

Telecommunications Regulatory Affairs Advisory Committee

Minutes of the Eighth Meeting Held on Tuesday, 21 April 2015 at 2:30 p.m. in OFCA Conference Room, 20/F Wu Chung House

Present

Mr Danny Lau	Office of the Communications Authority (OFCA) (Chairman)
Mr Chaucer Leung	OFCA (Secretary)
Ms Agnes Tan	Wharf T&T Limited (Wharf T&T)
Mr Raymond Chan	Hong Kong Cable Television Limited
Mr Peter Lam	PCCW-HKT Telephone Limited, Hong Kong Telecommunications (HKT) Limited and Genius Brand Limited (HKT)
Mr TL Or	SmarTone Communications Limited and SmarTone Mobile Communications Limited (SmarTone)
Mr Kelvin Ma	The Institution of Engineering and Technology Hong Kong
Mr William Brown	Hutchison Global Communications Limited and Hutchison Telephone Company Limited
Mr Gilbert Chan	Communications Association of Hong Kong (CAHK)
Mr York Mok	Ad personam
Mr Eric Yeung	Small and Medium Enterprises
Mr Kenneth Kwok	ComNet Telecom (HK) Limited
Mr Allen Law	Services-based operators (SBOs) as a group
Dr Andrew Simpson	Ad personam
Mr Karson Ng	China Telecom Global Limited
Mr YK Ho	21 ViaNet Group Limited
Mr Ira Tang	NTT Com Asia Limited
Mr Raymond Wong	Paging operators as a group
Mr Stephen Chan	External telecommunications services (ETS) providers as a group

Mr Andrew Hung	HKC Network Limited
Mr Brian Ho	TraxComm Limited
Ir Andy Lam	The Hong Kong Institution of Engineers
Ms Edith Wong	Towngas Telecommunications Fixed Network Limited (Towngas)
Mr Alex Cheng	China Mobile Hong Kong Company Limited / China Mobile Hong Kong Corporation Limited (CMHK)
Mr Charles Yeung	Hong Kong Broadband Network Limited
Mr Richard Leung	New World Telecommunications Limited

In Attendance

Mr Malcolm Leong	Wharf T&T
Mr WH Tang	HKT
Mr Eric Lee	SmarTone
Mr HY Chau	Towngas
Mr Everett Li	CMHK
Mr Robert Sia	Paging operators as a group
Ms Kathlin Liao	CAHK
Ms Kammy Cheng	CAHK
Ms Veronica Lockyer	Customer Complaint Settlement Scheme (CCSS) member
Ms Jaime Ho	CCSS member
Ms Ada Liu	CCSS member
Mr James Liu	CCSS member
Ms Ivy Siu	CCSS member
Ms Cara Cheung	CCSS member
Ms Fanny Fung	CCSS member
Mr Tommy Choy	CCSS member
Mr Sanda Cheuk	OFCA
Mr Esmond Chiu	OFCA
Mr Danny Wong	OFCA
Mr CS Wong	OFCA

Mr Sidney Tsan	OFCA
Mr Alvin Li	OFCA
Ms Vera Chung	OFCA
Ms Victoria Luck	OFCA
Mr CH Yim	OFCA
Mr Matthew Wong	OFCA
Mr Alex Lui	OFCA
Ms Pancy Cheng	OFCA

Absent with Apologies

Dr Victor Hung	Consumer Council
Mr Fred Lam	Hong Kong Police Force
Mr Raphael Ho	Equinix Hong Kong Limited
Mr Ken Yiu	Hong Kong Mobile Television Network Limited
Mr Indarto Nata	Mobile virtual network operators as a group
Mr Billy Yeung	Hong Kong Wireless Technology Industry Association
Mr Paul Abfalter	Telstra International HK Limited and Telstra International Limited, and External fixed operators as a group
Ms Fannie Cheung	Ad personam
Ms Eva Chan	Ad personam
Prof Xu Yan	Ad personam

The Chairman welcomed Members to Telecommunications Regulatory Affairs Advisory Committee (TRAAC) meeting. He informed Members that as representatives and members of the CCSS joined the meeting for agenda item 3 only, he would like to proceed with the discussion of the agenda item in the beginning of the meeting.

