

**2006 CASBAA Regulators' Roundtable**  
**Chief Executive II-III Suite, Grand Hyatt Hotel, Hong Kong**  
**Thursday, October 26, 2.15pm**

**1. Digital Content Management Systems- Commercial Reality and Legal Underpinnings (TimeWarner Inc)**

Alvin Lee from Time Warner gave a brief presentation on new approaches to content distribution and protection. He discussed the new digital marketplace as well as government / industry cooperation as well as issues relating to regulatory processes in the near future. A Lee emphasised the industry needs to work closely with the regulators, an open market allows more content and better choices for the consumer and reiterated that effective regulation has a positive impact on the growth and development of the pay-TV industry.

Ling Pek Ling of MDA (Singapore) queried what specific regulations A Lee was referring to. A Lee replied as technology is continually evolving, regulators have to be cautious in devising regulatory measures with regards to e.g. technology content protection measures. He underlined that a key prerequisite for building a successful digital economy was protection against circumvention of digital management systems. Industry must make every effort to protect its intellectual property, and governments must provide the legal underpinnings.

Pakistan Regulator Rana Altaf suggested a Code of Conduct to govern competition, Mary Pittelli from Discovery said that the regulatory framework has to provide flexibility to industry in order to attract investment. With regard to content protection, regulators have to ensure the protection of technology as well as access to technology by consumers. Stuart Chiron from PCCW said that a code of practice sounds restrictive.....managed competition is bad for the industry, and bad for the regulator as well. J Medeiros said that flexible even handed regulation is key to the industry's growth prospects.

**2. Mobile TV: Technological Advances, Commercial Development and Regulatory Issues (Nokia)**

Jawahar Kanjilal then gave a presentation on mobile TV and briefly highlighted issues such as deployment costs, open standards and interoperability, usage scenarios for mobile TV as well as the opportunities to monetize the service upon commercial launch. Shawn Galey from ESPN commented that as much free market play as possible should be allowed i.e. lots of players providing the best content possible. The regulatory environment should allow content providers and broadcasters to prosper in a dynamic market place. S Galey added that regulators should accept the reality of competition: that some players will prosper and some will not.

Ling Pek Ling raised the issue of whether a national standard for mobile television should be adopted, and also how mobile TV content should be regulated. J Kanjilal said that the same principles apply to content on mobile TV as compared to the

broadcast TV content. In any case, for the most part the content being screened on mobile TV is drawn from the available supply of broadcast TV content, so it is not difficult to meet the same requirements for both supply chains.

### **3. IPTV: Convergence and Regulatory Issues (now TV)**

PCCW Now TV representative Stuart Chiron discussed its IPTV platform, highlighting its 650 000 subscribers and 40% market share, expecting to break even by end 2007. He also raised the issues of foreign ownership and cross ownership and how trade agreements like WTO can cover broadcasting rights as well as the need for content regulation to be more harmonized. While there may be a role for government when it came to standards and interoperability, the less regulation the better.

Joe Welch from STAR Group emphasised that the regulatory authority, the Ministry and the Executive arm of Government, when making a policy decision, should consider if a 'one-pipe home' or multiple-pipe home' was the objective. If a multiple-pipe home was the objective, then IPTV was a good addition to cable. However, where there are conflicts between telco and broadcast regulators it greatly complicates entry for potential IPTV players; if regulators wished to encourage investments in competitive supply chains, they needed to ensure a level playing field. Even-handed regulation is also required with regard to foreign investment, rate regulation and exclusivity issues.

Amelia Day (KPI - Indonesia) noted that mobile and IPTV required regulation in the public interest. A Lec commented that there were too many small players in Indonesia's pay-TV industry and some form of foreign investment and consolidation was required for the industry. Hong Kong regulator Kevin Choi described the HK scenario; HK has adopted a technology-neutral regulatory framework.

### **4. The UK Experience (Ofcom)**

Kip Meek, Ofcom's Chief Policy Partner, said that the UK to date has no IPTV player and one of the key regulatory issues in Europe was which direction should regulation go. K Meek discussed the following propositions:

- traditional role of the content regulator and how it would translate into the new technological environment
- Broad range of services one receives will require a broad set of regulatory initiatives
- Media literacy and how new media requires consumers to take responsibility to protect themselves when it comes to consuming content
- Successful consumer protection has generally involved co-and self regulation...

Amelia Day (KPI) said that there is currently a KPI programme to educate high school students on content issues – teach them to be educated consumers.

