

Speech

Speech by Acting FS at CASBAA Convention 2014 (English only)

Tuesday, October 28, 2014

Following is the keynote speech delivered by the Acting Financial Secretary, Professor K C Chan, at the Cable and Satellite Broadcasting Association of Asia (CASBAA) Convention 2014 today (October 28):

Marcel (Fenez), Christopher (Slaughter), distinguished guests, ladies and gentlemen,

Good Morning.

First of all, I want to thank the Cable and Satellite Broadcasting Association of Asia for staging this signature annual event in Hong Kong. I am glad to see many faces from near and far – all key players in the industry. Your presence affirms the Convention's importance to the Asia-Pacific broadcasting industry.

I think the theme of this year's conference is timely. The rapid introduction of new technologies and changes in audience viewing patterns bring new challenges and opportunities to the industry. Mushrooming new media offer broadcasters new ways to reach audiences, beyond conventional TV. I am sure that we all realise the importance of thinking "out of the box" to seize opportunities "beyond the box", and devise novel ways to meet the challenges thrown up by the crowded market place of new media. It looks to me that the line-up of programmes this year has been devised to help participants do exactly that.

Developments in Broadcasting

Let me say a few words about the exciting new developments in Hong Kong's broadcasting and telecommunications industry.

Six years ago, we embarked on an ambitious programme to migrate from analogue to digital terrestrial TV, or DTT. I am pleased to say that it has been a resounding success. Now, digital signals reach about 99 per cent of Hong Kong households, and more than 80 per cent of them enjoy greater programme

variety and better image quality. We shall continue to promote the service and strive to further improve coverage.

Hong Kong people are spoilt for choice when it comes to content. They can now choose from over 400 TV channels offered by free and pay TV licensees. Our three pay TV licensees beam 398 channels. Key developments in the pay TV industry in recent years include HDTV content and production technology, interactive TV, and regular network upgrades and maintenance, to maintain or expand the fast-developing scope of services. Together, the three pay TV licensees offer 71 HD channels. That is a 14 per cent increase over last year.

One of Hong Kong's major advantages for broadcasters is our "open sky" policy. This has helped Hong Kong become a regional broadcasting hub. There are 19 non-domestic TV programme service licensees in Hong Kong. They beam about 270 satellite TV channels to the Asia Pacific region. Over 400 such free-to-air satellite TV channels can be received in Hong Kong. The "open sky" policy enables Hong Kong people to receive unencrypted satellite TV programmes uplinked from Hong Kong and elsewhere.

Digital technology also benefits radio listeners. The launch of digital audio broadcasting, or DAB, in 2012, transformed Hong Kong's radio broadcasting. DAB has significantly boosted broadcast capacity, offering listeners more channels. Together, our four digital radio broadcasters provide 17 DAB channels, more than double the number of analogue channels. Of course, more channels mean a wider variety of programmes and more choices for listeners.

With the wide array of programmes brought by the digital revolution, Hong Kong people now have access to more quality news, entertainment and education content on TV and radio. Along with the advancement of these familiar old favourites, mobile broadcasting is also gathering pace. Indeed, the close symbiosis between broadcasting and telecommunications has greatly facilitated the expansion of all forms of broadcasting.

Developments in Telecommunications

When it comes to smartphones and Internet TV, Hong Kong ranks high.

Those of you who took public transport to come here would have seen for yourselves Hong Kong people's love affair with smartphones. So it's no surprise that Hong Kong's mobile penetration rate of about 237 per cent is one of the world's highest. The popularity of smartphones has dramatically boosted mobile data consumption and mobile data services continue to drive market growth.

Of the record-high 17.2 million mobile subscribers, as at June 2014, more than 12 million are 3G and 4G subscribers. The same month, mobile data usage surged to 13,619 terabytes, 1.45 times more than the same period last year. What's more, 4G LTE has enabled service providers to offer a wide range of innovative, high-speed mobile data services. This has greatly enhanced user experience.

Hong Kong's broadband penetration is also among the world's highest, with a household penetration rate of about 83 per cent. According to the State of the Internet 1st Quarter, 2014 Report by internet content delivery provider, Akamai, Hong Kong's fixed broadband service is one of the fastest in the world, with an average peak connection speed of 66 Mbps. Fixed broadband subscribers enjoy high-speed services of up to 1 gigabyte per second. Broadband access is now available in virtually all commercial and residential buildings in Hong Kong. Our city also has more than 28,000 public Wi-Fi hot spots, and the number continues to grow.

Ladies and gentlemen, all these developments underscore Hong Kong's status as a global leader in communications services. They also underline our strong commitment to providing the best possible environment for the development of our broadcasting industry, particularly cable and satellite companies.

Broadcasters in Hong Kong can be confident in operating in a place that strongly upholds freedom of expression and information, which does not pre-censor broadcast content, and which has a robust intellectual property protection regime. Our Government's regulatory approach is light-handed, market-oriented and liberal.

Support for Creative Industries

Of course, the success of the broadcasting industry depends not only on business strategies and technology, but also on creative talent.

The Hong Kong SAR Government strives to promote the development of our creative industries in many ways. From 2009 to August 2014, the Government-funded CreateSmart Initiative provided 378 million Hong Kong dollars to support 188 non-profit making initiatives, designed to nurture talent and facilitate start-ups, explore markets, and promote Hong Kong as Asia's creative capital. We strive to achieve the latter goal by fostering an environment conducive to creativity and developing creative clusters. In fact, the CASBAA is also a beneficiary of this initiative - in the past few years, the CreateSmart Initiative has sponsored the Community Outreach Programme of the Convention, to encourage local SMEs and students to come and learn from the valuable programmes featured in this major event.

The film industry has also benefited from a special free trade agreement between Hong Kong and the Mainland China, or CEPA (Closer Economic Partnership Arrangement), for short. Liberalisation measures under this arrangement offer significant opportunities for Hong Kong filmmakers and cinema operators. Hong Kong-Mainland co-productions, which have taken advantage of this pact, have enjoyed significant box office success. In fact, five out of the top 10 Chinese language box office hits in the Mainland last year were Hong Kong-Mainland co-productions. Hong Kong cinema operators can also benefit from CEPA - they can operate cinemas in the Mainland on a wholly owned basis.

Concluding remarks

Ladies and gentlemen, new challenges often come with great opportunities. Under the fast-developing arena of broadcasting regionally and globally, we must all think out of the box to move the industry forward. I am sure that the people I see here will continue to lead Asia's broadcasting industry to great new heights, by offering audiences timely information, valuable education and good entertainment, while promoting creativity.

In closing, I would like to thank the CASBAA for again choosing Hong Kong for this important event, and I wish you all another productive Convention and an enjoyable stay in Hong Kong. Thank you.

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