

TraxComm Limited
Submission on the Consultation Paper on Licensing Framework for Deployment
of Broadband Wireless Access

TraxComm Limited ("TraxComm") welcomes this opportunity to submit its views on the above Consultation Paper on Licensing Framework for Deployment of Broadband Wireless Access issued on 20 Dec 2004.

1. TraxComm supports the introduction of a licensing regime for the deployment of Broadband Wireless Access ("BWA"). The deployment of BWA would facilitate fixed operator to extend its last mile network with an alternative technology that enable more efficient rollout of services and better choice for customers.
2. TraxComm supports the Telecommunications Authority ("TA")'s view that 3.5GHz band will be a suitable frequency band for BWA deployment in Hong Kong. However, we are mindful that there will be limitation on the number of licenses that could be made available with the spectrum being allocated. Our view is that the spectrum should be large enough to accommodate at least all the current FTNS licensees who have shown an interest.
3. Since the current last mile coverage of current FTNS operators are very different in terms of percentage of reach to individual buildings or households, TraxComm foresees this BWA frequency licensing may trigger different FTNS Operators responses. The level of deployment of BWA technology for extension of last mile coverage are therefore not be uniform and are unlike to be universal for operators. For operators who only need coverage in a few specific areas, it would not make sense to allocate them with a few coverage nor would the operator be willing to pay for the full coverage from a commercial stand point.
4. We therefore believe that the spectrum allocation should be allocated on a regional basis. This regionalized spectrum allocation also has the benefit of solving the spectrum limitation issue mentioned in 2 above, as the number of licensee requiring a license in a specific region should be less as compare to a universal coverage license. For example, an operator with extensive last mile wiring coverage may only need a small number of regional licenses, this would enable these unused spectrum in that region be used by other operator who has limited last mile wiring coverage.

5. TraxComm is also of the view that the BWA license should be issued to interested FTNS operators at a small administrative fee. The reason being that BWA license under the current proposed usage (without roaming) would be limited to last mile extension. The market that this license could possibly address is exactly the same as of the current FTNS license, there would not be any addition business value that this license could generate. When an FTNS licensee decided to make use of this BWA technology to deliver its service, it will reduce the level of road opening and therefore reduce the total cost to the society. By adopting this technology alone, there would be saving to society and collecting an additional fee would become a double charge. As the market being addressed has not been expanded, collecting a license fee would not only discourage the deployment of BWA technology, but also penalize FTNS operators who intent to invest in new technology to keep Hong Kong as the best telecom hub in Asia.
6. There are examples that spectrum allocated to FTNS or other telecom operators are at a small administrative fee. In fact for last mile extension purpose, some frequency spectrums are still being allocated to FTNS operators. The Authority has always had the right to terminate the license should the spectrum as a public resources is under utilized by the licensee as in the TDMA mobile spectrum case. This would ensure that the spectrum resources are put into good use and sufficient spectrum is made available to FTNS operator who has a need in a specific region.
7. Since the usage of the spectrum would be reviewed regularly by the Authority, there is no need to specify a license period as long as the operator carries a valid FTNS license. However, there will still be the problem of delivering continuous service to a limited number of customers when a license is terminated due to under utilization and the solution should be an wholesale provider.
8. TraxComm has positioned itself as a neutral wholesale fixed telecom operator in Hong Kong. The existence of TraxComm should help to relief the problem as TraxComm would be able to offer service to any FTNS operator who decided to terminate its FTNS service utilizing WBA technology.
9. In the interest of the general public and Hong Kong as a whole, TraxComm believes that the Authority should consider whether additional license is required for WBA deployment. Alternatively, TraxComm believes that usage control mechanism for the FTNS operator to apply for the use of spectrum on a regional basis would be sufficient and would bring greater benefit to the general public and Hong Kong.