

Not another Monitor column on third generation mobile phones! Can the editor of this newspaper not have a quiet word with a certain columnist and tell him there is more to life than 3G?

All right, boss, the rest of this week no 3G. I promise.

But one more crack at it, please, because the Telecommunications Authority's consultation period on awarding 3G licences ends today and because there is such an awful lot of money involved here.

Judging by the United Kingdom's recent experience of auctioning 3G networks, an auction in Hong Kong could bring us a windfall revenue of up HK\$50 billion.

If financial secretary Donald Tsang Yam-kuen says no to that then he can certainly forget about seeking public understanding if he ever again wants to raise taxes.

Your correspondent would be out there too in that case, shouting and waving a placard at him when his BMW pulls up at his office.

Some people, however, continue to have reservations about auctioning 3G licences and let us concede that, while it is the best of all ways so far proposed, it is not a perfect way of awarding them.

So here is another proposal that your correspondent invites the Telecommunications Authority to consider.

We shall start by consolidating all of the five or six networks now under discussion into one. We shall award it to one investor alone and it will be that investor's job to build out the network but never offer any communications services over it himself.

He will get his return on this investment through the same sort of scheme under which we have put our power utilities – a permissible annual profit based on a fixed percentage of the investment he has made in the network.

Although not everyone is happy with the way this has worked with the power utilities there is no getting around the fact that we have always had ample power at internationally reasonable prices. The system has worked well. The glitches in it are minor ones no matter how much hot air gets spouted when power tariffs go up.

We could opt for other ways of doing it too but the point is that we will have no great difficulty in devising a system under which a single company can build out an entire network, have the incentives to do it quickly and well and make an attractive return on it without robbing us. It has been done often enough in service industries.

Then we get to the nub of how this proposal works. Once the network is up and functioning we will rent time on it to 3G mobile operators and we will determine those rents by auctioning them on, let's say, three-year leases.

The investment company that built the network will have first call on those auction proceeds but, once it has its agreed profit in the bag, the rest of the money will go straight to the public purse.

This solves all the big problems. First of all, the operators will face no big investment costs, which means that the business will not be the patch of the big boys alone.

We will therefore get some real competition out of it. Bidding for time will be fierce but those who win it can concentrate on their real business of offering the best possible service without the headache of having to put huge amounts of money up front in a gamble on a business about which, in truth, we are all still ignorant.

If it proves a better market than they thought they will have to bid more for their time when their leases come up again. If it is a disappointing market they will pay less. No-one will make huge profits or suffer huge losses for long. We will get perfect adaptability to changing conditions in a yet unknown market.

Best of all, the public will get a stable stream of recurrent revenue this way, just what Mr Tsang needs when so much of his revenue is non-recurrent.

Think about it, sir. This would work.