K Meek said that the UK regulator doesn't monitor content; its policy is to rely on self-regulation and react if it receives a complaint. K Meek also emphasised how the regulator has to ensure rules are abided by and protection given to the broadcaster,

citing a Granada programme which had criticized action taken by the UK government against alleged terrorists in Gibraltar.

**5. Roundtable Discussion (moderated by Marcel Fenez, CASBAA Chairman)**

In the roundtable discussion, Amelia Day highlighted a current trial run for TV involving analogue migration to digital. The trial run is expected to end December 2006 though an extension is likely.

Jaime Fortes from the Philippines National Telecommunications Commission (NTC) raised the issue of media literacy and consumer empowerment. K Meek replied that UK regulator has to promote media literacy in order to give people the right know-how to make rational choices about proliferating media services and content. J Fortes also raised the issue of exclusive carriage contracts, and contended that such contracts are anti-competitive. M Pittelli, J Welch, M Guthrie and S Galey disputed the notion that exclusivity was anti-competitive per se. The example of now TV's entry into the Hong Kong market using exclusive contracts showed that they could promote competition; compelling content is a powerful competitive tool. They argued that industry players should be able to offer distinct content to the consumer, to promote a more dynamic commercial environment.

There being no other business, the Regulators' Roundtable concluded at 5pm.

## Speech by SCIT at CASBAA Convention 2006

Following is a speech by the Secretary for Commerce, Industry and Technology, Mr Joseph WP Wong, at the opening ceremony of Cable and Satellite Broadcasting Association of Asia (CASBAA) Convention 2006 "From Bandwidth, to Brandwidth" today (October 25): (English only)

Marcel, distinguished guests, ladies and gentlemen,

Good morning. It is my great pleasure to join you at the CASBAA Convention 2006 today.

I was asked to deliver an opening address for the convention, titled "From Bandwidth to Brandwidth" this year. "Bandwidth" obviously refers to airwaves, or more broadly transmission networks. But what about "brandwidth"? Thanks to the almighty Internet, I found that the word was coined by Mr Sergio Zyman, the PR guru and former Coca-cola marketing chief, to refer to branding and selling in the cyberspace. It goes without saying that what the broadcasting industry brands and sells over the transmission network in the cyberspace, from bandwidth to brandwidth, is "content". And, content comes with a premium. Government policies and regulations should facilitate the development of content in the broadcasting industry to ensure it continues to flourish to the enjoyment of the general public.

### Spectrum Policy Review

Let me start with bandwidth. Spectrum is an important resource used for the provision of a wide range of services from telecommunications, broadcasting to meteorology and aviation. The use of spectrum in Hong Kong has always been managed by the Government primarily to promote efficient allocation and to prevent one spectrum user from causing unacceptable interference to another.

With the rapid advancements in radiocommunications technologies and dynamic market developments, it is increasingly difficult for the Government to possess all the relevant information, particularly market information, needed to make judgements on what is best for the community. In recent years, some overseas advanced economies

have moved away from the "command and control" approach towards market-based arrangements for spectrum management. Furthermore, the industry in Hong Kong has expressed a wish for more clarity and predictability in spectrum rights and supply to enable them to make better-informed investment decisions.

With the above considerations in mind, we undertook a fundamental review of the current spectrum policy. The aim is to formulate a responsive and transparent spectrum policy that enables the community to reap the maximum economic benefits from the deployment of spectrum. Today, we will be launching a public consultation on the proposals for the policy framework.

Under our proposals, the policy objectives for spectrum and the guiding principles for spectrum management would be more clearly articulated. One of the policy objectives would be to strengthen Hong Kong's strategic position as a world city and gateway between the Mainland of China and the world by facilitating the provision of key services in Hong Kong which are, or will be deployed globally or on the Mainland of China. Market-based approaches should generally be used for spectrum management.

Another policy objective proposed in the consultation paper is to encourage maximum utilisation of the allocated spectrum. Spectrum management mechanism should also become more transparent in respect of spectrum supply and rights. So we will mention spectrum trading as an area for further study. Given that spectrum is no more than a means to support a multitude of services, from communications to aviation or from meteorology to broadcasting, a policy on the management of spectrum should not be confused with the policies in these respective spheres.

We welcome views from you and the public in the coming three months on the proposals in the consultation document which we will upload to our website this afternoon. Our aim is to put in place a spectrum policy which is on par with best international practices, and attuned to the unique situation of Hong Kong.

