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**Hong Kong Telecommunications Users Group
Response to Legco subcommittee on Subsidiary Legislation
to Introduce a Unified Carrier Licence under the
Telecommunications Ordinance
on Telecommunications (Carrier Licences) (Amendment)
Regulation 2008 & Telecommunications (Level of Spectrum
Utilization Fees)(Second Generation Mobile
Services)(Amendment) Regulation 2008**

In response to the Legco subcommittee on subsidiary legislation to introduce a Unified Carrier Licence under the Telecommunications Ordinance, Hong Kong Telecommunications Users Group ("HKTUG") is pleased to provide our comments.

Introduction

- The HKTUG welcome the proposed creation of UCL to have a uniform set of regulatory conditions for the carrier licence of both fixed and mobile operators in order to set the platform for innovation of advanced, converged telecommunications services. With the increasing convergence of fixed and mobile technologies, it makes sense to have a single set of regulations and regulator to enforce them.
- Whilst the term "consumer" is used throughout the consultation document, HKTUG focuses in the business market and represents the voice of corporate and SME users of telecommunications services.
- HKTUG highly appreciates the exemplary work that OFTA provides. Hong Kong is a world leader in regulatory fairness, openness, thriving competition and low prices, and the benchmark for most other markets to follow. The proposed legislation by the working subcommittee of Legco is a remarkable step towards preserving the successful model of pro-competition and pro-consumer framework established by OFTA.

Creation of UCL

- HKTUG supports the creation of UCL with the harmonized set of rights and obligations. It is paramount that the transition to the new UCL will not have any negative impact to the existing set of services provided. If there is any termination of operator's service, a proposed migration arrangement has to be prepared with sufficient notice in advance to the business sector and consumers.

Fee Schedule and Number Fee

- HKTUG would like to comment specifically the Number Fee which is a newly introduced item in the proposed Fee Schedule of Part 6 Unified Carrier Licences Section 6 of the LN132-08 document.
- Telecommunications numbers as a territory-wise resource has to be managed by OFTA and used efficiently by all operators in order to extend the life span of the current 8-digit numbering plan. The financial impact of publishing the new numbers and the subsequent additional effort of 9-digit or 10-digit dialing arena are huge and every effort should be made to prolong the life of the current 8-digit numbering plan.
- While only 60% or 20 millions numbers are being actively used today out of the 32 millions allocated numbers, HKTUG believes there are rooms for better utilization of these unused numbers through administration means and financial incentives such as the Number Fee. For example, the allocated block size can be reduced from the current 100,000 per block to 10,000 per block so that it is easier to return back to OFTA and that the utilization of each block has to reach over 60% before another block will be allocated.
- For the financial incentive, there are previous examples in Hong Kong and elsewhere that the Number Fee is an attractive instrument to encourage efficient use of numbers. Ideally only the unused numbers should be charged and each operator can be allowed a small % such as 5% as buffer for their used numbers. It is understood that each operator has to report to OFTA its subscriber numbers every month for statistical reason hence there should not be any additional effort. However, we understand that OFTA is proposing that the Number Fee applies for all used and unused number for ease of administration. As such HKTUG agrees that the introduction of Number Fee is the right self-regulating tool for striking the balance between the interest of the end-users, the operators and the public resources of the telecommunications numbers.

- The proposed harmonized level of subscriber-based number connection fee and Number Fee favours the mobile operators with a net reduction of \$7 per used number per year and \$3 for each unused number whilst the fixed line operators will have to pay \$4 more for each used number per year and \$3 for each unused number. This is unavoidable in order to create a unified environment. Sufficient time should be allowed for the FTNS to take this additional fee into their cost structure and that this fee is small enough so that the operator will not transfer the cost to the end-user.

Lastly, the work of OFTA and the Legco has helped Hong Kong to become a successful telecommunications hub in Asia and HKTUG hopes that this unified carrier licence initiative will further push our electronic communications industry to new heights through this regulatory convergence. Thank you.

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