

Telecommunications Regulatory Affairs Advisory Committee

Minutes of the Thirteenth Meeting Held on Thursday, 13 April 2017 at 2:30 p.m. in OFCA Conference Room, 20/F Wu Chung House

Present

Mr Chaucer Leung	Office of the Communications Authority (OFCA) (Chairman)
Mr Sanda Cheuk	OFCA (Secretary)
Ms Agnes Tan	Wharf T&T Limited (Wharf T&T)
Mr Alan Choi	Hong Kong Cable Television Limited (HKCTV)
Mr Gilbert Chan	Communications Association of Hong Kong
Mr Peter Lam	PCCW-HKT Telephone Limited, Hong Kong Telecommunications (HKT) Limited and PCCW Global (HK) Limited (PCCW)
Mr Richard Leung	Hong Kong Broadband Network Limited and HKBN Enterprise Solutions Limited (HKBN)
Mr T L Or	SmarTone Communications Limited and SmarTone Mobile Communications Limited
Ms Wendy Alison Yung	Hong Kong Wireless Technology Industry Association (HKWTIA)
Ir Dr Peter Chiu	The Hong Kong Institution of Engineers (HKIE)
Mr Patrick Ng	NTT Com Asia Limited (NTT)
Mr Kenneth Kwok	ComNet Telecom (HK) Limited
Mr Raphael Ho	Equinix Hong Kong Limited
Ms Eva Chan	Ad personam
Mr York Mok	Ad personam
Mr Karson Ng	China Telecom Global Limited
Mr Kan Kan	Hong Kong Police Force (HKPF)
Mr Stephen Chan	Services-based operators (SBOs) as a group
Mr Marcus Crachi	Telstra International HK Limited and Telstra International Limited (Telstra)

Mr Andrew Hung	HKC Network Limited
Mr Chris Tsang	APT Satellite Company Limited
Ms Jacqueline Leung	Towngas Telecommunications Fixed Network Limited
Ir Dr K F Tsang	The Institution of Engineering and Technology Hong Kong
Mr Alex Cheng	China Mobile Hong Kong Company Limited
Ms Juliana Wong	Hutchison Global Communications Limited, Hutchison Telephone Company Limited and Genius Brand Limited
Dr Victor Hung	Consumer Council

In Attendance

Mr Malcolm Leong	Wharf T&T
Mr W H Tang	PCCW
Mr Kevin Chu	PCCW
Ms Abbie Lo	HKBN
Ir Dr Philip Pong	HKIE
Mr Donald Chan	NTT
Ms Elaine Hui	OFCA
Mr S K Yiu	OFCA
Mr Kingsley Yeung	OFCA
Mr Desmond Young	OFCA
Mr Raymond Ho	OFCA
Ms Pancy Cheng	OFCA
Ms Vera Chung	OFCA
Mr Wilson Lee	OFCA
Mr John Wong	OFCA
Ms Andrea Lau	OFCA
Mr Penny Lo	OFCA
Ms Maggie Fung	OFCA

Absent with Apologies

Mr Brian Chan	21 ViaNet Group Limited
Mr Simon Leung	Hong Kong Mobile Television Network Limited

Ms Susana Halliday	Superloop (Hong Kong) Limited
Mr Brian Ho	TraxComm Limited
Mr Cliff Wong	TVB Network Vision Limited
Ms Claretta Chia	Verizon Hong Kong Limited
Mr Allen Law	External Telecommunications Services (ETS) operators as a group
Mr Raymond Wong	Paging operators as a group
Dr Andrew Simpson	Ad personam

The Chairman welcomed Members to the Telecommunications Regulatory Affairs Advisory Committee (TRAAC) meeting.

2. The Chairman informed Members that Professor Xu Yan had been appointed as one of the members of the Communications Authority (CA) and was therefore withdrawn from the TRAAC. The Chairman welcomed new participants to the TRAAC, namely, Ms Wendy Alison Yung from HKWTIA, Mr Marcus Crachi from Telstra and Mr Kan Kan from HKPF.

Item 1 Confirmation of Minutes of Last Meeting

3. The Chairman said that the draft minutes of the twelfth meeting had been circulated to Members for comment on 23 January 2017. As there was no comment received from Members, the minutes of the twelfth meeting were confirmed without amendment.

Item 2 Matters Arising

Progress of the Technical Regulatory Working Group (TRWG)

4. At the invitation of the Chairman, the Secretary reported that the first meeting of the TRWG had been held on 21 February 2017. In the new term of the TRAAC, TRWG would take up all the work of the previous Next Generation Network (NGN) Working Group as well as other relevant technical issues. In the first meeting of TRWG, members

were briefed about the technology developments of LTE in the unlicensed bands and WiGig in the 60 GHz band. During the meeting, some mobile network operators had expressed interest in conducting trials of deploying LTE in unlicensed bands when the relevant network and other equipment would be available for the trials and they were welcomed to submit applications for conducting the trials when ready. The TRWG also discussed the use of the 60 GHz band for deployment of multiple gigabit wireless systems. The matter would be further discussed in agenda item 4 below.