#### Conducive Regulatory Environment

Consistent with our business-friendly philosophy embedded in our policy, we have always strived to provide the industry with a regulatory environment conducive to innovation and investment. We opened up our TV market in 2000, and have since

then put in place a very light-handed regulatory regime for the broadcasting industry. Unlike most economies, we have no foreign investment limit, no restriction on business models and no local content requirement on the provision of pay TV services. And we certainly do not precensor broadcast content. All these give us a headstart in the era of digitisation and convergence. I am glad that Hong Kong, together with Japan, ranked first on regulatory effectiveness in CASBAA's study last year. This study shows that our regulatory effectiveness has in fact led to significant investment in the pay TV industry over the years.

We are also among the first jurisdictions in the world to embrace technical neutrality in regulating TV services. This horizontal, technology-neutral approach allows changes to regulation of conveyance and content to occur at a different pace; and it has been facilitating media convergence on a single platform.

A vivid example is IPTV. We have not nor did we ever propose legislation for IPTV to be introduced. As a result, we have witnessed the world's first and largest commercial IPTV deployment in Hong Kong. Now, three out of four pay TV operators in Hong Kong are providing IPTV. More than 27% of Hong Kong households are enjoying IPTV services over the broadband network, with some 200 programme channels available at a price of as low as \$5 (64 cents in US dollars) per channel per month on an a-la-carte basis. This is unprecedented anywhere else in the world. One Hong Kong company is in fact exporting its IPTV expertise and experience to other economies in Asia-Pacific and Europe.

#### Meeting future challenges

However, we are not complacent and are indeed bracing ourselves to meet the challenges ahead in the increasingly convergent environment. The two immediate challenges are the establishment of a Communications Authority and the Government's role in promoting the development of mobile TV services in Hong Kong.

On the first challenge, we have completed our consultation exercise. In the light of favourable response from the industry, we will introduce legislation in the current legislative session to merge the existing Broadcasting Authority and Telecommunications Authority to form a unified regulator, called Communications Authority, for the whole electronic communications sector.

On the second challenge, we believe Hong Kong is best placed to nurture the growth of mobile TV services given our ultra-high mobile penetration, one of the highest in the world and close to 130% at this moment. We also believe in putting in place a business-friendly regulatory framework accompanied with appropriate spectrum allocation arrangement. We are considering the way forward and will consult the community and the public on our proposal. In the process, we will make sure that Hong Kong continues to be one of the forerunners in adopting leading TV broadcasting technologies.

#### Intellectual Property Protection

We understand that copyright infringement is one of the major threats faced by the broadcasting and content production industries.

With the development of the broadband infrastructure and the emergence of file sharing technology, distribution of copyright works in the digital environment has become more expedient and effective than ever before. It is important that the digital platform of Internet reward right owners for their works, and not act as a shelter for piracy activities. To deal with the problem of Internet piracy, the Government has been adopting a multi-pronged approach which encompasses legislation, enforcement and public education. In addition, we will review whether and how our copyright law should be amended to give a more effective copyright protection in the digital environment. We plan to launch a public consultation on the subject by the end of this year. The broadcasting industry, as one major member of our creativity forces, will be much welcome to give views on the subject.

In relation to reception of foreign satellite television services not licensed in Hong Kong, CASBAA is currently taking legal action against some pubs for showing in public World Cup 2006 matches carried by unlicensed foreign satellite television services. We welcome CASBAA and copyright owners taking civil action against those who have infringed their copyright, and we will consider what can be done to further facilitate copyright owners in their civil action. At the upstream level, we will continue to vigorously enforce the law to control the supply of decoders to receive unlicensed foreign satellite television services. We are also taking stock of the situation in Hong Kong and study overseas legislation to assess if further actions on

the part of the Government to tighten the control of the use of such decoders for commercial purposes are justified.

#### Exploring Market Opportunities

Apart from formulating and practising sound regulatory policy, the Government also sees its role as assisting the industry to explore market opportunities.

Hong Kong is a small market for content production and distribution. Geographically and culturally, it is crystal clear we should tap the potential in the adjacent huge market in the Mainland in general and the Cantonese-speaking market in the Pearl River Delta region in particular.

Under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), we have been seeking greater market access for Hong Kong-originated or Mainland-Hong Kong co-produced movies and TV dramas. Hong Kong films can now be imported for distribution in the Mainland on a quota-free basis, the ban on broadcasting co-produced TV dramas in Mainland during prime time has been lifted, and the mechanism for approval of co-production of TV dramas has been streamlined. We shall continue our efforts towards more liberalisation under CEPA.

