

Telecommunications Users and Consumers Advisory Committee (TUCAC)

Minutes of the 16th Meeting held at 3:00 p.m.

On 19 July 2018 (Thursday) in Conference Room,

Office of the Communications Authority (“OFCA”),

29/F Wu Chung House, Wan Chai

Present:

Mr. Chaucer LEUNG (Chairman)	Deputy Director-General, OFCA
Mr. L K CHONG	Representative of Communications Association of Hong Kong
Ms. June IP	Representative of Consumer Council
Mr. Eric YEUNG	Representative of small and medium enterprises
Mr. Kenny CHIU	Member appointed on an ad personam basis
Mr. K W MA	Member appointed on an ad personam basis
Mr. C M CHUNG	Representative of the disabled
Mr. Thomas SUN	Representative as a member of the public
Mr. C B WONG	Representative as a member of the public
Ms. Martha LEUNG	Representative as a member of the public
Ms. Eva LAU	Representative as a member of the public
Ms. Cindy CHAN	Representative as a member of the public
Mr. Michael LUI	Representative of Education Bureau
Ms. Jamay WONG (Secretary)	OFCA

In attendance:

Mr. Andrew LO	OFCA
Miss Winnie NG	OFCA
Mr. Matthew WONG	OFCA
Ms. Edith YAU	OFCA

Absent with apologies:

Mr. Kenny YIU	Representative of Hong Kong Wireless Technology Industry Association
Ms. Edith HUI	Representative of the Hong Kong General Chamber of Commerce
Mr. Eric LEUNG	Representative of the aged community
Mr. William TANG	Representative of the disabled
Ms. Florence MAN	Representative as a member of the public
Ms. Pauline YUNG	Representative as a member of the public
Ms. Eva WONG	Representative as a member of the public
Mr. Daniel LO	Representative as a member of the public
Mr. Derek Emory YEUNG	Representative as a member of the public

I. Minutes of the 15th Meeting of the Telecommunications Users and Consumers Advisory Committee (“TUCAC”)

1. The Secretary had not received any proposed amendment to the draft minutes of the 15th meeting from the members and no amendment was proposed by the members in the meeting. The Chairman announced that the minutes of the 15th meeting were confirmed.

II. Subsidy Scheme to Extend Fibre-based Networks to Villages in Remote Areas

2. Mr. Andrew LO briefed the members on the Subsidy Scheme to Extend Fibre-based Networks to Villages in Remote Areas (“Subsidy Scheme”), including the current situation of broadband services in remote villages, benefits of the Subsidy Scheme to the community, villages proposed to be covered, project implementation and preliminary timetable. Related information was set out in TUCAC Paper No. 3/2018.

3. Mr. K W MA expressed appreciation of the requirement for selected fixed network operators (FNOs) to open up at least half of the capacity of the subsidised fibre-based networks and submarine fibre-based cables for use by other FNOs for free under the Subsidy Scheme. He considered that such a requirement could enhance competition and lower the possibility of monopoly, thereby offering more choices to the consumers living in the villages. Mr. K W MA also pointed out that given an increasing number of elderly people living in remote villages, and the current development in technology making possible the delivery of telecare to the elderly through the Internet, the Subsidy Scheme could help relevant organisations provide the related services to the elderly in need. Mr. K W MA suggested that OFCA should inform relevant social welfare organisations when concrete development was made in the Subsidy Scheme.

4. The Chairman thanked Mr. K W MA for his suggestion and said that consideration would be given to providing a List of Villages with Fibre-based Networks to relevant social welfare organisations and the public for reference when concrete development was made in the Subsidy Scheme.

5. Mr. L K CHONG opined that the requirement for selected FNOs to open up at least

half of the capacity for use by other FNOs for free might discourage FNOs from submitting their tenders. He enquired how OFCA would encourage eligible FNOs to participate in the tender exercise.

6. Mr. Andrew LO responded that the fibre-based network coverage provided by FNOs in remote villages was in want of enhancement. The Subsidy Scheme would help FNOs improve their network coverage and expand the broadband service market to those areas. In addition, selected FNOs would acquire the ownership of the subsidised fibre-based networks and hence could provide broadband services not only to the villages concerned directly but also to residents in neighbouring areas through the subsidised fibre-based networks. Therefore, the Subsidy Scheme should be, to a certain extent, attractive to FNOs.

