

SmarTone Mobile Communications Limited's Response to OFCA Consultation Paper

“Licence Fee Reductions for Unified Carrier Licence (UCL), Public Radiocommunications Service Licences and Service-Based Operator Licences Issued under the Telecommunications Ordinance”

1. SmarTone Mobile Communications Limited (“**SmarTone**”) is pleased to submit its comments on the above Consultation Paper issued by the Communications Authority (“**CA**”) on 29 June 2012.
2. SmarTone welcomes the initiatives taken by the Secretary for Commerce and Economic Development (“**the Secretary**”) and CA to reduce the customer connection fee from \$8 to \$7 per customer connection per year.
3. SmarTone however considers that there is room for further downward adjustment of the licence fees payable by licensees under the Telecommunications Ordinance. It is noted that OFTA has a proposed dividend of HK\$90 million in the financial year of 2010/11¹. The amount represents a surplus generated from the excess of income of OFTA, which mainly consisted of licence fees received, over the administrative costs of OFTA. The dividend would be paid from the trading fund into the general revenue.
4. SmarTone believes that if the surplus of the trading fund is transferred back to the industry in the form of further reduction in the licence fees payable by licensees, it would encourage further investment into licensees’ network and innovative services, which would benefit the Hong Kong’s economy and consumers as a whole.
5. Furthermore, it is noted that the existing level of customer connection fee (i.e., \$8 per customer connection per year) was established in 2008 when the unified carrier licensing regime came into play. There has not been any reduction of the licence fee since then, while it is noted that the trading fund of OFTA had been able to generate surpluses throughout the period. SmarTone therefore would like

¹ OFTA Trading Fund Report 2010-11

to request the Secretary and the CA to conduct the review of the licence fees whenever there is a surplus of the trading fund in the future.

SmarTone Mobile Communications Limited

30 July 2012