

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

**Name / Organization:** Stephen Brown

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**Subject: your arguments on auctioning group 3 gsm spectrum do not stand up...**

you want to encourage new entrants...but you say that there are economies of scale, i.e. excess returns on capital available, to incumbent group 2 operators.

Thus a new operator will have much lower returns than incumbent operators, by your own admission.

It seems to me that it would therefore be appropriate to award spectrum to new operators on a QoS basis through a beauty parade and auction the spectrum reserved to incumbents.

Otherwise we are just subsidizing KSLI and everyone again...

It seems to me that your points are correct, but your conclusion is wrong.

stephen brown