKSAR to:

- a) Further legislate on the internal distribution of each building
- b) Amend the building codes so that each building has a Broadband internal system open to all operators.

6. CASBAA remains of the opinion that government-mandated interoperability is essential in an environment where an infrastructure may be used for a variety of services besides traditional television.
7. However, if DTT is to be mandated by Government, and given the increasing efficiency of use of broadcast spectrum in today's digital environment, CASBAA and its member organizations are broadly of the view that the promotion of HDTV services via DTT could be the most effective use of this spectrum.
8. On the issue of a technical standard for DTT, it is noted that the HKSAR is widely in favour of DVB-T and CASBAA gives broad support to CITB position as outlined in the position paper. The issue would appear to be almost moot given that the Mainland has de facto adopted a DVB-T or a closely related standard.
9. However, if the HKSAR should misjudge the de facto mainland standard for hardware, Hong Kong could be exposed to a low level take-up of equipment due to the high costs of converting already deployed set tops to the mainland standard. The government or the industry could be obliged to invest billions of dollars to subsidize the hardware to encourage penetration.
10. Meanwhile, it is also noted that the deployment of HDTV services in a DVB-T format could assist in the distribution of Hong Kong made programming within the Mainland.

Yours faithfully,
Simon Twiston Davies
CEO, CASBAA