

# **Submission for the Consultation on Licensing Framework for Third Generation Mobile Services**

**Name / Organization:** Stephen Brown

**Date :** 28 March 2000

---

**Subject :** sorry to be a bore but your reasons for not auctioning G3 are nonsense

para 4.12

a) " Spectrum auctioning will increase the operating costs ...."

It has no impact on your operating costs. You will sell spectrum at marginal cost which is your incremental variable cost. This is not based on capital employed.

Operators will price to maximize revenue. The demand curve is completely independent of my capex.

b) It is highly unlikely, given the emerging structure of the global industry, that a small company can offer anything innovative and sustainable. If Sunday, in a Hong Kong context, cannot convince their shareholders of the value of their bid then that is the free market operating. If they get their bid "right" and are not in the top five to get spectrum, then the others either have overpaid, or add more value or know the business better. If they overpay then the business can be sold at below cost or shareholders will have to indefinitely subsidize it. Open access to the g3 gsm network as with fixed line and cable would diffuse all these issues anyway.

c) Listed compabies are likely to be winners. Therefore their is a secondary market in the ownership of spectrum anyway.

d) Repeats the invalid points in point a).

best stephen brown