

**Consultation Paper  
on the Creation of A Unified Carrier Licence  
under the Telecommunications Ordinance**

**Submission of  
SmarTone Mobile Communications Limited**

SmarTone Mobile Communications Limited (“**SmarTone-Vodafone**”) is pleased to provide its comments in response to the Consultation Paper on the Creation of A Unified Carrier Licence under the Telecommunications Ordinance (“**Consultation Paper**”) issued by the Commerce and Economic Development Bureau (“**CEDB**”) on 21 December 2007.

**1 Summary of Key Points**

1.1 SmarTone-Vodafone agrees with the proposal of creating the unified carrier Licence (“**UCL**”) in light of the development of fixed mobile convergence (“**FMC**”).

1.2 SmarTone-Vodafone supports the CEDB’s proposal that the Telecommunications Authority (“**TA**”) should not issue any existing fixed or mobile carrier licences to new entrants or to existing licensees whose licences expire after the UCL framework has been in place. SmarTone-Vodafone supports that the replacement of the existing carrier licences upon their expiry by UCL should be on a mandatory basis.

1.3 SmarTone-Vodafone agrees with the proposed licence fee schedule of UCL as detailed in the Consultation Paper.

1.4 SmarTone-Vodafone supports the principle of efficient utilization of numbers and requests CEDB to put in place an expedited administrative procedure for number return and assignment.

## **2. Comments in response to specific questions raised in the Consultation Paper**

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### ***Q1) The Secretary invites comments on the proposal of creating the UCL as detailed in paragraphs 9-13 of the Consultation Paper.***

2.1 SmarTone-Vodafone supports the proposal of creating the UCL. It is not only desirable to have the UCL in light of FMC but also is a necessary step to remove one of the regulatory asymmetries between the fixed and mobile operators.

2.2 In the consultancy report prepared by Ovum Limited entitled “Review of the Regulatory Framework for Fixed-Mobile Convergence in Hong Kong” dated 28 April 2006, Ovum has considered that the current asymmetrical licence structures for fixed and mobile operators should be replaced by a UCL regime in order to remove the regulatory asymmetries between fixed and mobile operators. The differences in the licence fee structures for fixed and mobile operators have been quoted to illustrate the regulatory asymmetries. Ovum’s recommendation is that a UCL should be adopted so that mobile and fixed operators are subject to a general authorization to build networks and offer service subject to some general constraints. SmarTone-Vodafone concurs with the Ovum’s view and requests the CEDB to proceed with the creation of UCL in a timely manner.

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### ***Q2. The Secretary invites views on the proposed migration arrangement under paragraphs 15-16 of the Consultation Paper.***

2.3 SmarTone-Vodafone supports the CEDB’s proposal that the TA should not issue any existing fixed or mobile carrier licences to new entrants or to existing licensees whose licences expire after the UCL framework has been in place. SmarTone-Vodafone supports that the replacement of the existing carrier licences upon their expiry by UCL should be on a mandatory basis. Given that the objective of the UCL is to promote a level playing field among the carrier licensees, be it fixed or mobile, the UCL should be the only licensing regime once the existing licence is expired.

2.4 On the other hand, while the existing licences remain valid, the existing licence holders should be entitled to continue to operate under their existing licences for the remaining term of the licence and the conversion to UCL would be implemented on a voluntary basis.

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***Q3. The Secretary invites views on the proposed period of validity for UCL under paragraphs 18-19, and the proposed conversion arrangement in paragraph 25.***

2.5 SmarTone-Vodafone in general supports the proposed period of validity for UCL and the proposed conversion arrangement. To help the carrier licensees to better understand the conversion procedure and requirements, guidelines on the conversion to UCL should be made available in a timely manner.

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***Q4. The Secretary invites views on the proposed General Conditions (“GCs”) of UCL as set out in Appendix A.***

2.6 Since the GCs of UCL are basically the same as those of the existing carrier licences, SmarTone-Vodafone has no further comment.

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***Q5. The Secretary invites views on the proposed fee schedule of UCL as set out in Appendix B.***

2.7 SmarTone-Vodafone agrees that there should be a unified licence fee structure for UCL, be it providing fixed and/or mobile services. Our view on this has been elaborated in paragraph 2.2 above.

2.8 SmarTone-Vodafone agrees in general with the proposed fee schedule of UCL as set out in Appendix B of the Consultation Paper so long as the licence fees for UCL are set on a cost-recovery basis.

2.9 SmarTone-Vodafone supports the principle of efficient use of numbers. In this regard, SmarTone-Vodafone would request the TA to review the procedure for number return and reassignment with a view to expediting the process and promoting efficient use of numbers.

4 March 2008

SmarTone Mobile Communications Limited