

LEGISLATIVE COUNCIL BRIEF

Telecommunications Ordinance
(Chapter 106)

TELECOMMUNICATIONS (AMENDMENT) REGULATION 2005

**TELECOMMUNICATIONS (CARRIER LICENCES)
(AMENDMENT) REGULATION 2005**

INTRODUCTION

— This brief informs Members of the Telecommunications (Amendment) Regulation 2005, and the Telecommunications (Carrier Licences) (Amendment) Regulation 2005 at Annexes A and B (collectively known as Amendment Regulations hereafter) respectively. The Amendment Regulations aim to reduce the annual licence fees payable for mobile stations under the Public Radiocommunications Services (PRS) Licences and Mobile Carrier Licences from \$20 to \$18 per mobile station with effect from 1 May 2005.

JUSTIFICATIONS

2. Licence fees are collected by the Office of the Telecommunications Authority (OFTA) Trading Fund to recover its costs in administering the licences. According to the statistics of OFTA, the number of mobile stations (calculated by reference to the number of mobile phone subscribers (including activated prepaid SIM cards)) has increased from 6.5 million in December 2003 to 7.1 million in October 2004. As a result of the growth, OFTA's licence administration costs per mobile station have decreased. The Government has therefore decided to reduce the annual licence fee for mobile stations from \$20 to \$18 per mobile station.

THE AMENDMENT REGULATIONS

3. To reduce the annual fee for mobile stations under the PRS

Licences, we propose to amend Part II of Schedule 1 to the Telecommunications Regulations (Cap. 106A) by the Telecommunications (Amendment) Regulation 2005.

4. To reduce the annual fee for mobile stations under the Mobile Carrier Licences, we propose to amend Part 3 of Schedule 3 to the Telecommunications (Carrier Licences) Regulation (Cap. 106V) by the Telecommunications (Carrier Licences) (Amendment) Regulation 2005.

LEGISLATIVE TIMETABLE

5. The legislative timetable will be –

Publication in the Gazette	4 March 2005
Tabling at the Legislative Council	9 March 2005
Commencement	1 May 2005

IMPLICATIONS OF THE PROPOSAL

6. With the reduction in licence fees, the rate of return on average net fixed assets of the OFTA Trading Fund for 2005-06 is expected to be close to the target rate of 14.5%.

7. The Amendment Regulations are in conformity with the Basic Law, including the provisions concerning human rights. They do not affect the current binding effect of the Telecommunications Ordinance (Cap. 106). They have no civil service, productivity or environmental implications. They do not have any significant sustainability implications.

8. Apart from mobile service operators, the proposal will also benefit trunked radio operators, radiolocation service operators, mobile data service operators, paging companies, and mobile virtual network operators. It will help maintain Hong Kong's competitiveness as a telecommunications hub in Asia.

PUBLIC CONSULTATION

9. Before amending the Telecommunications (Carrier Licences)

Regulation, the Secretary for Commerce, Industry and Technology is required by the Telecommunications Ordinance to, by notice in the Gazette, consult members of the public who are interested in the matter, and consider the representations received. A public consultation exercise was launched on 7 January 2005 and a total of 11 submissions were received.

10. The submissions are generally supportive of the Government's proposal. One submission commented that the proposed fee reduction for mobile stations should take effect on 1 January 2005 instead of 1 May 2005. In view of the time involved in the legislative process to amend the regulations, we consider it appropriate to implement the fee reduction proposal on 1 May 2005. A few submissions suggested that the licence fees for local Fixed Telecommunications Network Services (FTNS)/Fixed Carrier Licences should also be reduced. OFTA has reviewed its licence administration costs and considered that there is no room to reduce the licence fee for fixed carriers providing local services. This is because administering local FTNS/Fixed Carrier Licences involves many labour intensive activities, including co-location of exchanges, sharing of costs among operators, cross-operator charging, road opening, building access related issues, analysis of tariffs, complaints and disputes handling etc.

11. We briefed the Information Technology and Broadcasting Panel of the Legislative Council on 4 February 2005. The Panel is supportive of the proposal to reduce the licence fee for mobile stations.

PUBLICITY

12. A press release will be issued to tie in with the gazettal of the Amendment Regulations. A spokesman will be available for answering media enquiries.

ENQUIRIES

13. For any enquiries related to this Brief, please contact –

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Communications and Technology Branch
Commerce, Industry and Technology Bureau
2 March 2005

TELECOMMUNICATIONS (AMENDMENT) REGULATION 2005

(Made under section 29A of the Interpretation and General Clauses Ordinance (Cap. 1) by virtue of section 37 of the Telecommunications Ordinance (Cap. 106))

1. Commencement

This Regulation shall come into operation on 1 May 2005.

2. Schedule 1 amended

Schedule 1 to the Telecommunications Regulations (Cap. 106 sub. leg. A) is amended, in Part II, under the heading “PUBLIC RADIOCOMMUNICATIONS SERVICE LICENCE” –

- (a) in paragraph 1(d), by repealing “\$4,000” and substituting “\$3,600”;
- (b) in paragraph 1(e), by repealing “\$2,000” and substituting “\$1,800”.

Secretary for Financial Services and
the Treasury

February 2005

Explanatory Note

This Regulation amends Schedule 1 to the Telecommunications Regulations (Cap. 106 sub. leg. A) in order to reduce the annual licence fee payable for a public radiocommunications service licence.

**TELECOMMUNICATIONS (CARRIER LICENCES)
(AMENDMENT) REGULATION 2005**

(Made under section 7(2) of the Telecommunications Ordinance
(Cap. 106))

1. Commencement

This Regulation shall come into operation on 1 May 2005.

2. Fees payable for carrier licences

Schedule 3 to the Telecommunications (Carrier Licences) Regulation (Cap. 106 sub. leg. V) is amended, in Part 3 –

- (a) in section 1(d), by repealing “\$4,000” and substituting “\$3,600”;
- (b) in section 1(e), by repealing “\$2,000” and substituting “\$1,800”.

Secretary for Commerce, Industry and
Technology

February 2005

Explanatory Note

This Regulation amends Part 3 of Schedule 3 to the Telecommunications (Carrier Licences) Regulation (Cap. 106 sub. leg. V) in order to reduce the annual licence fee payable for a mobile carrier licence.