

LCQ22: Community Care Fund Digital Television Assistance Programme

Following is a question by the Hon Wu Chi-wai and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (February 26):

Question:

The authorities announced in February last year that after the switching off of the analogue television (TV) broadcasting (analogue switch-off) on November 30 this year, a total of 160 MHz of spectrum in the 600/700 MHz bands would be vacated. The authorities planned to make use of such spectrum for indoor mobile telecommunications services, and indicated that they would conduct frequency coordination with the Mainland authorities with a view to releasing more spectrums for outdoor deployment. In addition, the Commission on Poverty (CoP) approved in July last year the allocation of a funding of about \$450 million from the Community Care Fund for implementing a Community Care Fund Digital Television Assistance Programme (Assistance Programme), which would help about 160 000 analogue TV households in financial need to obtain digital TV sets or multi-function set-top boxes (STBs), so that they can continue to access local free TV programmes after the analogue switch-off. The authorities launched the Assistance Programme in mid-January this year and estimated that the number of beneficiary households would be about 80 000. This figure is smaller than the original estimate, but the authorities did not correspondingly lower the amount of funding allocation under the Assistance Programme. The Hong Kong Council of Social Service (HKCSS) has been commissioned to implement the Programme. HKCSS has earlier appointed, through an open tender exercise, Hong Kong Telecommunications Limited as the contractor responsible for providing services such as procurement and on-site installation of equipment for the households. The contractor may identify the most suitable option for a beneficiary household and there is no requirement on the brands and specifications of the equipment. In this connection, will the Government inform this Council:

- (1) as the authorities indicated that they would conduct public consultation on the use of the aforesaid vacated spectrum for indoor mobile telecommunications services, of the latest progress of the work in this respect; whether a decision has been made on the eventual use of such spectrum;
- (2) of the latest progress of the work undertaken by the authorities for releasing more spectrums for outdoor deployment;
- (3) given that the latest estimated number of beneficiary households under the Assistance Programme has substantially reduced by half as compared with the number in July last year, of the reasons for the authorities not correspondingly lowering the funding allocation for the Programme; the

estimated balance of funding upon completion of the Programme;

(4) given that the Assistance Programme will help beneficiary households to obtain digital TV sets or multi-function STBs, whether the authorities have estimated the respective numbers of pieces of these two types of equipment to be provided for the households;

(5) of the respective estimated amounts of the following items of expenses for the Assistance Programme: (i) the administration fees charged by HKCSS, (ii) the fees charged by the contractor, (iii) the respective total expenses for purchasing digital TV sets and multi-function STBs and the unit costs of the various types of equipment, and (iv) other expenses;

(6) given that the estimated number of beneficiary households under the Assistance Programme has substantially reduced, how the estimated amounts of the various items of expenses mentioned in (5) compare with the funding allocation approved by CoP in July last year;

(7) of the respective numbers of applications received and approved under the Assistance Programme so far and, among them, the respective numbers of cases in which digital TV sets or multi-function STBs have been installed;

(8) of the actual expenses incurred so far on the various items mentioned in (5)(iii); the respective numbers of digital TV sets and multi-function STBs procured by the contractor, and the number of brands involved; and

(9) whether any guidelines are currently in place to regulate the procurement procedure adopted by the contractor (e.g. requiring the contractor to conduct open tender exercises in phases so as to avoid a surge in product prices due to increased demand)?

Reply:

President,

To tie in with the implementation of full digital television (TV) broadcast on December 1 this year, the Government has engaged the Hong Kong Council of Social Service (HKCSS) to launch the Community Care Fund Digital TV Assistance Programme (Assistance Programme) to help needy households who are still using analogue TV to purchase digital TV receivers.

Regarding the question of the Honourable Member, a consolidated reply is provided as follows:

(1) and (2) After the switching off of analogue TV services, the Government plans to vacate a maximum of 160 MHz of spectrum in the 600/700 MHz bands for the provision of mobile telecommunications services. The spectrum concerned can be used indoor to relieve the currently congested indoor mobile traffic hotspots (such as MTR stations). As to the 700 MHz band, at least 20 MHz of spectrum can be made available for the provision of outdoor mobile services. The Office of the Communications Authority (OFCA) will continue to co-

ordinate with the Mainland authorities on the arrangements for the spectrum concerned. The target is to consult the public on the allocation and assignment of spectrum in the 600/700 MHz bands and the related arrangements within this year. Assignment of the relevant spectrum is expected to be completed next year.

(3) to (9) When the Government applied for funding from the Community Care Fund in July 2019 for implementing the Assistance Programme, the proposed funding ceiling was around \$450 million. The funding ceiling was made on the estimation of about 160 000 analogue TV households in need of assistance according to a survey conducted in 2017 and by making reference of the market prices of basic digital TV equipment at that time. The actual expenditure of the Assistance Programme is to be determined by the cost of digital TV receivers and relevant services as specified in the contract of the contractor as well as the total number of successful applying households. The unspent balance will be returned to the Community Care Fund.

According to the latest survey in end-2019, the number of analogue TV households in Hong Kong has dropped to around 100 000, representing about 45 per cent less than that in 2017. In this connection, the Government projected that there would be about 80 000 eligible households when it announced the details of the Assistance Programme in January 2020. Eligible households can choose either a set-top box, a 24-inch digital TV set or a 32-inch digital TV set. It is expected that the majority of households will choose digital TV sets.

According to the information available, the HKCSS has recently projected that the estimated expenditure of the entire Assistance Programme should be less than \$200 million, with the administrative fee estimated to be less than \$20 million. The administrative fee includes the administrative expenses of setting up a dedicated programme secretariat by the HKCSS and the 100 social service units helping to implement the Assistance Programme, setting up of computer system, telephone enquiry hotline, publication of application forms and related promotional materials, and other operating expenses. The HKCSS will obtain funding for its actual expenses on an accountable and reimbursement basis.

The HKCSS selected the contractor of the Assistance Programme through an open tender procedure. The responsible contractor is required to provide digital TV receivers that meet the technical requirements and relevant services as specified in the contract. The actual expenditure is calculated against the number of applying households and their choices of digital TV receivers. According to the contract, the prices of the digital TV receivers provided by the contractor must not be changed because of an increase (or decrease) in demand. The tender price of a contractor is commercial information and non-disclosable.

The Assistance Programme is open for applications from January 14 this year. As at February 21, the HKCSS received over 3 800 applications. More than 1 300 approved applying households have their digital TV receivers successfully installed, involving one digital TV brand and one digital set-

top box brand.