



**PEOPLES Submission**  
**To the TA's second paper for Licensing Framework for**  
**Third Generation Mobile Services.**

**Introduction:**

The following document is the Response from **PEOPLES** to the TA's second consultation paper dated 3<sup>rd</sup> October 2000.

**2.3 Proposed Approach.**

**PEOPLES** agrees with the TA's proposal for a "hybrid option" approach involving a "Pre-qualification" and subsequent auction.

**2.3.2 Pre-qualification.**

**PEOPLES** agrees with requirements as set out in the second consultation paper.

**2.3.3 Auction.**

**PEOPLES** believes the auction process is workable but this should be based on a royalty percentage on revenue with no minimum guaranteed payment. Refer to **PEOPLES** response for point 2.5.7.

**2.3.14 Industry feedback on what they consider as a reasonable percentage is sought to assist the TA in making a final decision.**

**PEOPLES** agrees with the principle of the "open network" and believe that 50% of the network operators' capacity should be made available for MNVO's / resellers.

This will create the best environment for competitive and innovative services to be made available for the consumers.

**2.3.15 "wholesale price of the 3G network licensees to MNVO's".**

**PEOPLES** agrees with the TA that wholesale prices should be determined by commercial negotiation among the parties and that with the "open network" principle in place competition between wholesalers will provide the best pricing.

**PEOPLES** does not believe that the TA should be involved in the determination of commercial issues but should this be requested the pricing should be based on a "cost plus" approach.



**2.4.2 The TA welcomes comments on his preferred hybrid auction approach as described above.**

PEOPLES supports the TA's hybrid auction approach taking into consideration our views expressed in relation to 2.3.15 (wholesale pricing) and 2.5.7 (payment of royalty based on revenue with no minimum guaranteed payment).

**2.5.7 The TA welcomes comments on whether bidders would prefer to pay for licenses through an upfront cash payment, deferred cash payment, or the royalty payment with minimum guaranteed payment as proposed.**

PEOPLES is of the firm belief that the auction pricing / process should be based on offers for a royalties component of the revenue with no minimum guaranteed payment.

PEOPLES believes this approach to the auctioning process will provide benefit to the Government based on the success of the 3G business and not unnecessarily restrict the development of the network and services.

We do not believe that spectrum should be viewed as an enterprise value to generate funds for the Government. We believe that this payment method would also have the desired effect of minimizing the possibility of spectrum price being passed on to consumers and yet does not expose the Government to any risks whatsoever.

**3.3 Proposal: Spectrum Width per Operator and Number of Licenses.**

PEOPLES agrees with the TA's proposal to award four licenses as stipulated in 3.3.1.

**4.1 Treatment of New Entrants.**

PEOPLES agrees with the TA's proposal.

**4.2 3G Standards in Hong Kong.**

PEOPLES agrees with the TA's proposal.

**4.3 Availability of 3G Spectrum.**

PEOPLES agrees with the comments.



**4.4 3G Services in 2G Spectrum.**

PEOPLES agrees with the proposal.

**4.5 Mandatory 3G Mobile Number Portability.**

PEOPLES agrees with the proposal.

**4.6 Numbering Requirement.**

PEOPLES agrees with the comments.

**4.7 Domestic Roaming between 3G and 2G Networks.**

PEOPLES agrees with the proposal. The “sunset” date should be 2 years.

**4.8 Regulatory Framework.**

PEOPLES does not see the requirement for the current framework to be changed at this time.