Item 3 **Proposal on the Implementation of Review of the Number of Public Payphones under Universal Service Obligation (TRAAC Paper No. 1/2017)**

5. The Chairman introduced the item by recapitulating OFCA's initiatives discussed at the last meeting. Mr Desmond Young gave a presentation on the objectives and scope of the review, the proposed guiding principles to facilitate determination of specific public payphones (PPs) that should not be eligible for Universal Service Contribution (USC), the estimated change in the number of public payphones following the review, and the way forward. He emphasised that overseas practices as well as the views of Members and the Universal Service Provider (USP) on the subject had been taken into account in formulating the guiding principles.

6. The Chairman invited views from Members before OFCA would finalise the proposal for the approval of the CA.

Principle 1

7. In response to the enquiry of Ir Dr Philip Pong, Mr Desmond Young explained that the charge for making a local call from a PP was \$1 and hence a PP with an average revenue of less than \$1 per day would indicate that it was seldom used by the public. Having said that, he emphasised that the decision to exclude a PP from USC would not solely be made based on the revenue level, but would be determined after taking into account any societal or local considerations specific to the PP that

might be raised by the relevant stakeholders during the engagement process with them (Principle 3).

8. Dr Victor Hung suggested that the emergency call usage of a PP should be taken into account because it was free to make emergency calls and such usage was not reflected in the revenue information.

9. Ms Elaine Hui said that OFCA noted the relevance of emergency call usage but such information was not available to OFCA for assessment. Therefore, the PP usage could only be assessed based on the revenue information. Nonetheless, she considered that Principle 2 which was designed to retain an existing in-building (IB) PP in each location and to retain an existing Kiosk PP in an area without mobile coverage should be able to address any public need for making emergency calls. Moreover, under Principle 3, relevant stakeholders would be consulted as they were the most appropriate parties to inform OFCA about the local considerations specific to the PPs concerned. By adopting these principles together, the societal factors and people in need should be well catered for.

10. The Chairman asked Mr Peter Lam whether PCCW had emergency call records originated from PPs. Mr Peter Lam replied that they might have some form of records, but considered that such records, even if available, would only be available for recent months. He would check what sort of data might be available and advise OFCA after the meeting.

11. Ir Dr Peter Chiu asked whether the low revenue threshold of less than \$1 per day was based on any criteria adopted overseas or other considerations.

12. Mr Desmond Young explained that OFCA had made reference to the criteria adopted overseas for determining what would constitute low usage for a PP. For instance, in Ireland, the USP might remove low usage PP in a site where the average usage was less than one minute per day. In the UK, low usage meant a PP with less than 12 calls in a 12-month period. On a similar premise, given that the charge for using PPs in Hong Kong was \$1 per call, OFCA took the view that PPs with

revenue of less than \$1 per day on average would suggest a very low usage level.

Principle 2

13. Mr Kan Kan asked if there was information to show whether mobile coverage was available within buildings. Ms Elaine Hui emphasised that at least one existing IB PP would be retained in the building under Principle 2 to ensure availability of PP service there. The Chairman also added that mobile coverage in buildings with high flow of people like hospitals, clinics and recreational centres was generally satisfactory. If it was not the case, OFCA would consult the relevant stakeholders whether they would need to keep the PPs concerned. Mr T L Or advised that OFCA might notify mobile network operators if mobile coverage was found not satisfactory within those buildings such that they could make plans to improve coverage.

Principle 3

14. Ms Juliana Wong generally agreed with the guiding principles. She asked whether OFCA had any objective criteria to assess the requests from stakeholders to retain the PPs which would otherwise be excluded from the USC. She also asked whether a Kiosk PP installed with Wi-Fi equipment was subject to a rental fee for USC contribution even if that PP was excluded from the USC but retained by the USP.

15. The Chairman replied that stakeholders should provide strong justifications to support their requests for retention of specific PPs with low revenue. Whilst it was premature for OFCA to set out rigid rules at this preliminary stage as to what would constitute strong justifications, he renewed that the purpose of the review was only to keep those PPs in need. As regards the rental fee, Ms Elaine Hui replied that the fee would continue to apply to all Kiosk PPs installed with Wi-Fi equipment for contribution to the USC, irrespective of whether the PPs concerned were excluded from USC (Principle 6).

16. Ms Agnes Tan asked who would be involved in the engagement process with stakeholders and whether the ultimate decision to exclude a

PP from the USC would be made by OFCA. As it would take about three years to complete the review, she asked whether Members would be informed about the work in progress. She also asked about the removal and reinstatement costs for removing a PP.

