

Summary of comments by Pacnet to Subcommittee on Subsidiary Legislation to Introduce a Unified Carrier Licence under the Telecommunications Ordinance meeting at 9:00am on Saturday 14 June 2008:

1. Pacnet is supportive of OFTA's proposals for simplification of the licensing regime and generally supports the Unified Carrier Licence ("UCL") as a positive step in the modernization of the current licensing regime.
2. The licences under which fixed and mobile carriers currently operate in Hong Kong are substantially the same in form and content as those issued when the domestic fixed and mobile markets were first opened to competition (in 1995 and 1996, respectively).
3. OFTA has been conspicuously successful in establishing competitive markets for the provision of telecommunications services in Hong Kong. This means that industry conditions have changed greatly since 1995 – the industry is now much more competitive, with many more suppliers in the market.
4. It is important to have regard, Pacnet submits, to the fact that Hong Kong's telecommunications markets are now much more competitive, when considering regulatory requirements, including licence conditions.
5. When formulating a licence that will be optimal in a particular setting, it is necessary to have close regard to the conditions prevailing in that industry and the needs of operators, their customers and the public at large, Pacnet submits.
6. The kinds of licence conditions applied during the 1990s might or might not continue to be optimal during the 2010s.
7. Since Hong Kong's telecommunications markets today are technologically different and very much more competitive than those that existed when the licence conditions were first developed, the public and carriers might be better served by a different set of conditions, or by a general authorization instead of a licence, Pacnet respectfully submits.
8. In Pacnet's respectful submission, as a next step in licence reform, a fundamental review of Hong Kong's telecommunications regulatory needs is warranted, to ensure that the carrier licensing regime best promotes the development of Hong Kong's telecommunications industry and the best interests of Hong Kong's telecommunications users in the next phase of the industry's evolution.
9. In summary, Pacnet supports OFTA's initiative to introduce a Unified Carrier Licence as a positive step. Pacnet respectfully submits that a further and more fundamental review of licensing requirements would be constructive as the next step, in the near future.

Background:

10. Companies in the Pacnet Group hold licences of the following kinds, issued by the Telecommunications Authority:
 - Fixed Carrier Licence (External Cable-Based);
 - Service Based Operator Licence;
 - External Telecommunications Service;
 - PNETS (IVANS); and
 - PNETS (ISP).