

CHAPTER 2: Chairman's Message

It is a great pleasure for me to present the report of the Communications Authority (the Authority), which provides a detailed account of the tasks undertaken by the Authority for the year ended 31 March 2018 and the challenges that lie ahead.



A VIBRANT BROADCASTING MARKET

Relaxation of the Regulation of Indirect Advertising

One of the major tasks of the Authority in 2017/18 was the review of the regulations governing indirect advertising in television programme

services. Having regard to the views collected from the industry and the public, the Authority decided to relax the regulation of indirect advertising with effect from 27 July 2018. The relaxation sought to facilitate broadcasting licensees to diversify their source of advertising while safeguarding the interests of the audience. The Authority will closely monitor the implementation of the new rules.

More Programme Choices in Domestic Free Television Programme Services

Fantastic Television Limited (Fantastic TV) launched its Chinese channel on 14 May 2017 and its English channel on 30 July 2018. Together with HK Television Entertainment Company Limited (HKTVE) and Television Broadcasts Limited (TVB), the three licensees are providing a total of 12 digital and analogue channels with a wide variety of programmes.

RAPID GROWTH OF THE TELECOMMUNICATIONS MARKET

Hong Kong's telecommunications market continued to flourish during the year under review. By March 2018, the number of mobile subscribers reached 18.39 million, including over 17 million users of the third generation (3G) and fourth generation (4G) mobile services. Mobile network operators and mobile virtual network operators were offering 4G services at affordable prices. Mobile data services were available at downlink speeds of up to 1 100 megabits per second (Mbps) using Long Term Evolution (LTE) technology. In March 2018, the monthly mobile data usage further surged to 32 444 Terabytes¹, representing 1.3 times and 1.6 times of the monthly usage over the same period in 2017 and 2016 respectively. The mobile data usage per capita rose to 4 379 Megabytes in March 2018, compared with 3 436 Megabytes in March 2017 and 2 812 Megabytes in March 2016. The increasing popularity of 4G mobile services has further boosted mobile data usage. The Authority will continue to put in place necessary measures to facilitate the robust development of the mobile services market.

MAJOR TASKS AND CHALLENGES IN THE COMING YEAR

Looking ahead, we will continue to perform our regulatory functions on the broadcasting front, and to strike a balance between providing a more conducive business environment to broadcasting licensees and the protection of the interests of the audience.

On the telecommunications front, a major priority of the Authority is to make available sufficient spectrum to meet the huge spectrum demand for the provision of public mobile services and to prepare Hong Kong for the launch of the fifth generation (5G) mobile services. In December 2017, the Authority issued an Invitation for Expression of Interest (EOI Invitation) to solicit views from the local industry and other interested parties on using the 4 100 MHz of spectrum in the 26 GHz band (24.25 – 27.5 GHz) and the 28 GHz band (27.5 – 28.35 GHz) for the provision of 5G mobile services in Hong Kong. The Authority also decided in March 2018 to re-allocate the 3.5 GHz band (3.4 – 3.7 GHz) from satellite service to mobile service. The Authority has conducted public consultations on the proposed arrangements for the assignment of the above spectrum. We will make a final decision on the assignment arrangements by the end of this year, taking into account views received in the consultation process. Meanwhile, we will continue to identify other new spectrum suitable for the provision of 5G services. Our goal is to make available sufficient spectrum for the industry to enable the commercial launch of 5G services in the timeframe of 2020.

Following the promulgation of the Authority's decision of 24 June 2016 to implement measures in three phases to meet the increasing demand for mobile numbers through better utilisation of the 8-digit numbering plan, Phases 1 and 2 were successfully implemented from 1 January and 1 July 2017 respectively. The Authority will continue to work with the industry and the parties concerned and prepare for the implementation of the remaining phase from 1 July 2021. The Authority will also closely monitor market developments

¹ Estimated figures subject to adjustments to be made by operators.



and the effectiveness of the newly implemented measures.

The work that lies ahead will be as diverse and challenging as that in 2017/18. I would like to take this opportunity to express my appreciation to my predecessor, Mr Huen Wong, for his leadership in the past year, and my gratitude to members of

the Authority for their advice and commitment throughout the year. I am also thankful to colleagues of the Office of the Communications Authority (OFCA) for their tireless efforts in supporting the Authority. With their dedication and professionalism, the Authority will continue to strengthen Hong Kong's position as Asia's most attractive and competitive communications hub.