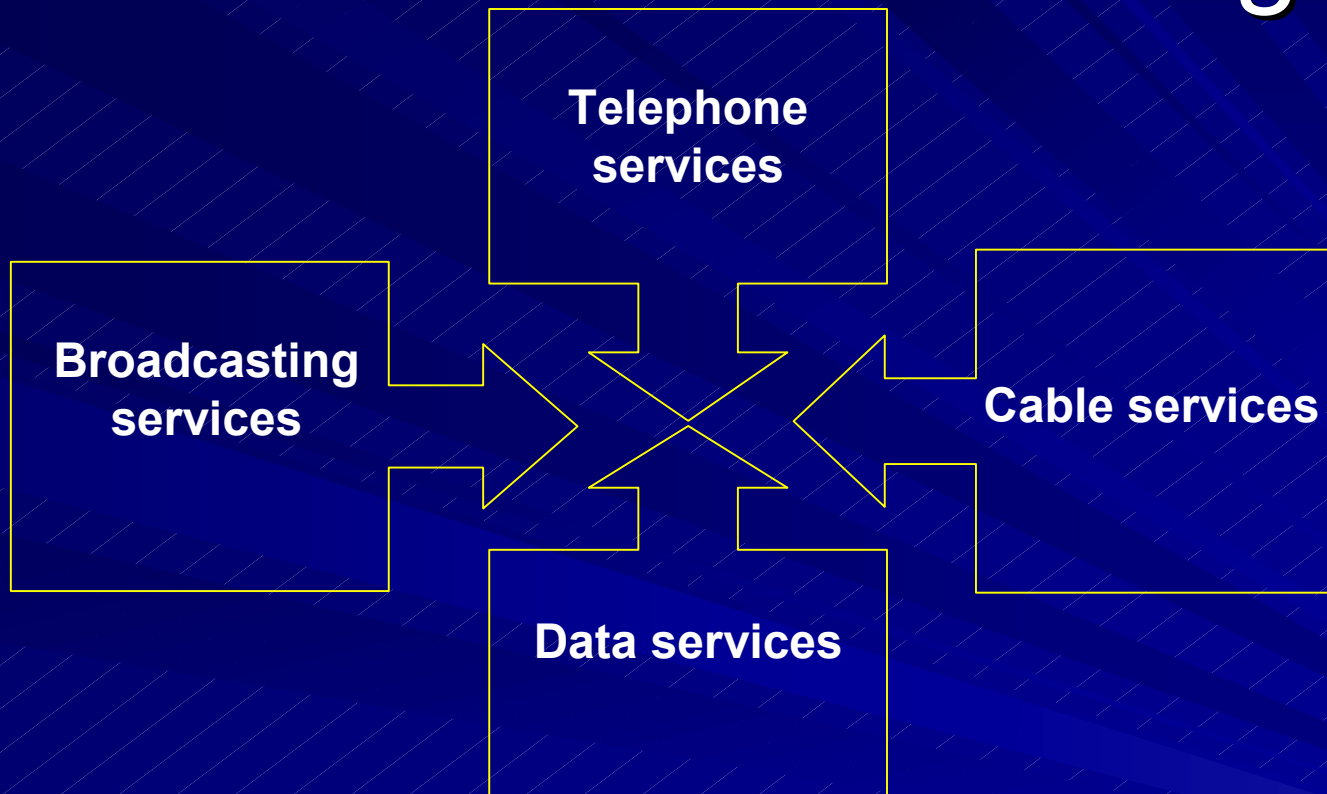


# **Evolving Regulation to Facilitate Fixed/Mobile Convergence**

Office of the Telecommunications Authority

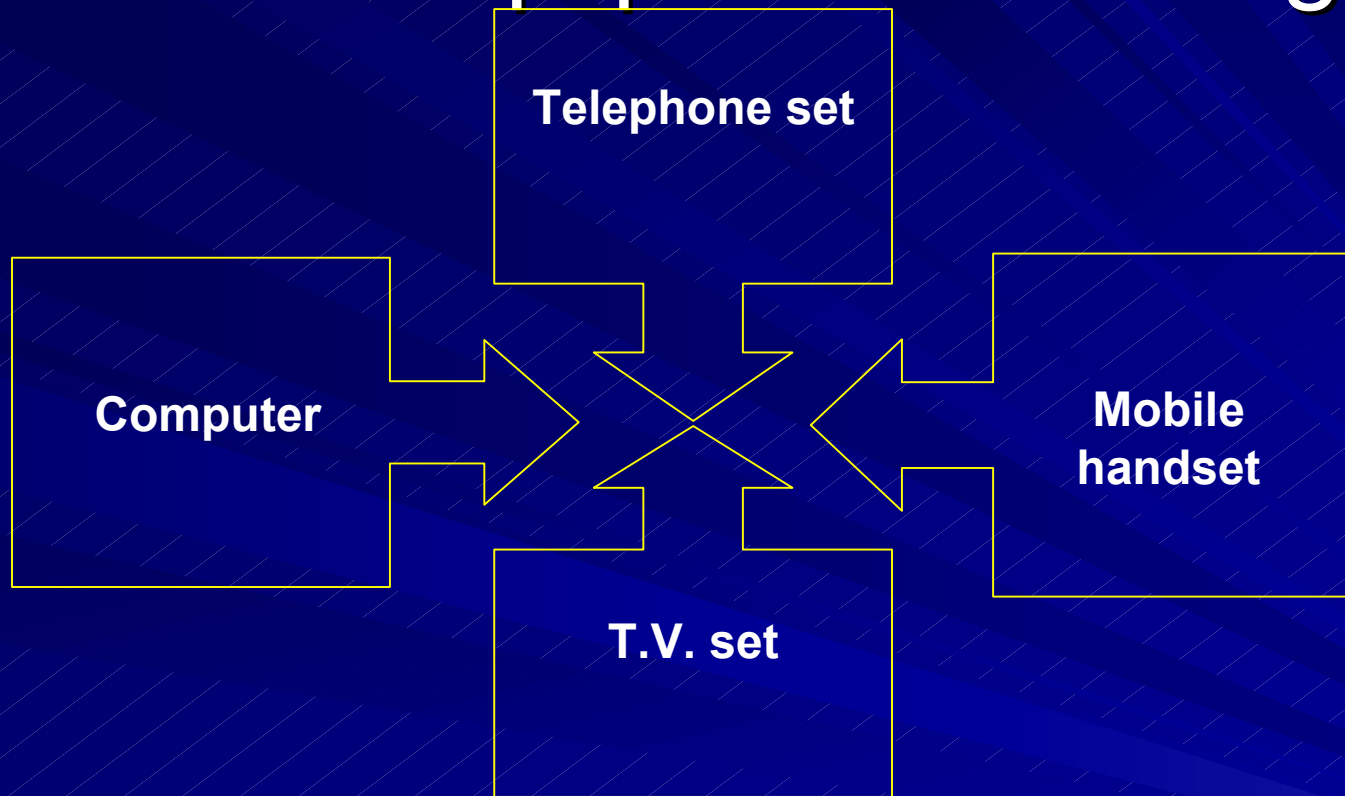
3 June 2005

# Service Provider Convergence



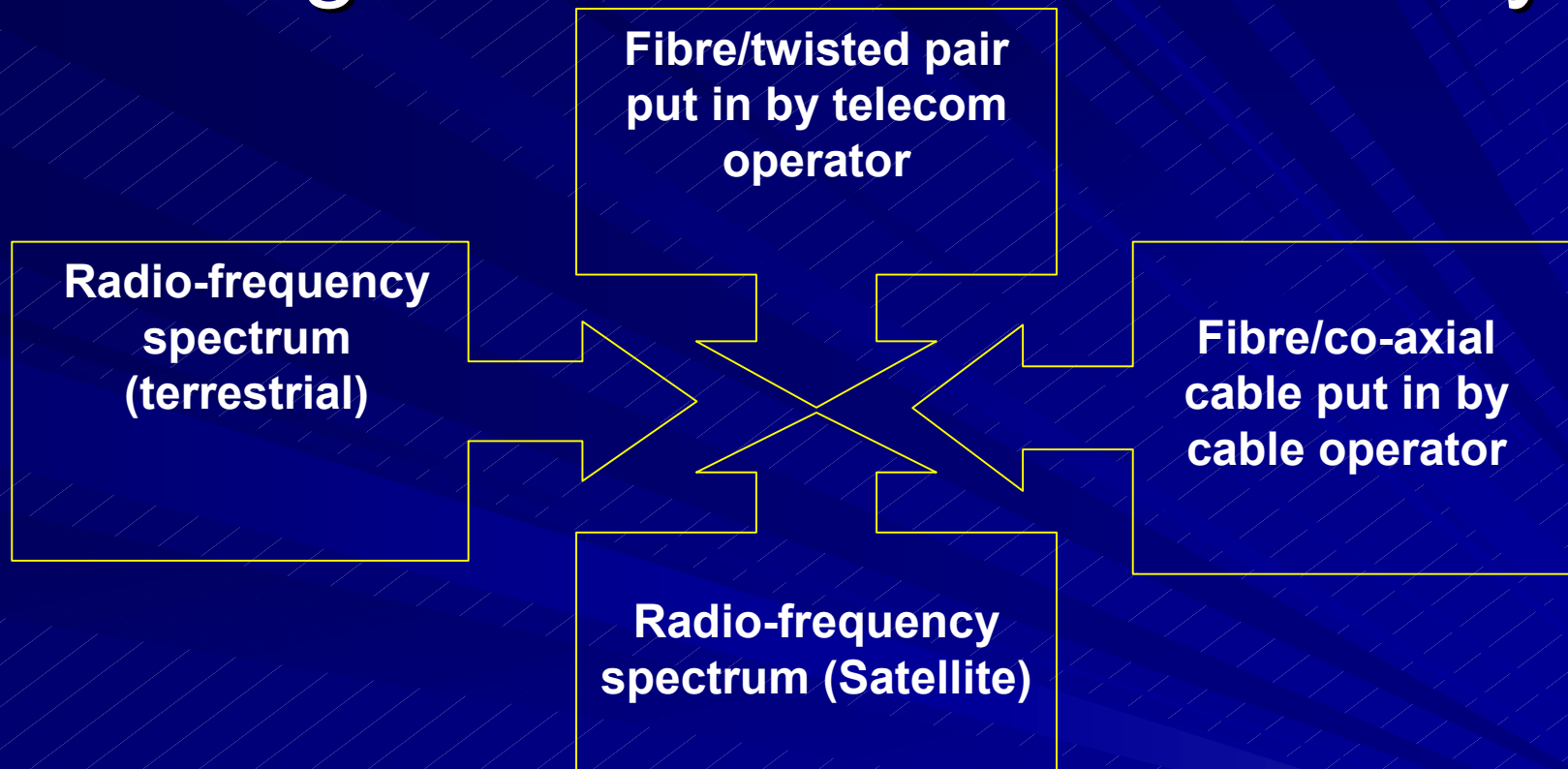
- Service provider has capability to offer services that could be provided only by one type of service provider previously
  - Cable TV service provider deploying VoIP to offer voice service
  - 3G service provider offering broadband internet access
  - Digital terrestrial TV offering mobile data service

