

CONSUMER COUNCIL

Submission to LegCo Panel on Information Technology and Broadcasting regarding to the extent of service coverage of Telecommunications networks

Introduction

1. The Consumer Council is pleased to provide comments to the Panel Committee regarding the extent of service coverage of telecommunications networks.
2. As a general comment, the Consumer Council expresses its support for Government policy in opening telecommunications markets to competition, and the enactment of telecommunications competitive safeguards in the Telecommunications Ordinance. In particular, it supports the use of competition law provisions in addressing allegations of abuse of dominance, and anti-competitive agreements.
3. The Council is of the view that the Government's intervention in the markets for provision of various telecommunications services, such as the granting of exclusive licences for fixed telecommunications networks services, and providing assistance to new entrants in accessing network infrastructure, aimed at facilitating competition should be:
 - set with regard to clearly defined goals; and
 - measured against benchmarks that indicate whether there is an appropriate level of competition that is bringing benefits to consumers.
4. The Council is concerned that after one and half years following the extension of the moratorium on fixed lined network licences, there are claims that the market share of new FTNS operators is still less than 5%. This is even though network infrastructure coverage has the ability to provide new entrants with potential to service a larger number of subscribers.
5. The Council has representations from industry that the reasons for this are either a lack of commitment on the part of new entrants, or a problem with the provisions in the Code of Practice for Local Access Link. The Council notes that the Telecommunications Authority has revised the Code in November 2000. The revision has been designed to assist in the provision of type II Interconnection to

facilities of the previous incumbent monopoly by the new FTNS operators, in order to facilitate the roll-out of their networks.

6. The Council suggests that whether the Code is delivering the policy objectives of Government in regard to fixed line services, is a matter that should be assessed on an ongoing basis that reflects the incremental increases expected in the market, which in turn reflects the marketing strategies of the participants.

7. In these circumstances, it would be expected that competition goals such as market share figures for new entrants, would be set as a benchmark against which the efficacy of the Code in delivering those goals would be tested. Reporting of the incremental advances of new entrants, in terms of market shares, and area coverage, at regular intervals, would provide a degree of transparency for consumers, to assure them that the regulatory regime designed to facilitate competition is working.

8. This would also provide an indication as to whether the requirements for specific safeguards, such as those preventing the abuse of dominance, through the Code or otherwise, need to be continued or revised.

Consumer Council
12 February 2001