7. The Chairman added that the estimated amount of subsidy was determined based on the cost required by FNOs for rolling out their fibre-based networks. He believed that such an economic incentive should be able to attract eligible FNOs to submit their tenders.

8. Mr. C M CHUNG said that currently, FNOs were still providing basic broadband services via copper wire in some old buildings in urban areas. He enquired whether OFCA could also encourage FNOs to extend their fibre-based networks to those urban old buildings through the Subsidy Scheme.

9. Mr. Andrew LO explained that old buildings in urban areas could not have access to high-speed broadband services due to problems different from those encountered in remote villages. Most of the buildings were already close to the existing fibre-based networks of FNOs. Once the responsible party of the buildings concerned and FNOs reached agreements on the installation of fibre network equipment and blockwiring systems inside the buildings, residents living in those buildings could readily choose to use high-speed broadband services. In addition, as buildings in urban areas were generally provided with better mobile network coverage, urban residents could also consider using high-speed mobile broadband services as a substitute for fixed broadband services.

10. Mr. Kenny CHIU enquired whether FNOs would know the selection criteria of the Subsidy Scheme before submitting their tenders, and whether OFCA had put in place any mechanism to prevent selected FNOs from failing to comply with tender requirements, such

as completing the rollout the networks within the specified time frame.

11. Mr. Andrew LO responded that OFCA would set out the relevant selection criteria and arrangements clearly in the tender for information of FNOs. The Chairman added that if selected FNOs failed to fulfil the commitments concerning network and service rollout as stated in their tenders, OFCA reserved the right to enforce the sanctions stipulated in the tender, such as withholding the subsidies or calling on the performance bond.

12. Mr. Kenny CHIU enquired further whether OFCA would allow selected FNOs to provide high-speed broadband services to villagers using non-fibre-based technology (such as wireless network) given that FNOs were required under the Subsidy Scheme to roll out fibre-based lead-in connections to the vicinity of the entrances of the villages concerned.

13. The Chairman responded that FNOs must undertake to roll out fibre-based lead-in connections to the vicinity of the entrances of the villages covered under the Subsidy Scheme when submitting their tenders. As for the premises access network, FNOs could make their own choice on the technology used for providing broadband services to villagers according to their commercial considerations.

14. Ms. Eva LAU enquired whether FNOs must tender for all of the six projects, and whether the amount of subsidies as estimated by the Government was adequate to meet the expenditure required by selected FNOs for rolling out fibre-based lead-in connections.

15. Mr. Andrew LO responded that OFCA was still considering the number of projects a FNO must tender for so as to encourage more eligible FNOs to participate in the tender exercise and to maintain the competitiveness of each project. Having taken into account the market information, OFCA capped the subsidy for each project at an amount which covered the investment cost required by the FNOs for rolling out fibre-based lead-in connections but with the operating expenses excluded.

16. The Chairman added that as eligible FNOs were of different scales and not every FNO was capable of taking on all the projects, OFCA would not require every FNO to tender for all of the six projects. As for the amount of subsidy, given that the objective of the Subsidy Scheme was to provide telecommunications companies with economic

incentives to encourage the extension of fibre-based networks to remote villages, that the network constructed would be owned by FNOs, and that the amount of subsidy applied for by FNOs was one of the selection criteria, FNOs might not apply for full subsidy of their investment cost. OFCA believed that the cap on the amount of subsidy was at a reasonable level.

17. Mr. Thomas SUN asked whether OFCA would provide assistance if villagers refused to let selected FNOs roll out fibre-based networks within their villages.

18. The Chairman said that FNOs rolled out fibre-based networks in villages in a way different from that in buildings in which there were usually public areas (such as Telecommunications and Broadcasting Equipment Room) for FNOs to install telecommunications equipment for the provision of services. Most of the places in rural areas were privately owned. Private land owners in the villages concerned could choose whether or not to allow FNOs to roll out fibre-based networks within the villages. OFCA had taken into account the situation in devising the Subsidy Scheme, and hence would not make it mandatory for FNOs to roll out fibre-based networks within villages. However, FNOs must roll out fibre-based lead-in connections to the vicinity of the villages' entrances which were usually located on unleased Government land. If villagers refused to let FNOs roll out fibre-based networks within their villages, OFCA would facilitate coordination as far as practicable, and when necessary send its staff to the villages to explain the advantages of "Fibre-to-the-Village" to the relevant private land owners, village representatives, village heads and villagers.

