



## **3G mobile operators commission Plum Consulting Study on “Impact assessment of re-auction of 2.1GHz spectrum in Hong Kong”**

**HONG KONG, 5 September 2013** – Plum Consulting, a UK-based consultancy firm, today released the findings of an expert study on the “Impact assessment of re-auction of 2.1GHz spectrum in Hong Kong” (“study”). The study was commissioned by the four 3G incumbent mobile operators in Hong Kong, namely CSL Limited, Hong Kong Telecommunications (HKT) Limited, Hutchison Telecommunications (Hong Kong) Limited and SmarTone Mobile Communications Limited.

Plum Consulting is an industry specialist which has advised operators and regulators around the world including OFCA on a variety of strategy, policy, regulatory and spectrum-related matters in the telecoms, media and online sectors.

### *Background*

The Government has proposed to remove one-third of the 3G spectrum at 2.1GHz from each of the four incumbent 3G mobile operators for re-auctioning when the spectrum assignment period expires in 2016. In making this proposal, the Government has acknowledged that its proposal will create a real risk of harming service quality and consumers, and has commissioned a consultancy study to examine the impact of its proposal on the overall experience of consumers.

### *Reasons for Plum’s study*

While the 3G operators have provided input into OFCA’s consultancy study, they have not been allowed to view the final results or comment on the conclusions reached by the Government’s consultant. Despite repeated requests from the 3G operators, there is no indication from the Government that the consultancy report will be shared with the operators or the public before the Government makes its final decision on this matter. On this basis, in order to allow for a more informed public discussion, the 3G operators engaged Plum Consulting to undertake a study to assess the potential service quality and impact on consumers arising from the Government’s proposal.

### *Plum’s study*

Plum’s study provides an expert appraisal of the nature and scale of the service degradation and disruption that will occur if the Government’s proposals to take back one-third of each mobile operator’s 3G spectrum at 2.1GHz for re-auctioning is adopted when the assignment period expires in 2016.

Plum’s analysis shows that the extent of the service degradation on 3G services could be 3 times of that estimated by the Government in their consultation paper. The Government’s proposal risks a complete loss of voice service in the MTR during busy periods, a significant decrease in data download speeds, difficulties and delays in accessing video applications via the Internet.

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## *Conclusion*

It is not appropriate for the Government to express a preference for re-auctioning part of the 3G spectrum before undertaking a full and proper study. Any proposal that causes service degradation and increases costs with no material benefits is totally unacceptable. This cannot be the right way forward for Hong Kong or any services-based economy, and is contrary to any other off-shore market example.

Plum's analysis shows that the Government's proposal is seriously flawed. Significant harm will be caused to consumers in Hong Kong and also roaming customers. Substantial costs will be imposed on mobile subscribers and the 3G operators which, along with the high spectrum fees put forward by the Government, must eventually be borne by users. The Government would be taking a significant anti-consumer position if it were to go forward with its proposal, with consumers experiencing service degradation and higher costs. Re-assigning the 3G spectrum to the existing operators at a reasonable cost would be in the overall best interest of consumers and the economy.

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## **About CSL Limited**

CSL, established in 1983, is Hong Kong's first mobile network operator and is also the first mobile company in Hong Kong to employ a distinctive market segmentation strategy to provide customer focused services through its brands 1O1O, one2free, New World Mobility.

It operates a world-class LTE / GSM / WCDMA/ UMTS 900 network in Hong Kong and launched the world's first dual band 4G LTE with DC-HSPA+ network in 2010, through which it offers comprehensive mobile and broadband services to both local and international customers. As a leading roaming operator in Hong Kong, CSL also provides customers with comprehensive international multi-media connectivity with over 580 mobile operator partners around the world. For more information, please visit [www.hkcsl.com](http://www.hkcsl.com). CSL is a subsidiary of Telstra Corporation Limited, Australia's leading telecommunications and information services company ([www.telstra.com](http://www.telstra.com)).

## **About HKT**

HKT (SEHK: 6823) is Hong Kong's premier telecommunications service provider. It meets the needs of the Hong Kong public and local and international businesses with a wide range of services including local telephony, local data and broadband, international telecommunications, mobile, and other telecommunications businesses such as customer premises equipment sale, outsourcing, consulting, and contact centers.

Together with the highly successful media business of its parent company, PCCW Limited, HKT offers innovative media content and services across the PCCW Group's unique quadruple-play platforms – fixed-line, broadband Internet access, TV and mobile.

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### **About Hutchison Telecommunications (Hong Kong) Limited**

Hutchison Telecommunications (Hong Kong) Limited is a subsidiary of Hutchison Telecommunications Hong Kong Holdings Limited (HTHKH, Stock Code: 215). HTHKH is a leading integrated telecommunications service operator in Hong Kong, providing advanced mobile services in Hong Kong and Macau under the “3” brand, and residential fixed-line broadband services, residential telephone and IDD services in Hong Kong under the “3 Home Broadband”. HTHKH also provides sophisticated fixed-line services and corporate solutions to Hong Kong and international customers under the "HGC" brand. A group member of Hutchison Whampoa Limited (Stock Code: 13), HTHKH deploys the latest telecommunications technology to offer world-class telecommunications services and innovations, setting market trend and steering industry development.

For more information on HTHKH, please visit [www.hthkh.com](http://www.hthkh.com)

For 3 Hong Kong services, please visit [www.three.com.hk](http://www.three.com.hk)

For 3 Macau mobile services, please visit [www.three.com.mo](http://www.three.com.mo)

For HGC fixed-line services, please visit [www.hgc.com.hk](http://www.hgc.com.hk)

### **About SmarTone Mobile Communications Limited**

SmarTone is a leader in wireless communications in Hong Kong. It provides voice, multimedia and broadband services through its territory wide 4G and 3G HSPA+ networks, and the use of unique *X-celerator* engine which speeds up the internet experience.

SmarTone's goal is to deliver unbeatable and valuable experiences to customers through superior network performance, proprietary services and customer care that looks after customers as SmarTone staff would want to be looked after themselves.

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