Item 3 Review of the Customer Complaint Settlement Scheme for the Telecommunications Industry (TRAAC Paper No. 1/2015)

2. At the invitation of the Chairman, Ms Victoria Luck briefed members the background of launching the two-year CCSS trial operation, the review on the effectiveness of the trial operation and the way forward of the CCSS, including OFCA's support of the long term implementation of the CCSS on the basis of the framework adopted in the trial scheme.¹

3. The Chairman was of the view that the trial CCSS had been very successful in resolving billing disputes in deadlock. OFCA supported the long term implementation of the CCSS as administered by CAHK commencing from 1 May 2015. He thanked CAHK, CCSS members and the mediators for their efforts in making the scheme successful.

4. In response to Mr Brian Ho's query on the amount of funding OFCA for the CCSS, the Chairman replied that OFCA had sponsored a total of about HK\$3,000,000 for the two-year trial operation and the major expenditure items for the CCSS were on office rental and staff cost. Mr Sanda Cheuk supplemented that according to the Memorandum of Understanding signed between OFCA and CAHK for the trial operation of the CCSS, the annual financial contribution from OFCA would not exceed HK\$2,000,000. Information on OFCA's funding support to the CCSS trial operation was available in the Audited Annual Financial Statements published at the websites of OFCA and CAHK.²

5. With regard to Mr Ho's concern on the cost effectiveness of the CCSS in relation to the average amount of funding per settled case through mediation, Ms Luck suggested to take a broader view when assessing the overall effectiveness of the CCSS in terms of encouraging operators to resolve relevant potential and eligible cases with their customers before going through actual mediation and the higher customer satisfaction and other benefits brought to the telecommunications industry. The Chairman commented that the CCSS helped resolve disputes by

¹ The presentation slides are available at http://www.ofca.gov.hk/filemanager/ofca/en/content_757/traac1_2015_p.pdf.

² The Audited Annual Financial Statements and the Memorandum of Understanding are available at : http://www.ofca.gov.hk/en/consumer_focus/fixed_telecom/ccss/more_info_on_ccss/index.html.

means of mediation which was more cost effective than other means of alternative dispute resolution such as arbitration.

6. Mr York Mok enquired the possibility for the customers and telecommunications operators to seek for mediation service in the private commercial sector so that OFCA did not need to fund the CCSS. The Chairman clarified that the funding for the CCSS was from the OFCA Trading Fund, which mainly came from the licence fees paid by telecommunications licensees. Mr Cheuk explained that the scheme might not be sustainable if it was operated on a commercial basis given that the monetary amount involved in billing disputes in telecommunications services was relatively low and the parties in dispute might not be willing to pay a high cost of mediation to settle the dispute.

7. In response to Mr Mok's further query, Ms Kathlin Liao explained that the setting of the minimum dispute amount at HK\$300 was determined having taken into account the need for an effective use of the resource for the CCSS and the amount of fee paid by the parties in dispute for handling of a case under the CCSS. Mr Mok asked if the customer handling fee of HK100 could be waived so that more customers might opt to join the CCSS. Ms Liao explained that a cost was involved in handling each case and it was reasonable that a fee be imposed and this would also avoid possible abuse of the mediation service provided under the CCSS.

8. Ms Agnes Tan queried whether the amount of funding from OFCA would be reviewed periodically in order to cater for the increase in caseload after the launch of publicity and promotional activities. The Chairman was of the view that the CCSS Centre had the adequate capacity to handle an increase of cases under the existing funding arrangement and OFCA would review the funding arrangement for the CCSS from time to time as appropriate.

9. Mr William Brown queried whether the enforcement activities of OFCA under the Trade Description Ordinance and Competition Ordinance were supported from the OFCA Trading Fund or a general government fund. Mr Cheuk replied that OFCA's enforcement activities in relation to the conduct of telecommunications licensees had all along

been funded by the OFCA Trading Fund.

10. Mr Peter Lam queried why the CCSS Centre had to be relocated to other office premises given its existing office was well equipped and conveniently located. Mr Cheuk explained that the existing 3-year lease for the CCSS Centre would expire in November 2015 and the landlord had already indicated that there would be a significant increase in office rental under the new lease. In this connection, it was more cost-effective to relocate the CCSS Centre to other suitable office premises with lower rental charges for the long term implementation of the scheme. The Chairman added that OFCA had recently conducted a search in the market and found that there were alternative offices available at a lower rental charge.