19. Mr. Thomas SUN enquired further how selected FNOs would provide broadband services to villagers if they ended up failing to obtain villagers' consent to roll out fibre-based networks within the villages, and whether the related services were required to be provided at a certain minimum speed.

20. Mr. Andrew LO said that OFCA highly encouraged FNOs to roll out fibre-based networks within villages to provide villagers with high-speed broadband services. Also, he believed that the economic incentives provided under the Subsidy Scheme would encourage FNOs to actively discuss the related arrangements with villagers. In fact, some of the rural areas were already covered by fibre-based networks. The villagers concerned could choose

to use high-speed broadband services and experience the benefits of such services by themselves. In addition, during the period between March and June of the year, OFCA had consulted the Rural Committees on the initial thinking on the arrangements for the Subsidy Scheme and the list of villages proposed to be covered, and received general support from the Rural Committees. They all looked forward to the early implementation of the projects, and expressed their willingness to co-operate with FNOs in carrying out the related works.

21. The Chairman said that if selected FNOs ended up failing to obtain villagers' consent to roll out fibre-based networks within the villages, they could consider using wireless technology to provide villagers with broadband services. Certain network operators could also provide villagers with broadband services by connecting the fibre-based networks to the existing copper-based networks within villages. However, the speed of the services would not be as fast as the broadband services delivered through the fibre-based networks within villages.

Review of the Number of Public Payphones

22. Miss Winnie NG briefed the members on the review of the number of public payphones ("payphones"), including the background, objectives, guiding principles and progress of the review. Related information was set out in TUCAC Paper No. 4/2018.

23. Mr. C M CHUNG enquired whether OFCA would consider converting the phone kiosks concerned into Wi-Fi hotspots.

24. The Chairman said that most of the phone kiosks were currently equipped with Wi-Fi installations. For kiosk payphones to be removed under the decisions made after the current review, the Wi-Fi installations in the phone kiosks, if any, would also be removed. Nevertheless, the universal service provider, i.e. PCCW-HKT Telephone Limited and Hong Kong Telecommunications (HKT) Limited ("HKT"), might choose to retain the kiosk payphones excluded from the universal service obligation ("USO") so as to continue the provision of its Wi-Fi services. However, HKT had to bear the cost of operation without any compensation under the universal service contribution ("USC").

25. Mr. C B WONG would like to know who would pay for the cost for removing the payphones.

26. Miss Winnie NG responded that HKT would be responsible for removing the payphones with the relevant costs being subsidised from the USC.

27. Ms. Cindy CHAN enquired whether the ultimate aim of the review was to remove all of the payphones.

28. The Chairman responded that the aim of the review was not to remove all of the payphones. Despite the widespread popularity of mobile phones, the need for using payphones could not be ruled out, for example, in circumstances when one's mobile phone was out of battery or when one was in remote areas without mobile network coverage or with poor reception of signals. In fact, the current review did not cover emergency helplines located in country parks for use by the public. Payphones in remote areas and those with relatively high usage rates at present would be retained. As to the existing locations of in-building payphones, OFCA proposed that at least one in-building payphone should be retained in each of those locations to meet the public's need.

29. Ms. Cindy CHAN further enquired whether OFCA would consider installing new in-building payphones for use by the public at locations in vicinity of those kiosk payphones which, though in need by the public, had to be removed for causing street obstruction.

30. The Chairman said that OFCA would make proper arrangements based on the demand for payphones on a case-by-case basis. For example, OFCA was once told that a payphone at Location 1 with a high usage rate had caused street obstruction whereas another payphone at Location 2 nearby, though with a low usage rate, was in need by the public. Eventually, OFCA arranged for removing the payphone at Location 1 while retaining the payphone at Location 2 to meet the demand of the public.