#### Conclusion

"I think I am the actors' tailor", said Mr Lee Ang (李安), the prominent Chinese director. I believe many of you have used the services of our Hong Kong tailors and found them the best in the world. I am not sure the HKSAR Government or myself as SCIT qualifies as a good tailor to size up and dress the cable and satellite industry. But I think you and I agree that the fewer clothes the industry wear, the better. So on this common understanding, I will do my best to make you feel comfortable while you do your best to please your viewers and make more profit in the freest economy in the world.

Thank you.

Wednesday, October 25, 2006



二零零六年亞洲有線與衛星電視廣播協會會議「由頻寬至品牌寬度」工商及科技局局長王永平先生開幕致辭全文

Marcel、各位嘉賓，各位先生女士：

你們早。今天能與各位一同出席二零零六年亞洲有線與衛星電視廣播協會（協會）會議，我感到十分高興。

我應協會邀請致開幕辭，今年大會的主題是「由頻寬（bandwidth）至品牌寬度（brandwidth）」。「頻寬」顯然是指大氣電波，或泛指傳送網絡。不過，何謂「品牌寬度」？幸好有全能的互聯網，我從中得知「品牌寬度」一詞是由公關大師及可口可樂前市務推廣主管 Sergio Zyman 先生所創，指在數碼空間建立品牌和進行銷售活動。不消說，廣播業界在數碼空間中利用傳送網絡建立品牌和進行銷售的，亦即由頻寬至品牌寬度的，就是「內容」。此外，內容則有其經濟價值。政府的政策和規管應便利廣播業界以至內容的發展，讓他們為普羅大眾繼續帶來更多享受。

#### 無線電頻譜政策檢討

讓我先由頻寬談起。無線電頻譜是重要的資源，可用於提供電訊、廣播、氣象和航空等多種服務。在香港，頻譜的使用一直由政府管理，主要是為了使資源得到更有效的編配和使用，以及防止某一頻譜使用者對其他頻譜使用者造成不能接受的無線電干擾。

由於無線電通訊技術日新月異，市場蓬勃發展，政府要取得所有相關資訊（特別是市場資訊），從而作出對社會最有利的判斷，日益困難。近年，部分先進海外國家或地區已棄用「指令及控制」方式，改為採用由市場主導的方式來管理頻譜。此外，香港的業界亦曾表示，希望在頻譜使用權和頻譜供應方面得到更清晰和可預測的資料，以便他們有更充足的資訊作出投資決定。

在考慮上述的因素後，我們已對現行頻譜政策進行全

面檢討，以制訂一套能迅速回應技術和市場發展，並且具透明度的頻譜政策，讓社會從頻譜的運用中取得最大的經濟效益。我們會由今天開始就頻譜政策綱要的建議，展開公眾諮詢。

根據建議，我們將會更清楚地說明頻譜政策的目標和頻譜管理的主導原則。其中一項建議的政策目標，是透過推動業界在香港提供于全球或內地使用或將會使用的主要服務，鞏固香港作為國際城市及進入中國內地的大門的策略性地位。在一般的情況下，我們將採取市場主導的方式來管理頻譜。

諮詢文件中建議的另一項政策目標，是促使已編配的頻譜發揮最大效益。在頻譜供應和頻譜使用權方面，頻譜管理的機制應更具透明度。因此，我們會提出以頻譜交易為進一步研究的範圍。由於頻譜僅為一種工具，用作支援由通訊至航空、或由氣象以至廣播等不同的服務，因此頻譜管理政策不應與這些個別領域的政策混為一談。

我們歡迎你們和其他公眾人士，在未來三個月就諮詢文件的建議發表意見。諮詢文件將於今日下午上載至政府的網頁。我們的目標是制訂一套能夠媲美國際最佳標準，亦能切合香港獨特情況的頻譜政策。

#### 有利各方的規管環境

與我們的政策中便利營商的理念一脈相承，我們素來致力為業界提供便利革新和投資的規管環境。我們於二零零零年開放電視市場，並由當時開始就廣播業制訂非常寬松的規管措施。有別於大部分經濟體系，我們在提供收費電視服務的規管方面，沒有限制外商投資、沒有限制業務模式或要求必須提供本地內容。另外，我們當然不會預先檢查廣播內容。凡此種種，均令我們能夠在數碼化和匯流的環境中節節領先。我很高興知道香港和日本一同在協會去年一項有關規管成效的研究中名列榜首。研究結果顯示，本港的規管措施成效顯著，這實際上已在過去數年為本港的收費電視業帶來

