



**Telecom Infotech Forum**

# Review on Hong Kong's Future Spectrum Policy

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# The Public Consultation

- ◆ Consultation paper issued by Commerce, Industry and Technology Bureau (CITB) on 25 October 2006
- ◆ Consultation period ended on 31 January 2007
- ◆ 20 submissions received

# Recap on Proposals in Consultation Paper

- ◆ Spectrum policy objectives
  - Facilitate economically and socially efficient use of spectrum with a view to attaining maximum benefit for community
  - Achieve technically efficient use of spectrum to facilitate introduction of advanced and innovative communications services and strengthen Hong Kong's position as telecommunications and broadcasting hub

- ◆ Spectrum policy objectives (continued)
  - Fulfil Hong Kong's regional and international obligations relating to use of spectrum
  - Strengthen Hong Kong's strategic position as world city and gateway between Mainland China and the world
  - Ensure necessary spectrum is reserved for government services

- ◆ TA should use market-based approach in spectrum management when there are competing commercial demands, unless there are overriding public policy reasons to do otherwise
- ◆ TA should not vary or withdraw frequencies assigned to a licensee before expiry of spectrum assignment except where public interest, or government policy or international obligation, or interference so requires

- ◆ No legitimate expectation for spectrum rights after end of a spectrum assignment, but for licences with substantial investment, a sufficiently long notice period for change or non-renewal should be given before the expiry of spectrum assignment
- ◆ For spectrum refarming, TA to undertake an appraisal of impacts of different options, including option of “do nothing”

- ◆ TA to publish a spectrum release plan for the supply of spectrum to the market through open, competitive bidding process in the following three years
- ◆ Spectrum trading to be introduced in the longer term future, subject to a study on the feasibility of this proposal in Hong Kong
- ◆ Spectrum “liberalisation” (change of use of spectrum by users) – to monitor developments in other jurisdictions

- ◆ TA to continue to reserve spectrum for government spectrum users, but such use should be subject to a regular administrative review every three years
- ◆ Spectrum utilisation fee (SUF) should generally be applicable to commercial use of spectrum unless there are public policy considerations
- ◆ For spectrum with competing commercial demands, auction to be used to determine SUF, otherwise SUF to be set administratively based on opportunity cost of assignment

# Quick Review of Comments Received\*

- ◆ Spectrum release plan published by TA
  - General support
  - To cover all spectrum (i.e. spectrum managed by “command and control” and licence-exempt spectrum), not only spectrum for competitive bidding
  - Spectrum release plan to cover five years (one view)

\*Not exhaustive. Comments quoted are for discussions only and are not necessarily agreed by Government/TA

## ◆ Spectrum management objectives

- General agreement
- To add more objectives
  - *Fair competition*
  - *Incentivising investment (by existing and new operators); balance between competition and investment incentives*
  - *Interference management*
  - *Spectrum for public services broadcasting*
- Economic efficiency ranks ahead of social and technical efficiencies
- Question about alignment with Mainland policy at expense of global trends

## ◆ Use of market-based mechanisms

- General support
- Choice between “market-based” and “command and control” too simplistic
- To strike a balance between market mechanism and regulatory actions
- Market-based approach supported, but Government should not “dump” spectrum onto market
- Auction to be used with or without competing commercial demands
- Should embrace full market-based approach including secondary spectrum trading and liberalisation

## ◆ Spectrum utilisation fee (SUF)

- SUF for new licences must align with existing licences for level playing field
- Equitable pricing of future assignments to avoid anti-competitive asymmetries or distortion in the market
- Revise SUF of existing licensees
- SUF to apply to spectrum for non-commercial use as well
- Special treatment for SUF for free-to-air terrestrial broadcasting
- Satellite bands not to be subject to auction, SUF and trading

## ◆ Spectrum right before expiry

- Not varying or withdrawing spectrum right before expiry except in exceptional circumstances
- Circumstances for variation and withdrawal to be well defined

- ◆ Legitimate expectation of renewal of spectrum right after expiry
  - Certainty in the form of “automatic renewal” unless significant justifications for non-renewal
  - Licensee expects renewal or “right of first refusal”
  - The longer the licence term, the greater the expectation of spectrum right renewal
  - Lengthy period of advance notice for change or non-renewal

## ◆ Spectrum trading and liberalisation

- General support for secondary trading
- Delay for secondary trading not supported
- Existing competition safeguards adequate to address anti-competitive hoarding
- Agreed that substantial implementation issues to be resolved for trading and operational issues for liberalisation
- Policy to be fully established before further spectrum auctions take place
- Separating spectrum licence from network/service licence
- Service-neutrality in spectrum assignment

- ◆ Spectrum for Government and public services
  - “Command and control” approach supported but service definition required
  - “Government mandated services” and “services in the public interest”
  - Command and control to be phased out in long term
  - Market-based approach except services relating to emergency services or national security
  - Public utilities services should not be affected

# Way Forward

- ◆ Government to consider submissions and issue spectrum policy statement
- ◆ TA to publish first spectrum release plan
- ◆ TA/Government to conclude or resume consultations and conduct, where decision has been made, spectrum auctions
  - 800 MHz band usable for CDMA 2000 (TA)
  - Broadband Wireless Access (TA)
  - Mobile TV (Government)



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Comments and questions welcomed