31. Mr. C B WONG noted that one of the guiding principles for the review was to focus on payphones with an average revenue of not more than HK\$1 a day, yet he hoped that OFCA could also review and remove other kiosk payphones which, despite their high usage rates, caused street obstruction.

32. Miss Winnie NG said that the guiding principle mentioned by Mr. C B WONG was one of the underlying considerations of the review. However, OFCA would solicit views of relevant stakeholders, including the District Councils, in the course of the review so that any needs (among other things, the issue of whether the kiosk payphones concerned had caused street obstruction) of the locations would be well catered for before a decision to exclude certain payphones was made.

33. Mr. Kenny CHIU understood that under the USO arrangement, HKT was subject to certain restrictions on its provision of payphone services. For example, display of advertisement on phone kiosks was prohibited. If HKT would not receive any USC in the future, he wondered whether OFCA would consider relaxing such restrictions so as to enable HKT to enhance the functions of the phone kiosks and thus widen their usage. Mr. Kenny CHIU opined that the Government was at present actively promoting smart city development in Hong Kong. Under such a policy, the phone kiosk would be a very effective facility in enhancing Hong Kong's image as a smart city.

34. Miss Winnie NG thanked Mr. Kenny CHIU for his opinions. She explained that HKT should apply to the Lands Department ("LandsD") for Block Licence before installing kiosk payphones and the operation of phone kiosks should be in line with the requirements of the licence. OFCA welcomed the proposal of enhancing phone kiosks' functions and supported the addition of Wi-Fi installations to those kiosks back in 2007. As to the feasibility of providing other additional enhanced functions at phone kiosks, it would be subject to the approval of the LandsD. Any telecommunications services operator intending to provide other enhanced functions at phone kiosks might make an application to the LandsD. OFCA would provide co-ordinating support.

35. The Chairman added that to dovetail with the smart city policy, OFCA was following

up with relevant departments on the proposal of allowing operators to install mobile base stations at phone kiosks and on multi-functional smart lampposts.

36. Mr. L K CHONG agreed with Mr. Kenny CHIU's views. He suggested that prior to the removal of phone kiosks, OFCA might enquire with operators other than HKT whether they were interested in using the phone kiosks concerned for the provision of other services in order to avoid wastage of useful resources.

37. Miss Winnie NG thanked Mr. L K CHONG for his opinions and said that other operators were welcome to use phone kiosks for the provision of other services. Should operators have any suggestion, OFCA was willing to offer assistance.

38. Mr. Thomas SUN opined that for embracing the new era of Internet of Things and the Fifth Generation ("5G") mobile communications services, as well as various smart city applications in the future, the Government and operators should install or provide different kinds of equipment at phone kiosks, such as mobile phone chargers. He considered it more desirable to add such equipment to the existing infrastructure than to rebuild the facilities.

39. The Chairman thanked Mr. Thomas SUN for his opinions and said that if operators had any suggestion regarding the usage of kiosks, OFCA would continue to perform its role as a facilitator.

40. Ms. Martha LEUNG supported the need for removal of certain payphones but expressed concern about the demand for emergency helplines. She enquired whether OFCA would install payphones in newly developed regions where necessary.

41. Miss Winnie NG responded that as pointed out by some District Council members during the consultation under the current review, there was demand for payphones in certain locations (such as accident-prone spots or remote areas). Upon receipt of such feedback, OFCA had made corresponding arrangements regarding the specific kiosk payphones to be excluded from the USO. Whether payphones would be installed in newly developed

regions was not a subject covered by the current review. However, OFCA would co-ordinate and relay any comments it received in that regard to HKT.

42. Mr. Kenny CHIU supported the removal of kiosk payphones with no or extremely low usage rate so as to reduce the level of USC borne by the industry and accordingly the pressure on them. However, he opined that for kiosk payphones with economic value, operators should be allowed to revitalise the phone kiosks through the provision of new services.

43. Mr. C B WONG agreed with Mr. Kenny CHIU's views. He suggested that before the removal of kiosk payphones, OFCA should inform the industry of the relevant decisions. Should operators be interested in using the phone kiosks for the provision of other services, OFCA could retain the phone kiosks for operators to operate in other modes in order to avoid any wastage arising from rebuilding the phone kiosks after their removal.

