



25 February 2011

By Fax (2803 5113) and By Post

Office of the Telecommunications Authority
29/F
Wu Chung House
213 Queen's Road East
Wanchai
Hong Kong

Attn.: Senior Telecommunications Engineer (Spectrum Planning)

Dear Sirs

Consultation Paper on Spectrum Utilisation Fee for Spectrum Assigned Administratively

We refer to the Consultation Paper on Spectrum Utilisation Fee (“SUF”) for Spectrum Assigned Administratively (“**Relevant Spectrum**”) issued by the Office of the Telecommunications Authority (“OFTA”) on 26 November 2010 (the “**Consultation Paper**”).

Hutchison Telecommunications (Hong Kong) Limited is pleased to submit the joint comments of Hutchison Telephone Company Limited (“HTCL”) and Hutchison Global Communications Limited (“HGC”, together with HTCL referred to as “**Hutchison Telecom**”) for your consideration.

Please find in Part A below our general comments on the Consultation Paper and in Part B below our responses to OFTA’s specific enquiries.

A. GENERAL COMMENT

Hutchison Telecom support the proposal to apply SUF to congested spectrum that is assigned administratively (the “**Relevant Spectrum**”) in the manner as proposed in the Consultation Paper.

We agree that exemptions should be granted in circumstances as set out in Paragraph 8 of the Consultation Paper especially as regards to spectrum assigned to mobile network operators for provisions of telecommunications services in country parks and remote areas mentioned in Paragraph 8(a). In that regard, we respectively submit that remote areas should include outlying islands, villages in the New Territories and rural areas and would request for OFTA’s confirmation in that regard.

Besides, the exemptions under Paragraph 8(a) of the Consultation Paper should also apply to fixed network operators for the purpose of providing telecommunications services to remote areas (including outlying islands, villages in the New Territories and rural areas) as the need for the visitors, residents and businesses in those areas to have access to fixed line services at a reasonable price is as essential as the need to have access to mobile services.

Besides, construction work necessitates by the laying of cables for the provision of fixed and mobile services at the outlying islands, villages in the New Territories and rural areas will endanger the indigenous species and natural habitat. As such, it is essential that telecommunications services (both fixed and mobile) can be provided through alternative means such as by using microwave at a reasonable price.

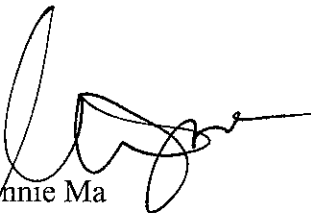
B. SPECIFIC COMMENTS

No.	Questions	Hutchison Telecom's comments
Question 1:	Do you agree that SUF for administrative assigned spectrum should only be applicable to the congested frequency bands based on the criteria of congestion given in paragraph 22?	<p>We have no objection to apply SUF only to congested frequency bands based on the criteria given in paragraph 22 but, as mentioned above, we respectfully submit that the outlying islands and rural areas should also be classified as remote areas and be exempted from the proposal for reasons mentioned in Part A above and that exemption under paragraph 8(a) should be extended to fixed network operators.</p> <p>We would also like to invite OFTA to clarify the basis of determining the "expected growth" and the "potential high demand" for the frequency band.</p>
Question 2:	Do you agree that SUF levied on the administratively assigned spectrum should be based on the LCA approach?	We have no objection.
Question 3:	Do you agree with the approach on setting the SUF for congested frequency bands for fixed links mentioned in the above paragraphs?	We would request that the SUF should be the lower of (i) HK\$3,000 per annum; and (ii) the actual amount of LCA to be

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		determined on a case by case basis as and when requested by the spectrum user.
Question 4:	Do you agree with the approach on setting the SUF for congested frequency bands for ENG/OB links mentioned in the above paragraphs?	We do not have any comment.
Question 5:	Do you agree with the approach on setting the SUF for congested frequency bands for satellite uplinks mentioned in the above paragraphs?	We do not have any comment.
Question 6:	Do you agree that SUF should be imposed as annual payment regardless of the valid duration of the licence?	<p>Annual SUF subject to regular review every five years will result in uncertainty to a licensee.</p> <p>A licensee should be provided with an option to pay the SUP in one upfront lump sum by discounting current annual licence fee and licence period with appropriate discount factor.</p>
Question 7:	Do you agree that fixed links operated by mobile carriers should be assigned under UC licence (instead of WBLRS licence) and thus be charged with the relevant SUF accordingly?	We do not have any comment.
Question 8:	Do you agree that SUF should be applied to all users of the designated congested frequency bands irrespective of the time when the licence of the user is due for renewal?	We have no objection.
Question 9:	Do you agree with the transitional arrangements for implementing the SUF charging scheme (i.e. the grace period, the phase-in introduction of the SUF and the one-off grant arrangement) as proposed in paragraph 57 above?	We do not have any comment, other than that in response to Question 6 above.

No.	Questions	Hutchison Telecom's comments
Question 10:	Do you agree that SUF charging scheme should be reviewed every five years?	Please refer to our response to Question 6 above.

Yours sincerely,
For and on behalf of
Hutchison Telecommunications (Hong Kong) Limited



Winnie Ma
General Counsel, Legal and Regulatory

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