

## **Hong Kong Cable Television Limited**

### **Submission to the Legislative Council's Subcommittee on Subsidiary Legislation to introduce a Unified Carrier Licence under the Telecommunications Ordinance**

#### **I. Introduction**

- 1.1 Hong Kong Cable Television Limited (“HKCTV”) welcomes the opportunity to express its comments on the Telecommunications (Carrier Licences)(Amendment) Regulation 2008 (“Subsidiary Legislation”). HKCTV is of the view that the proposed increase of fee from \$7 to \$8 per customer connection is unreasonable and the introduction of an annual \$3 number fee is premature and unnecessary.

#### **II. Proposed increase of fee from \$7 to \$8 per customer connection**

- 2.1 Under the Subsidiary Legislation, a holder of a Unified Carrier Licence is required to pay an annual fee of \$800 per 100 customer connections as compared with the annual fee of \$700 for each 100 customer connections payable by existing holders of Fixed Carrier Licence under the current Telecommunications (Carrier Licences) Regulation. The Commerce and Economic Development Bureau (“CEDB”) and the Telecommunications Authority (“TA”) have not provided a convincing case and supporting data in justifying an increase of fee of \$1 for each customer connection fee which represents a rise of 14% in such fee.
- 2.2 According to OFTA Trading Fund Annual Report for the year ended 31 March 2007, OFTA had “*achieved good financial results in 2006/2007*” and pre-tax profit grew 24.6% to \$92.6 million. Given the cutthroat competition in the fixed line market and the “*good financial results*” of OFTA Trading Fund, OFTA should reduce, or at least maintain the existing level of, licence fee for fixed carrier. The fee is particularly unfair because the Government raises the costs of offering fixed line services and at the same time lowers the cost of providing mobile service.

#### **III. Proposed introduction of an annual \$3 number fee**

- 3.1 Apart from the increase in licence fee, CEDB and the TA also propose an annual \$3 number fee for each subscriber number allocated to the licensee that is not ported out from the licensee’s network or assigned, as authorized by the TA, to another licensee (who has made payment of the licence fee for such number under its licence) and for each subscriber number allocated to another licensee that is ported in to the licensee’s network.
- 3.2 HKCTV considers that the proposed introduction of an annual \$3 number fee as premature and unnecessary. There are considerable amount of idle numbers

while the growth of fixed line customers has stalled. The TA should work closely with fixed carriers to implement measures to promote the efficient use of numbers such as procedures to recycle un-used numbers such as those in the under-used paging numbers levels. In HKCTV's view, these measures will be more effective in dealing with efficient use of numbers than the proposed annual \$3 number fee.

#### **IV. Conclusion**

- 4.1 In short, we urge the Legislative Council ("LegCo") to request the Government to re-consider the annual licence fee of Unified Carrier Licence. The LegCo should also ask the Government to freeze the introduction of an annual \$3 number fee and consult fixed carriers and mobile carriers on the adoption of measures in promoting the more efficient use of numbers.

**Hong Kong Cable Television Limited**  
**12 June 2008**