44. The Chairman thanked the members for their valuable feedback which would be recorded for reference.

IV. Any Other Business

Latest Statistics on Consumer Complaints

45. The Secretary reported that the CA had received 445 and 467 cases of consumer complaints in the 1st Quarter and 2nd Quarter of 2018 respectively. Among these complaints, 444 cases (99.8%) in the 1st Quarter and 467 cases (100%) in the 2nd Quarter were outside the CA's jurisdiction. These complaints primarily involved dissatisfaction with customer services, disputes over contracts/service termination, disputes over billing and dissatisfaction with the quality of mobile communications/fixed network/Internet services. One case (0.2%) in 1st Quarter was related to the possible breach of the Telecommunications Ordinance or licence conditions. That case concerned dissatisfaction with an Internet service provider for its arrangement of cable removal after service

termination. No substantiated case was confirmed to be in breach of the Telecommunications Ordinance/licence conditions in the 1st Quarter and 2nd Quarter of 2018. The latest consumer complaint statistics are in Annex 1.

End of the Current Term

46. The Chairman said that the present meeting would be the last meeting of the current term of membership (2016-2018). The Chairman expressed his gratitude to the members for their valuable feedback and support to OFCA throughout the past years. According to the current practice, the Government would not appoint a non-official member assuming the same official capacity at an advisory or statutory body for more than six years or holding more than six official capacities. A number of members, namely Mr. K W MA, Mr. Kenny CHIU, Ms. Cindy CHAN, Mr. C B WONG, Mr. Thomas SUN, Ms. Florence MAN, Ms. Eva WONG, Ms. Pauline YUNG and Ms. Martha LEUNG had been serving this committee for six years, therefore OFCA could no longer renew their terms of office. The Chairman thanked the members again for their contribution in the years.

47. There being no other business, the meeting was adjourned at 4:45 p.m.

Report on Consumer Complaints on Telecom Services

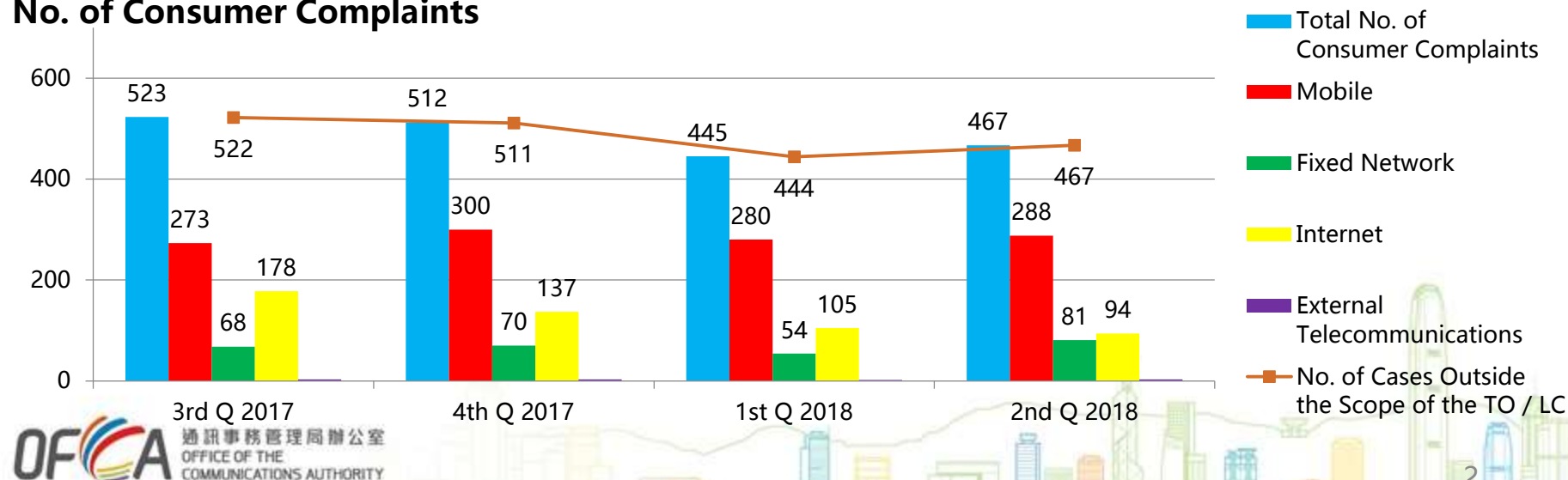
The Telecommunications Users and
Consumers Advisory Committee
The 16th Meeting
19 July 2018



