

**立法會**  
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**Panel on Information Technology and Broadcasting**

**Meeting on 12 November 2018**

**Updated background brief on licence fees under  
the Telecommunications Ordinance**

**Purpose**

This paper provides updated background information on the licence fees payable by the holders of licences under the Telecommunications Ordinance (Cap.106) and a summary of views expressed by Members in the past meeting of the Panel on Information Technology and Broadcasting ("the Panel").

**Background**

Unified carrier licence

2. In Hong Kong, public telecommunications services can be provided by facility-based operators who are authorized, under a carrier licence, to establish and maintain telecommunications networks and facilities. Since August 2008, a unified carrier licence ("UCL") regime has been introduced which allows licensees to establish telecommunications networks, circuits, and equipment to provide both fixed and mobile telecommunications services.

Services-based operator licence and public radio communications service licence

3. Public telecommunications services can also be provided by service-based operators ("SBOs"). Unlike facility-based operators, SBOs are not authorized to establish or maintain telecommunications networks and

facilities for the provision of public telecommunications services. Instead, they have to make use of the networks and facilities established by licensed facility-based operators.

4. In particular, a SBO licensee may operate mobile virtual network ("MVN") service. In MVN service, public radio communications service is provided to customers through interconnection with the radio communications infrastructure of a mobile network operator ("MNO") with a UCL authorized for provision of mobile services and assigned the necessary radio spectrum.

5. Provision of public radio communications services ("PRS"), including radio paging, may be operated by service providers under a PRS licence granted by the Office of the Communications Authority ("OFCA").

#### Mobile radio system mobile station licence and private mobile radio system licence

6. Under Cap. 106, other than a few exceptions, a licence is required for possession, establishment and maintenance (or use) of a radio system. Accordingly, a Mobile Radio System ("MRS") licence or Private Mobile Radio System ("PMRS") licence should first be obtained from CA before a person possesses and/or uses radio transmitting and receiving equipment for radio communications purposes. Furthermore, a MRS or PMRS Mobile Station licence is required for the possession, establishment, maintenance and use of a transmitting and receiving station for radio communications services.

#### Wireless Internet of Things licence

7. On 1 December 2017, CA announced the creation of a new licensing regime for the provision of Wireless Internet of Things ("WIoT") platforms and services using the shared frequency band of 920 – 925 MHz with a view to underpinning the preparation for embracing the new era of Internet of Things ("IoT") and the Fifth Generation ("5G") mobile services, as well as various smart city applications in Hong Kong.

8. Services to be authorized under this new WIoT licence would only support automated machine-to-machine type data communications. The regulatory control would be less stringent and the licence fee for WIoT services would be lower as compared with the current carrier licence. MNOs may also provide WIoT services under their UCLs subject to the licence conditions therein.

## Licence fees

9. Section 7(2) of Cap. 106 provides for the Secretary for Commerce and Economic Development ("SCED") to prescribe, by regulation, the general conditions and fees payable for a carrier licence. The Telecommunications (Carrier Licences) Regulation (Cap. 106V) made by SCED under section 7(2) of Cap. 106 provides for, inter alia, the fees payable for UCLs. Part 6 of Schedule 3 of the Regulation sets out the licence fees payable upon the issue of UCLs and on the anniversary of the issue of UCLs in each year while the licences remain in force.

10. Licence fees are collected by the OFCA Trading Fund to recover the costs incurred by OFCA in administering the carrier licences. In line with the cost recovery principle, OFCA has been monitoring regularly the financial performance of OFCA Trading Fund and is minded to adjust the relevant licence fees should there be room to do so.

11. Before setting new fee levels for UCLs, SCED is required under section 7(3) of Cap. 106 to invite members of the interested public to make representations by notice in the Gazette. The licence fees payable for PRS and SBO licences are determined by the CA under section 7(6) of Cap. 106.

12. On 8 June 2018, SCED and CA jointly issued a consultation paper seeking views and comments from the industry and interested parties on the proposals to reduce the licence fees payable by holders of the abovementioned five types of licences issued under Cap. 106, and to introduce a new fee component under UCLs to facilitate the development of WIoT services. The consultation exercise ended on 6 August 2018<sup>1</sup>.

## **Previous discussions**

### Panel on Information Technology and Broadcasting

13. At the Panel meeting held on 10 December 2012, members were briefed on the proposal on licence fees reduction for UCLs, PRS and SBO. The Panel supported in principle the Administration's proposal.

14. Members expressed concern about how the licence fees reduction could benefit consumers, and whether there was room for further reduction. The Panel was informed that, while consumers might not benefit significantly from the reduction, the licence fees had been reduced on a number of

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<sup>1</sup> The copy of the consultation paper can be accessed through the following link: [https://www.cedb.gov.hk/ccib/eng/paper/pdf/2018\\_licence\\_fee\\_eng.pdf](https://www.cedb.gov.hk/ccib/eng/paper/pdf/2018_licence_fee_eng.pdf)

occasions over the past two decades and mobile service fees in Hong Kong were already among the lowest in the world. Meanwhile, the Administration would continue to monitor the financial performance of the OFCA Trading Fund regularly.

15. As regards some members' concerns about the performance of the licencees, and the high mobile data charges, the Administration advised members that licencees were required to submit performance reports to OFCA on a quarterly basis for benchmarking with their performance pledges.

16. Members also enquired whether the surplus generated by OFCA Trading Fund would be used for the benefit of consumers. The Administration responded that OFCA had been allocating resources for various consumer protection and public education initiatives. The Panel noted that if OFCA Trading Fund was expected to be able to achieve a sustained high rate of return, OFCA would make timely effort to adjust the licence fees.

17. Members noted that number fee has been imposed since 2008 to encourage better utilization of number resources and to prolong the life span of the current 8-digit numbering plan. Some members enquired whether the subscriber numbers returned had been reassigned to companies for the operation of cold call services. The Panel was advised that most of the numbers returned from the licensees were reassigned to mobile service subscribers rather than cold call centres.

### **Latest position**

18. The Administration will brief the Panel on 12 November 2018 on the decisions made by the SCED and the CA on the licence fee reduction for five types of telecommunications licences mentioned in paragraphs 2 and 6 introduction of a new fee component under Unified Carrier Licences.

### **Relevant papers**

19. A list of the relevant papers is set out in the **Appendix**.

## Appendix

### List of relevant papers

Issued by	Meeting date/ Issue date	Paper
Panel on Information Technology and Broadcasting	10 December 2012	<p>Administration's paper on licence fees reduction for Unified Carrier Licences, Public Radio communications Service Licences and Services-Based Operator Licences issued under the Telecommunications Ordinance  <a href="#">(LC Paper No. CB(4)201/12-13(06))</a></p> <p>Background brief on licence fee for Unified Carrier Licences under the Telecommunications Ordinance  <a href="#">(LC Paper No. CB(4)201/12-13(07))</a></p> <p>Minutes of meeting  <a href="#">(LC Paper No. CB(4)365/12-13)</a></p>
Commerce and Economic Development Bureau and Communications Authority	8 June 2018	<a href="#">Consultation Paper on Licence Fees Reduction for Five Types of Licences Issued under the Telecommunications Ordinance (Cap. 106) and Introduction of a New Fee Component under Unified Carrier Licences</a>
Commerce and Economic Development Bureau and Office of the Communications Authority	16 July 2018	<a href="#">Consultation on the Proposed Licence Fees Reduction – Additional information and clarification</a>