# Terminal Equipment Convergence



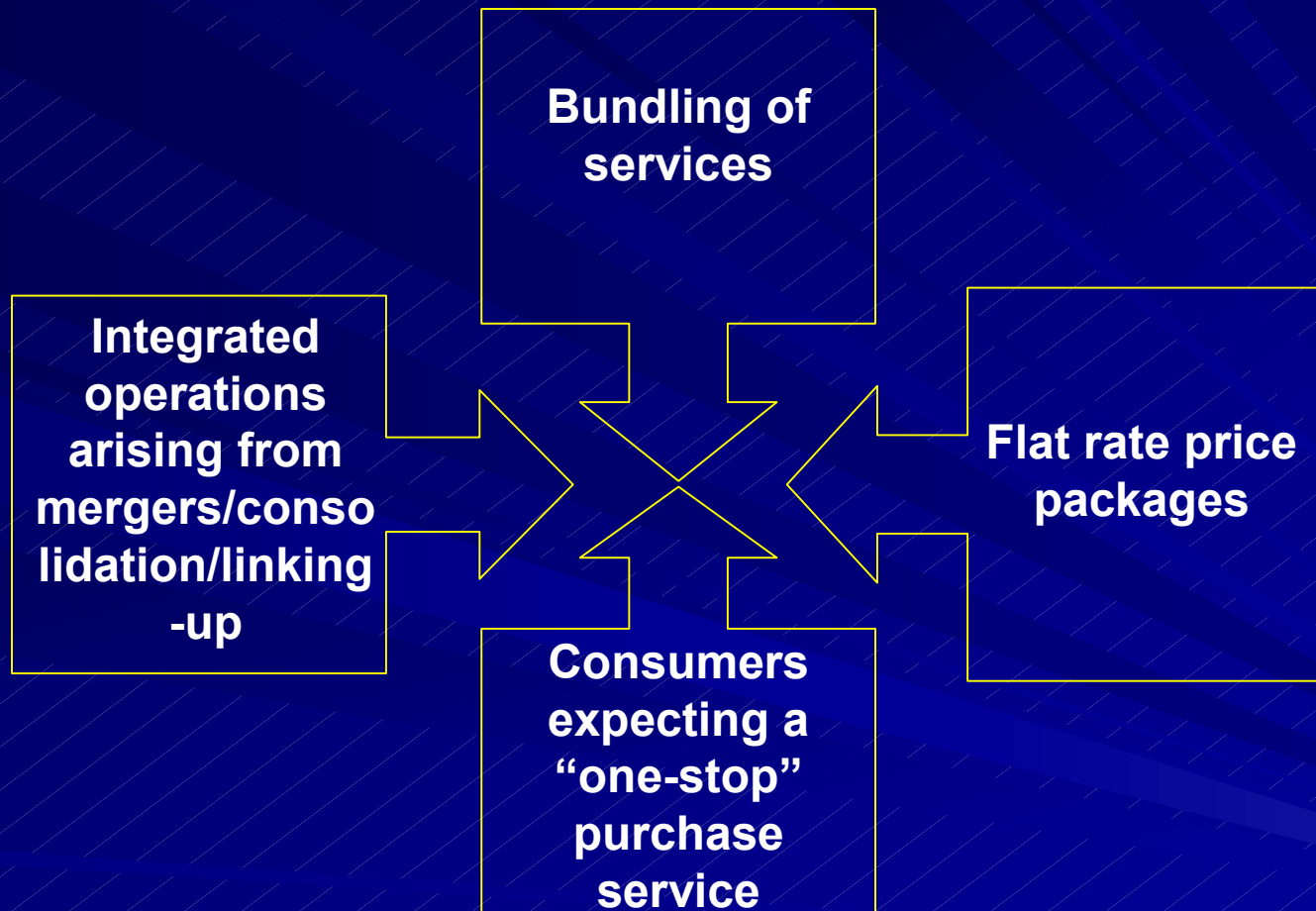
- Integrated customer premises equipment allows end users to access a variety of services that would require multiple terminals previously
  - Computer with multimedia player/softphone
  - GSM/ Wi Fi handsets
  - GSM/DVB handsets

