

SMARTONE MOBILE COMMUNICATIONS LIMITED

**RESPONSE TO
CONSULTATION PAPER ON
PROPOSED SPECTRUM POLICY FRAMEWORK**

SmarTone Mobile Communications Limited (“**SmarTone-Vodafone**”) is pleased to provide to the Panel on Information Technology and Broadcasting a summary of its response to the CITB’s Consultation Paper on Proposed Spectrum Policy Framework as follows.

In summary, SmarTone-Vodafone submits that:

1. The current consultation exercise has regarded some critical policy issues as longer term that could be dealt with later or subject to further study. This will defer decision made on these policies, thereby creating substantial regulatory uncertainties to the industry:
 - Issues like trading, refarming and liberalization of spectrum are important policy issues affecting the spectrum users’ rights and the value of spectrum;
 - Fixed-mobile convergence and telecommunications-broadcasting convergence are two unavoidable trends that the spectrum policy framework must look into;
 - Failure to address these issues in the long-term spectrum policy will create substantial regulatory uncertainties which make it difficult for industry players to assess the value of certain spectrum and make informed investment decision;
 - The Government should address these issues as soon as possible by providing detailed and specific proposals for the industry to consider. This will help to formulate a comprehensive long-term spectrum policy to clear uncertainty and allow the industry to make informed decision on spectrum issues.

2. Considerations and policy objectives of the spectrum policy should include the following:
 - Promoting fair competition and a level playing field in the electronic communications industry;
 - Promoting long-term and sustainable investment from both new and existing industry players.

3. On the proposals in relation to spectrum assignment, SmarTone-Vodafone submits that:
 - Auction should be generally used in spectrum assignment;
 - The reserve price set by the Government should be consistent with past auction for spectrum of similar nature;
 - Non-market-based approach in spectrum assignment should be fully justified and should be subject to a check and balance mechanism;
 - There should be a review of the spectrum utilization fee (“**SUF**”) policy so as to ensure that there is a level playing field among spectrum users.

4. Licence renewal decision should consider implications to customer and service continuity. An efficient operator utilizing spectrum efficiently should have the first right of refusal upon licence renewal.

5. A spectrum release plan as well as information about existing spectrum allocation and assignment should be published to enable industry stakeholders to make informed decision regarding spectrum.

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