

Submission by
SmarTone Mobile Communications Limited
to the
Bills Committee on Communications Authority Bill

SmarTone Mobile Communications Limited (“SmarTone-Vodafone”) is pleased to provide its comments on the Communications Authority Bill for the Bills Committee’s consideration.

SmarTone-Vodafone has submitted its comments to the consultation paper entitled “Consultation on the Establishment of the Communications Authority” issued by the Commerce, Industry and Technology Bureau in 2006. We would like to highlight some of the key issues as follows:

1. SmarTone-Vodafone supports the proposal to establish a unified regulatory body, namely the Communications Authority (“CA”), to cover both the telecommunications and broadcasting sectors.
2. As the industry regulator, a key mission of the CA is to promote the long-term interests of the communications industry in Hong Kong. This would require the appointment of members who have sufficient knowledge of the communications industry to the CA’s Committee.
3. We believe a unified regulator for the telecommunications and broadcasting sectors would be more effective in dealing with cross-sector competition issues. For example, an operator with both telecommunications and broadcasting business may refuse to broadcast the advertisement of a telecommunications service provider because it is competing with the telecommunications service provided by the operator. The existing sector specific competition provisions in the Telecommunications Ordinance (“TO”) and Broadcasting Ordinance (“BO”)

may not be able to deal with such kind of cross-sector competition issues. While we understand that the CA will be tasked to carry out a comprehensive review of the existing regulatory regimes and introduce legislative changes to update and rationalize the existing TO and BO, there is an imminent need to ensure a level playing field in the communications industry and any cross-sector competition issues would be adequately addressed by the CA even before the completion of the legislative review.

4. The establishment of a unified regulatory authority would be able to save the administrative cost of the regulator as compared to the existing separate regulatory regimes. We therefore expect that the CA will carry out a review of the licence fee to reflect any saving in the administrative cost brought by the establishment of a unified regulator. Also, the review should include rationalization of any disparities in the licence fee regime between the telecommunications and broadcasting sectors.

SmarTone Mobile Communications Limited

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