# Convergence of Modes of Delivery



- **Convergence of service platforms**
  - Broadband wireless technologies delivering both fixed and mobile services
  - IP Multimedia Sub-system (IMS), an enabling service platform which offers to support both fixed and mobile services

# Convergence of Markets



- Previously separate market segments merged
  - Mobile fixed substitution
  - Triple play packages offered by cable TV operator and telecom operator

# Vision of a Converged World

- Consumers use a single terminal to access any desired information available on any network without limitation
- With the advent of IP, competition in telecom services becomes a global phenomenon and is no longer confined to within the national or regional boundary
- Policy-makers and regulators will need to put in place a forward-looking and adaptable regulatory framework, or they will be left behind and become irrelevant

# Existing Situations in Hong Kong (1)

- Separate regulatory authorities for telecom and broadcasting services
- Both telecom and broadcasting markets are fully liberalized
- Open licensing regime for both the fixed and mobile market, except that entry to the mobile market is constrained by the availability of spectrum, which is now being reviewed by the Government as part of the broader review of the spectrum policy
- Distinct regulatory frameworks for the mobile carriers and fixed carriers

# Existing Situations in Hong Kong (2)

- Mobile penetration 118% of population,
- Mobile overtook fixed penetration in 1999
- Six operators offering 2G services and 3 operators offering 3G services; the fourth operator will come on steam in a few weeks' time
- Five active fixed carriers, four of them offering triple play services
- Broadband internet penetration exceeds 60% of households, using various technologies including DSL, cable modem, FTTB, FTTH and powerline carrier.

# Developments in Hong Kong in the Near Future

- Preparation on the regulatory framework on VoIP at an advanced stage
- Broadband Wireless Access spectrum to be auctioned in 2006
- Digital Terrestrial Television to be launched in 2007

# Existing Regulatory Framework for Fixed and Mobile Carriers (1)

- Different licences for fixed and mobile carriers
  - Current licensing regime requires an operator to take out two licences if it operates both fixed and mobile services
- Interconnection
  - Fixed/fixed
    - Symmetrical termination charges for normal calls
    - symmetrical origination charges if calling party accesses value-added services of the called network
  - Fixed/mobile mobile party pays (MPP) i.e. mobile carriers pay fixed carriers for both directions

# Existing Regulatory Framework for Fixed and Mobile Carriers (2)

- Existing numbering plan: use of the leading digit to indicate service information
  - Fixed service, leading digit is “2” or “3”
  - Mobile service, leading digit is “6” and “9”
- Number portability
  - Fixed number portability is in place since 1995
  - Mobile number portability is in place since 1999
  - But there is no inter-modal portability

# Different licensing rights and obligations for Fixed/Mobile Carriers – Access Rights

## ■ Fixed carriers

- statutory right to access the common parts of buildings free of charge in order to provide services to customers residing in those buildings
- statutory rights to access and make use of the common telecom/broadcasting equipment room and other facilities (such as risers and conduits) free of charge

## ■ Mobile carriers

- The regulator may authorize mobile carriers to install their equipment in any land in order that they may provide service to the public, subject to public interest test and proof of lack of viable alternative
- The regulator may specify in the authorization an interim fee to be paid by the mobile carrier to the landlord. But both parties may seek arbitration.

# Fixed Mobile Convergence Review

- We will consult the stakeholders on
  - the overall strategy to take forward the review
  - the scope of the review. Critical issues will include the costs/benefits of
    - a unified licensing regime
    - harmonization of the interconnection regime
    - inter-modal number portability
  - the timing to implement the converged regulatory framework

THE END

Thank you