

Executive Summary

Consultation Paper on Revision of Regulatory Regimes for Fixed-Mobile Convergence

Currently, fixed and mobile services are licensed under fixed carrier licences and mobile carrier licences respectively with different rights and obligations imposed on the network operators. With the advent of new technologies, fixed and mobile services will converge. The Telecommunications Authority (“the TA”) will examine whether the following areas of the regulatory framework need to be revised in the environment of fixed-mobile convergence (“FMC”):

- (i) Licensing regime;
- (ii) Certain rights and obligations which are currently applied differentially to the fixed and mobile carriers;
- (iii) Interconnection charging arrangement between fixed and mobile services;
- (iv) Local access charge arrangement;
- (v) Fixed/mobile number portability; and
- (vi) Numbering plan.

2. The main purpose of the consultation paper is to solicit views and comments from the industry and other interested parties on the need to revise issues (i) and (ii). Regarding issues (iii) to (vi), it is important to assess the costs and benefits of any possible change to the existing regulatory regimes before applying the changes. The TA will commission a consultant to conduct the necessary economic studies and he will conduct separate public consultations on these regulatory arrangements.

3. With the full liberalization of telecommunications market, there will not be any limit placed on the number of unified carrier licences that will be issued. However, the TA is minded to incorporate the applicant’s network rollout plan and the requirement for efficient use of any assigned frequency

spectrum in the licence. For unified carrier licences specific to broadband wireless access (“BWA”) operation, a restriction on the provision for full mobility service using the BWA spectrum before a specified date will be imposed.

4. The licence fee will be set to recover the administrative costs of OFTA in administering the unified carrier licence. Similar to the existing local fixed licensees, a unified carrier licensee is required to pay a basic annual licence fee of \$1 million. In contrast to the different subscriber-based annual licence fees currently payable by fixed and mobile carriers (currently \$7 per fixed connection and \$18 per mobile station), there will be a unified annual customer connection fee of \$8 per connection payable under the unified carrier licence. With a view to encouraging the efficient use of telecommunications number, which is a scarce public resource, it is proposed to levy an annual fee based on the quantity of numbers allocated to the licensee and the fee level is set at \$3 per number.

5. The industry and other interested parties are welcome to give their views to the issues raised in the consultation paper. Submissions must reach OFTA on or before 21 November 2005, preferably in electronic format to fmc@ofta.gov.hk. Any person who submits views and comments should provide the supporting information or justification. The TA may publish all or any part of the submission received and disclose the identity of the source in such a manner as the TA sees fit. Any part of the submission which is considered commercially confidential must be clearly marked. Submissions in hardcopy, if any, should be addressed to:

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29/F Wu Chung House, 213 Queen’s Road East,
Wan Chai, Hong Kong
[Attention: Senior Regulatory Affairs Manager (R13)]
Fax: 2834 1501

Office of Telecommunications Authority
21 September 2005