Overview (1st Quarter of 2018 and 2nd Quarter of 2018)

(Categorised by service types)	3 rd Q 2017	4 th Q 2017	1 st Q 2018	2 nd Q 2018	1 st Q 2018	2 nd Q 2018	No. of Cases Outside the Scope of the Telecommunications Ordinance ("TO") / Licence Conditions ("LC")
Total No. of Consumer Complaints	523	512	445	467	444	467	
Mobile	273	300	280	288	280	288	
Fixed Network	68	70	54	81	54	81	
Internet	178	137	105	94	104	94	
External Telecommunications	3	3	2	3	2	3	

No. of Consumer Complaints



No. of Complaints (1st Quarter of 2018 and 2nd Quarter of 2018)

Number of complaint cases increase slightly after a significant drop

In the 1st Quarter of 2018, the Communications Authority ("CA") received 445 cases of consumer complaints, representing a significant drop of 13.1% from the 512 cases received in the 4th Quarter of 2017. In the 2nd Quarter of 2018, the number of CA received consumer complaints increased slightly (4.9%) to 467 cases.

No. of cases not involving any breach of the TO or LC : **444** and **467** cases in the 2 Quarters respectively

The cases mainly involved :

	<u>1st Q 2018</u>	<u>2nd Q 2018</u>
➤ Dissatisfaction with customer service :	101 cases	121 cases
➤ Disputes on contract terms / service termination :	92 cases	86 cases
➤ Disputes on bills:	82 cases	64 cases
➤ Dissatisfaction with the quality of mobile/ fixed network/Internet services :	53 cases	83 cases

No. of cases involving possible breach of the TO or LC : **1 case** in the 1st Quarter of 2018 only

- Dissatisfaction on a fixed network operator's arrangement of cable removal after service termination :

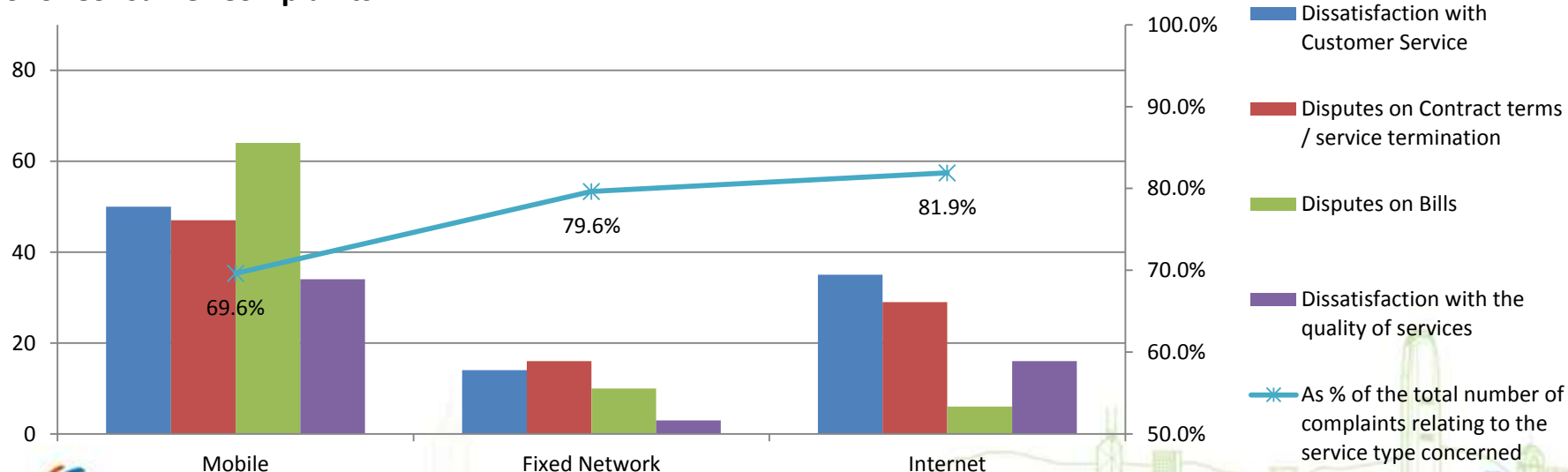
1 case

0 case

No. of Complaints (1st Quarter of 2018)