11. There being no other comments, the Chairman concluded the discussion item and thanked the participation of CAHK and CCSS members in this item.

Item 1 Confirmation of Minutes of Last Meeting

12. The Chairman advised that the draft meeting minutes of the seventh TRAAC meeting were circulated to Members for comment on 24 December 2014. As there was no comment received from Members, the minutes of the seventh meeting were confirmed without amendment.

Item 2 Matters Arising

Item 3 of the Minutes of the 7th TRAAC Meeting - Better Utilisation of the 8-digit Numbering Plan

13. The Chairman briefed Members that the Telecommunications Numbering Working Group (TNWG) convened a meeting in January 2015 to address the concerns raised by Members at last meeting and consider possible refinements to the proposed measures. The matter would be discussed under the agenda item 5.

Item 4 of the Minutes of the 7th TRAAC Meeting - Numbering Arrangement for Machine-to-Machine Communications

14. The Chairman informed Members that following the adoption of the recommendation to allocate “450X” numbers for Machine-to-Machine services, relevant sections of the Hong Kong Numbering Plan and the “Code of Practice Relating to the Use of Numbers and Codes in the Hong Kong Numbering Plan” had been updated.

Progress of the Next Generation Network Working Group (NGN WG) and its Subgroup

15. At the invitation of the Chairman, the Secretary updated Members that the NGN WG and its subgroup each convened a meeting in January 2015. Data related to NGN development status were collected from network operators and the subgroup would discuss whether those data can be consolidated and released for public consumption in its next meeting. Regarding the NGN interconnection trial test, it would be postponed as operators needed time to adjust their networks for the trial.

16. The Chairman explained that in Hong Kong, investment in and migration to NGN were basically a commercial decision and market driven. On the other hand, OFCA would keep in view the developments of NGN in other economies and update Members relevant matters in the near future.

Item 4 Local Access Charge Bypass in relation to Voice over IP (VoIP) Services (TRAAC Paper No. 2/2015)

17. At the invitation of the Chairman, Mr Esmond Chiu gave a presentation on the background of a complaint lodged by an SBO licensee that one of its VoIP customers had allegedly engaged in local access charge (LAC) bypass activities, summarized the existing regulatory regime for VoIP services and invited Members to give views on the suggested measures for VoIP service providers to prevent their

customers from engaging in LAC bypass activities.³

18. The Chairman pointed out that a light-handed regulatory framework for VoIP services which had been implemented since 2005 enabled consumers to enjoy the voice services brought about by the new VoIP technology. He invited Members to give suggestions on any possible measures to deal with LAC bypass activities involving VoIP services.

19. Mr Stephen Chan provided additional background information about the complaint case and suggested that OFCA should give more details of the enforcement actions that would be taken when investigating this kind of LAC bypass activities involving licensees or non-licensees. Ms Agnes Tan also requested OFCA to provide more information in relation to its investigation work. In response, the Chairman clarified that it was not appropriate, and also outside the scope of the TRAAC, to discuss the details of the investigation work and enforcement actions that would be taken by OFCA regarding LAC bypass cases. That said, OFCA had been discharging the relevant investigation and enforcement duties in a professional manner and would continue to do so in handling any alleged LAC bypass activities. Mr Esmond Chiu added that OFCA would continue to employ all possible means to investigate the relevant cases. In fact, the Communications Authority had previously imposed financial penalties on a number of licensees which were found to have contravened the relevant licence conditions governing LAC bypass activities. Given that there might be practical difficulties in the investigation of certain LAC bypass cases involving VoIP services, it might be advisable for the industry to consider the adoption of additional preventive measures, or whether there was a need to update the existing regulatory framework for VoIP services.

20. In response to Ms Tan's enquiry on what licensees should do in order to demonstrate that it had done its due diligence to comply with the relevant requirements to prevent misuse of VoIP services, the Chairman said that licensees should proactively monitor the traffic pattern of their VoIP customers, check for any abnormal traffic, validate the IP addresses

³ The presentation slides are available at http://www.ofca.gov.hk/filemanager/ofca/en/content_757/traac2_2015_p.pdf.

used by the customers and suspend the VoIP services which were believed to engage in LAC bypass activities.

