

CHAPTER

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# Chairman's Message

It is a great pleasure for me to present this report of the Communications Authority (the Authority), which provides a detailed account of the tasks undertaken by the Authority for the year ending 31 March 2022 and the challenges ahead.



## A VIBRANT BROADCASTING MARKET

The broadcasting sector in Hong Kong continues to be vibrant and versatile, with 13 free-to-air digital television channels and 13 radio channels provided by various commercial broadcasters and the public service broadcaster, Radio Television Hong Kong (RTHK), as well as about 900 local and non-local television channels in various languages available through free-to-air terrestrial and satellite reception or pay television services. Hong Kong is also situated at a strategic location for uplinking satellite television services to the Asia Pacific region, currently with nine non-domestic television programme service (non-domestic TV) licensees providing over 170 satellite television channels for audience in the Asia Pacific region.

The Authority embarked on a mid-term review of the domestic free television programme service (free TV) licences of HK Television Entertainment Company Limited (HKTVE), Television Broadcasts Limited (TVB) and Fantastic Television Limited (Fantastic TV), and the sound broadcasting licences of Hong Kong Commercial Broadcasting Company Limited (CRHK) and Metro Broadcast Corporation Limited (Metro) in 2021/22. The Authority reviewed the past performance and proposed future commitments of the five licensees, and views collected from the industry as well as the public through a public consultation exercise. After taking into account public opinion and views from the industry, the Authority has made recommendations regarding licence conditions for the remaining period of the licences to the Commerce and Economic Development Bureau for preparation of submission to the Chief Executive in Council (CE in C) for consideration.

During the year, the Authority processed an application by Fantastic TV for the assignment of spectrum to deliver its free TV service. Assigning the requested spectrum would enable Fantastic TV to expand its service coverage and provide a new television channel. The new channel of Fantastic TV has been launched since 21 November 2022.



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### RAPID GROWTH OF THE TELECOMMUNICATIONS MARKET

Amidst the COVID-19 pandemic during the year under review, Hong Kong's telecommunications market continued to flourish. By March 2022, the number of mobile subscriptions reached 26.1 million and over 99% of them were subscriptions of the third generation (3G), fourth generation (4G) and fifth generation (5G) mobile services. Further to the commercial launch of 5G services since April 2020, 5G mobile subscriptions reached 3.3 million in March 2022, representing a mobile subscriber penetration rate<sup>1</sup> of 44.2%. Mobile network operators (MNOs) and mobile virtual network operators (MVNOs) were offering 4G and 5G services at affordable prices. In March 2022, the monthly mobile data usage further surged to 124 885.7 Terabytes, representing 1.3 times and 1.7 times of the monthly usage over the same period in 2021 and 2020 respectively. The monthly mobile data usage per capita rose to 16 811.4 Megabytes in March 2022, compared with 12 628.5 Megabytes in March 2021 and 10 054.9 Megabytes in March 2020. We expect that the 5G mobile services will further boost mobile data usage with the new range of innovative services and applications empowered by 5G. The Authority will continue to introduce necessary measures to facilitate the robust development of the mobile services market.



### MAJOR TASKS AND CHALLENGES IN THE COMING YEAR

The broadcasting industry faces significant challenges from competition from the increasingly popular Internet-based media services. There have been changes in the way in which people receive broadcasting contents from both traditional broadcasting services as well as online and on-demand services. We will continue to keep pace with advancements of infotainment media services as well as changes in audience behaviour, and strike a right balance between providing a more conducive business environment to the industry and protecting the interests of the audience.

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<sup>1</sup> Calculation of mobile subscriber penetration rate does not include machine type connections.

On the telecommunications front, the current assignment of 20 MHz of spectrum in the 850/900 MHz bands and 90 MHz of spectrum in the 2.3 GHz band will expire in May 2026 and March 2027 respectively. The Authority and the Secretary for Commerce and Economic Development (SCED) will launch a joint public consultation in the fourth quarter of 2022 on the arrangements for re-assignment of spectrum in the 850/900 MHz and 2.3 GHz bands as well as setting of the related spectrum utilisation fee (SUF) upon the expiry of their existing assignment term. Looking ahead, we will continue our work to facilitate the further development of 5G in Hong Kong, identify and supply additional spectrum for supporting new radiocommunications services and applications, and review our telecommunications regulatory framework from time to time to ensure that it dovetails with the advancement of telecommunications technologies and market development.

## TENTH ANNIVERSARY OF THE COMMUNICATIONS AUTHORITY

The year 2022 marks the tenth Anniversary of the Authority. In the past decade, the communications market has undergone rapid developments and changes, with the advancement of mobile technology from 4G to 5G. With the support of the Office of the Communications Authority (OFCA), the Authority has been working hard to ensure sufficient spectrum in different frequency bands are released for the provision of 5G services. Following the launch of 5G commercial services in April 2020, consumers can now have wider choices of high-speed data services. On the broadcasting front, we supported the Government in granting licences to HKTVE in April 2015 and Fantastic TV in May 2016 to provide free TV services in Hong Kong<sup>2</sup>. The new free TV services had brought in additional investment in TV content production, increased competition, enhanced programme variety and widened viewers' choices. We also entered the era of full digital television broadcasting on 1 December 2020, which enables the public to enjoy premium TV viewing experience with more choices of programme channels.

The work that lies ahead is expected to be as diverse and challenging as before. The Authority will continue to do its utmost to foster a conducive environment to support the communications sector.

To conclude, may I extend my gratitude to members of the Authority for their commitment and insightful contribution during the year, and to former members and my predecessors for the invaluable achievements they made over the years. In addition, I would like to thank colleagues of OFCA for their dedication and professionalism in supporting the work of the Authority.

A thematic website (<https://www.coms-auth.hk/ca10>) has been established to commemorate the tenth Anniversary of the Authority. It provides more details of the significant developments of the communications sector and the work that has been done by the Authority, as well as the future plans of the Authority to embrace the tremendous opportunities and challenges of the next decade. I hope you find the content of the website informative.

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2 HKTVE's licence is valid for 12 years from 1 April 2015 to 31 March 2027. Fantastic TV's licence is valid for 12 years from 31 May 2016 to 30 May 2028.