

Telecommunications Authority’s Decision on Requests for Extension of Dates for Auction of Radio Spectrum in the UHF Band

Introduction

After the publication of the Information Memorandum (“IM”) on 26 February 2010, the Telecommunications Authority (“TA”) received requests from three interested parties for a deferral of the application dates of the auction by up to four months.

2. On 11 March 2010, the TA issued a consultation paper¹ to seek views from interested parties on the proposed extension of the key dates of the auction by six weeks.

3. In response to the consultation, the TA received submissions² from the following interested parties:

- (a) Broadcast Australia (“BA”)
- (b) Hutchison Telecommunications (Hong Kong) Limited (“HTHK”)
- (c) M Tel Limited (“M Tel”)
- (d) PCCW-HKT Telephone Limited (“PCCW”)
- (e) Qualcomm Incorporated (“QI”)
- (f) Company A³

4. The respondents have mixed views. PCCW is of the view that no extension should be given as the interested parties should be well aware of the issue of mobile TV, which has been around for many years and the Government has already postponed the auction for mobile TV spectrum from 2009. The same view is shared by Company A, which considers that further extension will affect the business plan of well-prepared bidders and make Hong Kong lag behind other economies

¹ See the consultation paper at <http://www.ofta.gov.hk/en/report-paper-guide/paper/consultation/20100311.pdf>.

² The submissions may be found on OFTA’s website at <http://www.ofta.gov.hk/en/report-paper-guide/paper/consultation/20100329/table.html>

³ Company A has requested for anonymity.

in the launch of mobile TV services. On the other hand, BA and QI support the six-week extension proposed by the TA. HTHK and M Tel prefer a three-month extension. They consider that the extension can allow potential bidders more time to review the latest developments in technologies and supporting devices; evaluate and formulate their business models and financial options and take part in the auction in a well-prepared manner.

Decision of the TA

5. As mentioned in the consultation paper, the TA considers that the period of extension for four months is relatively long in the fast-moving telecommunications industry. Given that the Government has already indicated its intention to conduct the auction as early as 2009, it is reasonable to expect interested parties to start the necessary preparation well in advance before publication of the IM by the TA. Prolonged extension will deprive the local consumers of the benefit of enjoying innovative broadcast-type mobile TV services as early as possible. On the other hand, the TA is keenly aware that it has been more than one year since the Government first promulgated the implementation framework⁴ for mobile TV, and there may be substantial changes in the underlying technologies and business models. A reasonable period of extension will enable more interested parties to participate in the auction, thereby enhancing the allocative efficiency in respect of the scarce resource of frequency spectrum. Clearly, the TA has to strike a balance between the need to conduct the auction in a reasonable timeframe and the need to encourage a wider participation in the process.

6. Having considered the requests for extension, the submissions of the interested parties and the latest market environment, the TA is satisfied that the proposed six-week extension is fair and proportionate in the light of the considerations in paragraph 5 and he **decides to extend the key dates of the auction by six weeks.**

⁴ See the press release on “Framework for development of mobile television services announced” dated 22 December 2008 issued by the Government.
(<http://www.cedb.gov.hk/ctb/eng/press/pr22122008.htm>).

7. Accordingly, it is confirmed that the application dates for participation in the auction will now be fixed on 3 June 2010 and 4 June 2010 with the auction to be held tentatively on 28 June 2010. The updated indicative timetable is set out in Table 1 in the Annex. Corresponding modification to the notice published by the TA on 26 February 2010 specifying the terms and conditions of the auction will be gazetted by the TA in due course.

Office of the Telecommunications Authority
29 March 2010

Table 1 : Updated Indicative Timetable for the Auction of Radio Spectrum in the UHF Band (Note 1)

Activity	New Indicative Dates
Industry Briefing	31 March 2010 (Wed) (unchanged)
Application Dates	3 & 4 June 2010 (Thu & Fri)
Publication of Bidder Notice to announce the identities of Bidders (i.e. applicants)	4 June 2010 (Fri)
Publication of Qualified Bidder Notice to announce the identities of Qualified Bidders	17 Jun 2010 (Thu)
Issue of Bidding Stage Notice to inform Qualified Bidders of the date on which Bidding Stage will commence	17 Jun 2010 (Thu)
Training and mock auction sessions for Qualified Bidders	22 & 23 Jun 2010 (Tue & Wed)
Commencement of Bidding Stage	28 Jun 2010 (Mon)

Note 1: Table 1 gives an update to the indicative timetable set out in Exhibit 2 of the Information Memorandum published by the TA on 26 February 2010.