

Written Submission to the Bills Committee on Telecommunication (Amendment) Bill 1999

1. Introduction

Hong Kong has been successful in establishing an excellent telecommunication infrastructure, and we believe that this will be continued with a regulatory framework that allows future developments in the telecommunications industry, and also advancement of all communications technologies without undue restrictions. Furthermore, the policy of the Telecommunications Authority (TA) should promote fair competition and encourage long-term commitment from industry participants. In this way, both the business and consumer sectors would be able to benefit from a wide range of innovative, high quality and low cost telecommunication services.

SmarTone in essence supports the Telecommunication (Amendment) Bill, which aims to enhance the development of a dynamic information infrastructure for Hong Kong and the competitiveness of Hong Kong in the global economy. However, SmarTone has some major concerns which are set out below.

2. Equal Footing for PMRS/PCS and FTNS Licencees

With technology advancement and a very high penetration of mobile telecommunications services, mobile telecommunications have become mainstream communication in Hong Kong. The general view that mobile telecommunications service is a premium service ancillary to fixed line services is no longer valid. Similar views would only be an impediment to realizing the full potential of mobile telecommunications services and their values to the success of Hong Kong.

Also, the PMRS/PCS operators have been investing significantly in making Hong Kong world famous not only for excellent service quality and coverage, but also innovative and advance in mobile communication services. We strongly believe that the development of the next generation mobile telecommunications system will further demonstrate that mobile and wireless communications will play very significant roles in future telecommunications. In moving towards the convergence of fixed and wireless networks, the boundary of mobile and fixed services will diminish, and the contribution of the PMRS/PCS and FTNS licensees will be of equal importance to the successful development of the Hong Kong information infrastructure. On

these basis, we strongly consider that PMRS/PCS licensees should receive fair and equitable treatment as the FTNS licensees. SmarTone supports any amendment that recognizes the contribution of the PMRS/PCS licensees which will grant them equal footing with the FTNS licensees.

3. Access Rights of Mobile Operators

SmarTone supports the TA's policy in providing ubiquitous coverage for mobile telecommunications services. The penetration rate of mobile telecommunications services has now reached about 50% of the total population, and is still on the upward trend. With the introduction of the next generation of mobile communication in the coming years, there can be no doubt that mobile operators will be able to boost the penetration rate by offering multi-media services to a much wider spectrum of customers. We consider the mobile operators should be granted with unrestricted access in crucial areas, in particular those areas which are managed by parties with more emphasis on commercial interests, to fulfil customers' needs.

We believe providing ubiquity mobile communication services will bring benefits to the telecom industry. However, mobile telecommunications operators have encountered significant problems in gaining access to shielded areas of public places (e.g. tunnels and shopping malls) where equipment has to be installed at specific locations in order to provide network coverage. The mobile operators are often either refused entry or required to pay excessive and unreasonable high price to gain access to some of the shielded public areas. Without such right of access, there is no alternative (e.g. to cross-harbor tunnels), or it is very uneconomical, to provide services to the public. Obviously, this will hinder the TA's objectives in ensuring ubiquitous coverage for mobile telecommunication services, and definitely not in the interest of the public. We have compared the prevailing practices in other countries and note that the majority of the overseas tunnel operators and shopping malls only charge the cost or a bare minimum fee for mobile operator's access arrangement.

SmarTone believes that only when mobile communication services are provided in the most efficiency manner, will the public enjoy the best-valued telecommunication services. SmarTone supports any proposed amendment in the Telecommunication Bill in enhancing the rights of the mobile network operators to gain access to such shielded areas, at minimum necessary cost, in order to provide services to the public.

4. Radio Frequency Spectrum Management

The radio frequency spectrum is a scarce resource and should be utilized and managed in an effective manner for the best interest of the public. We consider the existing mechanism that the TA is using is effective for the purpose. The TA's proposed amendment on sale and lease of the spectrum may not be necessary for the best interest to the telecommunications industry and the public.

All in all, SmarTone supports the Telecommunication (Amendment) Bill, in particular on any amendment in establishing equal footing for PMRS/PCS and FTNS licensees, and granting unrestricted access rights to mobile operators for ubiquity coverage. We hope the Legco can seriously consider SmarTone's views in establishing fair and reasonable amendments to the Telecommunication Bill.

Hubert Ng
Chief Executive Officer
SmarTone Mobile Communications Limited