<i>(Categorised by major service types)</i>	<u>Dissatisfaction with customer service</u>	<u>Disputes on contract terms / service termination</u>	<u>Disputes on bills</u>	<u>Dissatisfaction with the quality of services</u>	<u>As percentage of the total number of complaints relating to the service type concerned</u>
Mobile	50	47	64	34	69.6%
Fixed Network	14	16	10	3	79.6%
Internet	35	29	6	16	81.9%

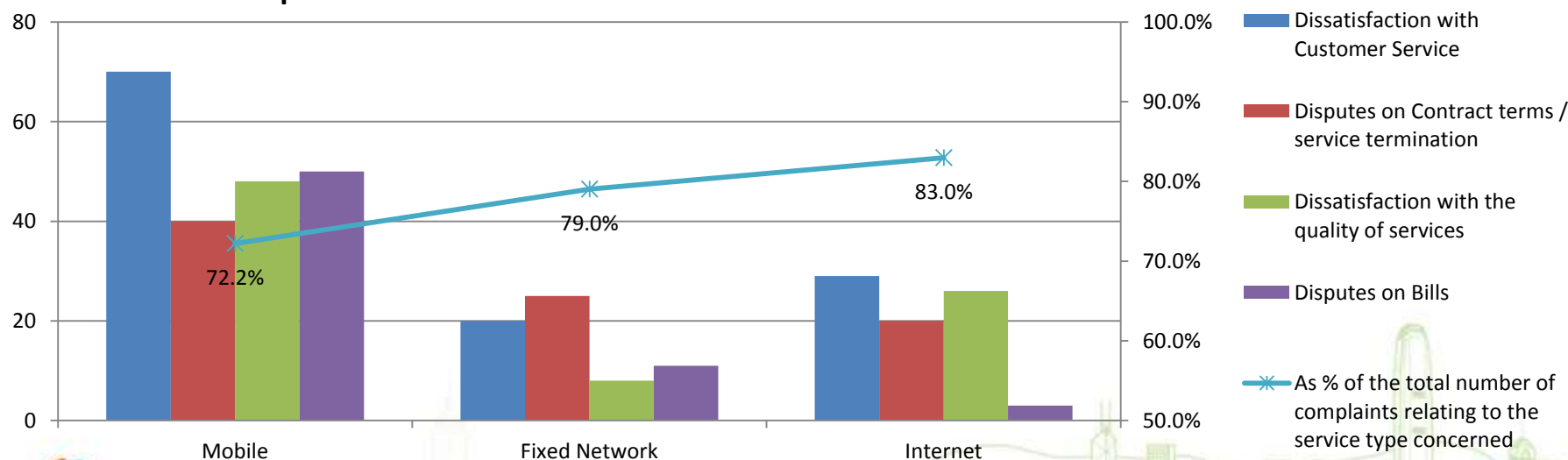
No. of Consumer Complaints



No. of Complaints (2nd Quarter of 2018)

<i>(Categorised by major service types)</i>	<u>Dissatisfaction with customer service</u>	<u>Disputes on contract terms / service termination</u>	<u>Dissatisfaction with the quality of services</u>	<u>Disputes on bills</u>	<u>As percentage of the total number of complaints relating to the service type concerned</u>
Mobile	70	40	48	50	72.2%
Fixed Network	20	25	8	11	79.0%
Internet	29	20	26	3	83.0%

No. of Consumer Complaints



No. of Complaints (1st Quarter of 2018 and 2nd Quarter of 2018)

Case Analysis of Breach of the TO / LC

In the 1st Quarter and 2nd Quarter of 2018, there was no substantiated case of breach of the TO/LC.



Thank You

