

**CONSULTATION ON INDUSTRY STRUCTURE FOR  
NEXT GENERATION ACCESS NETWORK**

**Submission made by City Telecom (H.K.) Limited**

**13 June, 2008**

Contact Details: LO, Sui-Lun  
Director, Singapore NGNBN  
City Telecom (H.K.) Limited

Level 39, Tower 1, Metroplaza  
No.223 Hing Fong Road  
Kwai Chung, N.T., Hong Kong  
Tel : (852) 9090 0838 / (65) 8333 0168  
Fax : (852) 2199 8583  
Email : [suilun@hkbn.com.hk](mailto:suilun@hkbn.com.hk)

## 1. **Introduction**

- 1.1 City Telecom (H.K.) Limited presently is not a telecommunication licensee in Singapore. However, we formed a consortium (called Infinity) together with MobileOne Ltd and StarHub Ltd, to submit a proposal on 5 May 2008 in response to the Next Generation National Broadband Network (NGNBN) – Network Company (NetCo) Request For Proposal dated 11 December 2007.
- 1.2 As one of the potential major stakeholders in the industry, we would like to offer our views as below.

**Question 1: IDA seeks views and comments on the scope of separation that may be included in the regulatory toolkit, particularly differentiation in terms of types of operator, network elements, markets, or any other manner of differentiation. For example, should separation be considered for dominant licensees, and/or network elements that are costly and difficult to replicate, in respect of next generation access networks with extensive coverage etc.**

### **Comments:**

- 2.1 We agreed with IDA that it would not be necessary to impose separation requirement on operators in wireless sector. Although it is not a fully competition market, there are still choices made available with adequate fair spectrum allocation for each licensee in the existing regime. A competition among licensees, and subsequently a vibrant and competitive telecommunications sector in future can be maintained.
- 2.2 The open access in the wireline sector (i.e. Copper cable or HFC under existing deployment) is not possible because the last mile cables at the customer premises are the bottle-neck facilities. Separation requirement for dominant wireline licensees should be imposed to achieve open access.
- 2.3 However, NGNBN will be built soon and it is expected to replace the copper cable and HFC network as the dominant network eventually. Separation for dominant licensees on copper or HFC network is not a must while separation requirement applied on NGNBN or equivalent network.

**Question 2: IDA recognizes that international practices differ in the criteria for imposing structural and/or operational separation, although the policy objective of most jurisdictions when imposing any form of separation is to ensure effective**

**competition in the telecommunication markets. IDA seeks views and comments on the appropriate criteria for the imposition of structural and/or operational separation as a regulatory measure.**

**Comments:**

- 3.1 Structural separation should be imposed in the passive network because:
- (a) it is very difficult, and nearly impossible, to replicate a nation-wide passive network to compete with the dominant operator; and
  - (b) separation requirement should be more stringent in passive network to achieve open access and competition by other active network licensees.
- 3.2 However, it is not necessary to impose structural separation requirement on active network. A less stringent separation requirement (i.e. operational separation) can be imposed in active network because:
- (a) the active network is relatively easier to replicate by deployment equipment only rather than infrastructure;
  - (b) a full coverage in active network can be achieved as long as a nation-wide passive network is available; and
  - (c) a variety of choices in service scope / technologies on active network can be provided. The development in this regard shall be hindered under stringent regulations.

**Question 3: IDA seeks views and comments on the comparative benefits of structural separation vis-a-vis operational separation, in relation to the scope of separation and the criteria for separation for both structural and operational separation, stated in Questions 1 and 2.**

**Comments:**

- 4.1 With the scope of separation and the criteria for separation as stated in Question 1 and 2 above, we can make sure every operator can compete with each other in a level playing field at the same layer. Equal access to the upstream service provider can then be achieved.

- END -