

**For discussion on
4 February 2005**

**Legislative Council Panel
on Information Technology and Broadcasting**

**Reduction of Licence Fee for Mobile Stations
under Public Radiocommunications Service Licences,
Mobile Carrier Licences,
and Public Non-exclusive Telecommunications Service Licences**

Purpose

This paper briefs Members on our proposal to reduce the annual licence fee for mobile stations under the Public Radiocommunications Service (PRS) Licences, Mobile Carrier Licences, and Public Non-exclusive Telecommunications Service (PNETS) Licences from \$20 to \$18 per mobile station with effect from 1 May 2005.

Background

2. Licence fees are collected by the Office of Telecommunications Authority (OFTA) Trading Fund to recover its costs in administering the licences. The levels of licence fees are prescribed in the Telecommunications Regulations (Cap. 106A), the Telecommunications (Carrier Licences) Regulation (Cap. 106V), or by the Telecommunications Authority in exercise of his power under section 7(6) of the Telecommunications Ordinance (Cap. 106).

The Proposal

3. According to the statistics of OFTA, the number of mobile stations, i.e. the number of mobile phone subscribers (including activated prepaid SIM cards), has increased by 8.7% from 6.5 million in December 2003 to 7.1 million in October 2004. As such, OFTA's licence administration costs per mobile station have decreased. The Government has therefore proposed to reduce the annual licence fee for mobile stations under the three types of licences from \$20 to \$18 per mobile station with effect from 1 May 2005.

4. Apart from mobile service operators, trunked radio operators, radiolocation service operators, mobile data service operators, paging companies, and mobile virtual network operators will also benefit from the proposed fee reduction.

5. To effect the proposal, it is necessary to amend the fee levels for PRS Licences and Mobile Carrier Licences as stipulated in the schedules of the Telecommunications Regulation (Cap. 106A) and the Telecommunications (Carrier Licences) Regulation (Cap. 106V) respectively, and to amend the fee level for PNETS Licences by way of a determination to be made by the Telecommunications Authority.

Public Consultation

6. Before amending the Telecommunications (Carrier Licences) Regulation (Cap. 106V), the Secretary for Commerce, Industry and Technology is required by the Telecommunications Ordinance (Cap. 106) to, by notice in the Gazette, consult members of the public who are interested in the matter, and consider the representations received. A public consultation exercise was therefore launched on 7 January 2005. It has ended on 28 January 2005.

Way Forward

7. The Government will consider the submissions received in the public consultation exercise. Should the Government then consider it appropriate to take forward the proposal set out in paragraph 1 above, the Government will accordingly amend the Telecommunications Regulations (Cap. 106A), the Telecommunications (Carrier Licences) Regulation (Cap. 106V), and also the fee level for PNETS Licences.

Communications and Technology Branch
Commerce, Industry and Technology Bureau
28 January 2005