21. Mr Peter Lam shared HKT's experience in detecting and handling LAC bypass cases. For instance, the VoIP service provider should be alert if a customer asked for a large quantity of numbers and had an abnormally large volume of traffic, or if the IP addresses of the customer's VoIP calls originated from a number of countries. Normally HKT would inform OFCA and provide evidence for any suspected cases detected, and might suspend the service according to the seriousness of the case.

22. To conclude, the Chairman suggested issuing a circular letter to all carrier and SBO licensees to remind them of the existing regulatory regime for VoIP services and the measures that should be taken to prevent LAC bypass activities. In response to Ms Tan's request, the Chairman and the Secretary advised that a general description on OFCA's enforcement roles, ways to identify LAC bypass activities, and advice on how to deal with suspected cases would be included in the circular letter.

23. There being no further comment, the Chairman concluded that Members noted the content of the paper and that OFCA would arrange to issue the circular letter to the relevant licensees.

[Post-meeting note: The circular letter was issued on 28 May 2015. A copy of the document is available at

http://www.coms-auth.hk/filemanager/common/licensing/telecom/circular_letter/circular_20150528.pdf.]

Item 5 Public Consultation on Better Utilisation of the 8-digit Numbering Plan (TRAAC Paper No. 3/2015)

24. At the invitation of the Chairman, Mr Sidney Tsan gave a presentation on the progress of the TNWG in formulating the proposed measures to achieve better utilisation of the existing 8-digit numbering plan, and OFCA's proposal to conduct a public consultation to solicit

views from the public on the subject matter.⁴

25. The Chairman said that the issue had been discussed in the TRAAC at length in the previous meetings. It would be opportune to conduct a public consultation to solicit views from other stakeholders not attending this advisory committee and the general public on measures to prolong the lifespan of 8-digit numbering plan. He encouraged Members to provide their views on relevant matters during the public consultation, which would be launched in the second half of 2015.

26. Mr Brian Ho opined that technical issues had been thoroughly discussed in the TRAAC and TNWG and would be hard for members of the public to understand. The public consultation should therefore avoid the technical details but focus on soliciting opinions from members of the public about their order of preference for the proposed options. The Secretary explained that while details of technical issues would be avoided as far as possible, certain outcomes of technical coordination among operators, such as the lead time of implementation, had to be incorporated in the public consultation so as to enable the general public to understand the timeline, pros and cons of each option and make informed comments.

27. There being no further comment, the Chairman concluded that OFCA would proceed the matter as planned.

Item 6 The 12th ITU World Telecommunication/ICT Indicators Symposium (TRAAC Paper No. 4/2015)

28. At the invitation of the Chairman, Mr Alvin Li gave a presentation on the key topics discussed in the 12th ITU World Telecommunication/ICT Indicators Symposium held at Tbilisi, Georgia in November 2014.⁵ It was reported in the Symposium that Hong Kong had made great progress in the ICT Development Index (IDI) in 2013 and was ranked 9th in the world and 2nd in Asia on the IDI ranking.

⁴ The presentation slides are available at http://www.ofca.gov.hk/filemanager/ofca/en/content_757/traac3_2015_p.pdf.

⁵ The presentation slides are available at http://www.ofca.gov.hk/filemanager/ofca/en/content_757/traac4_2015_p.pdf.

29. The Chairman said that among the three IDI sub-indices, Hong Kong ranked 4th in ICT access. Such accomplishment was largely contributed by the telecommunications industry. He encouraged the industry to continue their efforts and the report of the Symposium would be shared with the policy bureau for information.

[Post-meeting note: The report concerned was sent to the policy bureau for information on 5 May 2015.]

Item 7 Any Other Business

30. Ms Agnes Tan suggested that in view of the market and developments, the regulatory framework for universal service contribution (USC) and licence fees of unified carrier licence (UCL) should be reviewed and discussed in the next TRAAC meeting. The Chairman and the Secretary explained that it would be inappropriate to launch another review of the licence fees in parallel with the legal proceedings in which an operator applied for judicial review on the last licence fee reduction for UCL and other relevant licences. As to the review of regulatory framework for USC, a paper would be tabled for discussion in the next meeting.

[Post-meeting note: On 29 April 2015, Ms Agnes Tan sent an email to OFCA and TRAAC Members reiterating her request for reviewing the regulatory framework for USC and licence fees in the next TRAAC meeting.]

31. There being no other business, the meeting adjourned at 5:00 pm.

**Office of the Communications Authority
May 2015**