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\$10m fine for errant telecoms

MAY SIN-MI HON

Telecoms companies which breach licensing conditions face a maximum fine of more than \$10 million under proposals announced yesterday.

The change comes after Hongkong Telecom was fined \$20,000 in June by the Telecommunications Authority for offering illegal cut-price international rates. The regulator found the company had acted in an anti-competitive manner by offering rates below those sanctioned by the Government.

The proposals are to change the Telecommunication Ordinance to improve competition.

Among them are:

- To raise the maximum penalty for breaking the ordinance from \$100,000 to \$1 million;
- To allow the courts to impose a penalty of up to 10 per cent of annual turnover of the service in which there is a breach, or \$10 million per breach, whichever is higher;
- To allow the Telecommunication Authority to suspend or revoke a licence in whole or in part;
- To allow the authority to give companies the right to force entry to land and buildings to place or maintain telecommunication lines.
- To empower the authority to decide access charges if commercial agreement cannot be reached;
- To allow the authority to issue guidelines to define when the service provider has abused

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It would be difficult to define how much profit is derived from the breach

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its dominant status in the market.

Secretary for Information Technology and Broadcasting Kwong Ki-chi outlined the recommendations to a Legco panel yesterday.

Legislators asked whether the penalty for breaching the ordinance would be enough.

Democrat James To Kun-sun said all the profits derived from the breach should be taken away, instead of only 10 per cent of the turnover.

But Director-General of the Telecommunications Anthony Wong Sik-kei said: "It would be difficult to define how much profit is derived from the breach."



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