可觀的投資。

在規管電視服務方面，我們也是全球最早採納科技中立的規管模式的國家或地區之一。採用這項橫向而科技中立的規管方式，容許傳送和內容的規管作不同步伐的演化，有助媒體于單一個平台上匯流。

網絡電視正是一個鮮明的例子。我們無須修訂法例，便可推出網絡電視。本港是全球首個和最大規模商營網絡電視的集中地，這一點殊非偶然。目前，本港四家收費電視營辦商中，有三家提供網絡電視服務。超過27%的本港家庭，現時在寬頻網絡上收看網絡電視，節目頻道多達200條。如按單項計算，每條頻道每月收費低至港幣五元（美元六角四分）。縱觀世界各地，這情況絕無僅有。事實上，一家本港公司現正向亞太區和歐洲的國家或地區，輸出網絡電視的專業知識和經驗。

### 迎接新的挑戰

然而，我們決不自滿；我們正作好準備，迎接日益匯流的環境所帶來的沖擊。當前兩項挑戰是成立通訊事務管理局和政府在推動本港流動電視服務發展的角色。

關於第一項挑戰，我們已完成諮詢工作。得到業界積極的回應和認同，我們正準備把廣播事務管理局與電訊管理局合並，成立通訊事務管理局，作為整個電子通訊界的單一規管機構。

至於第二項挑戰，鑒於我們的流動通訊極為普及（普及率目前接近130%，是全球最高的地方之一），我們相信香港擁有最有利條件發展流動電視服務。我們亦會致力引進便利營商的規管架構及適當的頻譜編配安排。我們現正計劃未來動向及將會征詢社會各界及公眾的意見。在過程中，我們將會確保香港能繼續其採用先進電視廣播科技的先驅地位。

### 保護知識產權

我們明白侵犯知識產權的行為，是廣播和內容制作業界面對的最大威脅之一。

隨寬頻基建的發展及檔案分享技術的出現，在數碼環境分發版權作品較以前更趨便利和有效。因此，最重要的是確保互聯網的數碼平台能成為版權擁有人獲得回報的途徑，而不是淪為盜版活動的庇護所。政府一直採取多管齊下的方法，包括透過立法、執法行動和推行公眾教育，來處理互聯網盜版的問題。此外，我們會檢討是否需要及如何修訂版權法例，以期在數碼環境中更有效保護版權。我們計劃在本年年底展開公眾諮詢，並且十分歡迎作為本港創意產業主要一員的廣播業界就這個議題發表意見。

有關接收並非在香港領有牌照的外地星電視服務，協會現正對數間酒吧採取法律行動，指酒吧公開播放沒領牌的外地星電視服務所提供的二零零六年世界杯足球賽事。我們歡迎協會以及版權持有人，根據《版權條例》向侵權人士提出民事訴訟。我們會考慮如何能進一步便利版權擁有人提出民事訴訟。此外，我們會繼續針對上遊活動嚴格執法，從而堵截提供用作接收沒領牌的外地星電視服務的解碼器。我們亦會檢視香港的情況及研究海外的法例，以評估是否有充份理據支持由政府這一方面作進一步行動，以加強管制使用該類解碼器作商業用途。

#### 探求市場機遇

除了制訂及執行穩妥的規管政策，政府亦會協助業界探求市場機遇。

在內容制作和發行方面，本港市場規模無疑不大。不管是地域上還是文化上，我們都應眼於與我們毗鄰在內地的龐大市場，特別是珠三角一帶以粵語為主的市場，這點毋庸置疑。

在《內地與香港關於建立更緊密經貿关系的安排》（下稱《安排》）下，我們一直為本港原創或兩地共同攝制

的電影和電視劇爭取更理想的方式進入內地市場。現時，本港電影進入內地發行再無限額，在內地黃金時間不得播映兩地合拍的電視劇的規定已經取消，合拍電視劇的審批機制亦已簡化。我們會在《安排》下將繼續努力推動貿易自由化。

#### 結語

「我想我是演員的裁縫」，著名華人導演李安如是說。我相信你們當中很多也曾嘗試香港的裁縫服務，更會認同他們是世界一流的。我不肯定香港特區政府，或是我作為工商及科技局局長，是否合資格為有線與星電視業界度身訂造一套稱身的服飾。但我相信，你們與我都會認同愈少布料才會令業界穿得更好。基於以上的共同理解，我將會竭盡所能令你們感到稱心和放心，而你們亦會盡力滿足你們的觀眾及在全球最自由的經濟體系中獲取更多盈利。

謝謝各位。



Hon. Joseph Wong, Sec for Commerce, Industry & Technology, HKSAR