
Hutchison Telephone Company Limited

Arrangements for the Frequency Spectrum in the 850 MHz Band upon Expiry of the Existing Assignment for Public Mobile Telecommunications Services and the Related Spectrum Utilisation Fee

Date: 13 October 2020





I. Introduction

1. Hutchison Telephone Company Limited (“**Hutchison**”) makes this submission in response to the consultation paper entitled “Arrangements for the Frequency Spectrum in the 850 MHz Band upon Expiry of the Existing Assignment for Public Mobile Telecommunications Services and the Related Spectrum Utilisation Fee” (the “**Consultation Paper**”) jointly issued by the Communications Authority (the “**CA**”) and the Secretary for Commerce and Economic Development (the “**SCED**”) on 19 August 2020.
2. Hutchison welcomes the CA’s proposal to re-assign the spectrum in the 825 – 832.5 MHz band paired with the 870 – 877.5 MHz band (the “**850 MHz**”) for the provision of the public mobile services in Hong Kong.
3. Part II of this submission contains our answers to the specific questions raised in the Consultation Paper.

II. Response to the Specific Questions in the Consultation Paper

Question 1: Do you have any views on re-assigning the spectrum in the 850 MHz Band through an auction open for all interested parties?

4. The CA proposes to re-assign the spectrum in the 850 MHz Band based on the fact that there are no local customers and minimal inbound roamers using the CDMA2000 services operating in the 850 MHz Band. In this respect, Hutchison supports the proposal on the re-assignment open for all interested parties.

Question 2: Do you have any views on the proposed re-assignment of the spectrum concerned as a single frequency block of bandwidth of 2 x 7.5 MHz?

5. Given the bandwidth of 2 x 7.5 MHz is in line with the technical standards set by the industry standardization body 3rd Generation Partnership Project (“**3GPP**”), we consider that the proposed re-assignment of the spectrum in the 850 MHz Band as one frequency block to a single user is reasonable.



Question 3: Do you have any views on the proposed format and timing of the auction?

6. On 19 August 2020, the CA and SCED (collectively the “**Government**”) issued this Consultation Paper, together with another consultation paper entitled the “Arrangements for Assignment of the Spectrum in the 600 MHz and 700 MHz Bands for the Provision of Public Mobile Services and the Related Spectrum Utilisation Fee” (the “**600/700 MHz Bands Consultation Paper**”).
7. In response to the 600/700 MHz Bands Consultation Paper, Hutchison filed a submission on 13 October 2020 with the CA. Under Paragraph 15 of that submission, we urge the CA to take a holistic approach to long-term spectrum planning, particularly in respect of the spectrum in the 600/700 MHz bands and 850 MHz Band, to the benefit of the telecommunications industry in Hong Kong as a whole. Among others, we propose a change in the re-assignment schedule of the spectrum in the 850 MHz Band, which should be aligned with the other spectrum in the 850 MHz band which is due to expire in May 2026. We believe the proposal will lead to optimal spectral efficiency in the long run.
8. If our proposal is not accepted and the Government is minded to proceed with the auction for the spectrum in the 850 MHz Band around late 2021, we suggest that the auction should be conducted together with the auction for the spectrum in the 700 MHz Band, i.e. 2 x 35 MHz of spectrum in the ranges of 703 – 738 MHz paired with 758 – 793 MHz.
9. In the Consultation Paper, the Government acknowledges that “if there is any other spectrum to be made available for assignment or re-assignment in a similar timeframe, the CA will carefully consider whether it is feasible to arrange a single auction such as based on simultaneous MRA format for block of spectrum in different frequency bands.¹”
10. In this regard, we opine that the spectrum in the 700 MHz Band is an ideal candidate for auction together, given its propagation characteristics and value are similar to the spectrum in the 850 MHz Band.
11. Regarding the auction format, the Government proposed to adopt a simple multiple round ascending (“**MRA**”) format for the 850 MHz Band. If the two spectrum bands are to be auctioned together, we consider it sensible to adopt the simultaneous MRA format, i.e. the same format as the auction held in 2018 for the 900 MHz and 1800 MHz bands.

¹ Paragraph 17 of the Consultation Paper.



Question 4: Do you have any views on the adoption of a technology neutral approach for the use of spectrum in the 850 MHz Band in any new assignment which follows the expiry of the existing assignment?

12. The spectrum in the 850 MHz Band was assigned in 2008 on the basis that the assignee should only use the CDMA2000 family of technical standards adopted by 3GPP2 for provision of public mobile services mainly for inbound roaming service.
13. With the decline in use of the CDMA2000 standard, we do not see any reason for continuing the CDMA mobile services upon the expiry of the current assignment in 2023. Spectrum resources should be utilized efficiently. Hence, we support the current proposal on the adoption of a technology neutral approach for use of spectrum in the 850 MHz Band in the forthcoming assignment. This aligns with the CA's traditional spectrum policy of "technology neutral".

Question 5: Do you have any views on the proposed network and service rollout obligations, as well as the proposed imposition of a performance bond on the successful bidder?

14. We have no adverse comment on the proposed network and service rollout obligations, where successful bidder is required to roll out its network and provide mobile coverage to a minimum of 90% of the population in the first five years after the issue of the licence.

Question 6: Do you have any views on the proposed arrangement in relation to SUF above?

15. We are of the view that the reserve price should be set at a minimal level. Letting the market decide on its appropriate price level is in line with the market-based approach adopted by the CA.
16. For the payment methods, we support the proposition that spectrum assignees should be given an option to pay the SUF either by lump sum payment upfront or by annual instalments.

~ THE END ~