17. The Chairman replied that OFCA would make the decision to exclude specific PPs from the USC after engagement with the stakeholders. In view of the large number of stakeholders involved, OFCA would arrange consultation with them in a phased approach. Members would be updated of the progress of the review through TRAAC meetings. On the cost of removal of a PP, Mr Kingsley Yeung replied that the average removal and reinstatement costs for an IB PP and a Kiosk PP were around \$1,000 and \$10,000 respectively, based on the USP's records.

Principles 4 and 5

18. Mr Peter Lam suggested that the grace period should be considered on a case-by-case basis because it might not be feasible for the USP to physically remove a large batch of Kiosk PPs within the 12-month period. He also suggested that if a site owner was able to give strong justifications to retain a PP, or refused to let the USP carry out removal works of an IB PP, such PP should be retained under the USO despite the fact that it generated nil or low revenue.

19. Ms Elaine Hui replied that the grace period of 12 months was a general timeline derived from the past records of the USP in removing Kiosk PPs. If the USP could demonstrate that more time was needed to carry out the necessary removal works, there was flexibility built in under Principle 4 for OFCA to allow extension of the grace period. She further reiterated that an IB PP would be retained if the IB site owner was able to provide justifiable reasons.

20. Mr T L Or suggested that the USP should stop providing service once a PP was decided to be excluded from the USC, such that the grace period would be unnecessary and the exclusion of that PP from the USC could take effect immediately.

21. The Chairman pointed out that PPs should function during the grace period until they were physically removed, as it was reasonable to expect that all the PPs accessible by the general public should function properly. Mr Peter Lam supplemented that stopping service provision to certain PPs would damage the image of the USP. Dr Victor Hung considered that as there were a large number of PPs with nil or low revenue, stopping service provision to the sheer number of PPs before their removal would adversely affect the image of Hong Kong.

22. Mr T L Or asked whether the USP would receive USC if the PPs concerned were removed before the expiry of the grace period. Ms Elaine Hui replied that suitable adjustments would be made if there was evidence showing that the removal works were completed before the expiry of the grace period.

Principle 7

23. In response to Mr Richard Leung's enquiry, Ms Elaine Hui clarified that for a PP decided to be excluded from the USC and not retained by the USP or the relevant stakeholder, if the physical removal work could not be carried out until a later time, the cost incurred when the PP was eventually removed would still be compensated by the USC. However, she emphasised that if the PP was retained by the USP or relevant stakeholder at its own cost, the cost for its eventual removal would be borne by USP or stakeholder instead.

Other issues

24. Ir Dr Philip Pong suggested that OFCA should elaborate more on the benefits to the public arising from the review. He considered that the information currently provided in the paper focused on insufficient revenue generated from the PPs as the primary reason to exclude PPs from the USC. The Chairman replied that the merits of the review including the benefits to the public would be addressed in a press release of the CA following its decision on the matter.

25. Ms Agnes Tan wondered whether the PP kiosks could be used for purposes other than PP service, similar to what other economies had

done. Ir Dr K F Tsang also asked whether OFCA would allow new uses for the PP kiosks, such as installing Internet-of-Things (IoT) sensors. The Chairman replied that operators were welcome to submit proposals for the use of PP kiosks for services other than PP service. Whilst OFCA would follow up the proposals with interested parties and consider whether it could be implemented, approvals from other government departments would be required. The Secretary highlighted that some PP kiosks were being used for the provision of public Wi-Fi service and OFCA would consider and liaise with the relevant government departments on any new applications for using the PP kiosks in the future.

26. Mr Chris Tsang asked whether the nil or low revenue PPs were operating properly. Ms Elaine Hui replied that OFCA regularly conducted inspections to ascertain whether the PPs were functioning properly, and would refer any malfunctioning of the PPs to the USP for follow up. Based on the past inspections, most of the PPs were working properly.

27. The Chairman concluded discussion of the item and expressed gratitude to Members for their suggestions and comments. OFCA would take into account their views in finalising the proposal for the CA's consideration.

[Post meeting note: Ir Dr Philip Pong provided some written comments on 20 April 2017. OFCA would take into account his comments in finalising the proposal for CA's consideration.]

Item 4 Use of the 60GHz Band for Deployment of Multiple Gigabit Wireless Systems (TRAAC Paper No. 2/2017)

28. At the invitation of the Chairman, Ms Vera Chung gave a presentation on the subject matter, with an overview of the industry and market development as well as the technical requirements and the class licence for the 60 GHz devices (Class Licence). She highlighted that the Class Licence did not cover the use of the 60 GHz devices for the provision of public telecommunications services. Subject to the feedback from the industry, OFCA was minded to examine whether and

how the current regulatory regime should be updated to facilitate the deployment of the 60 GHz devices for the provision of public telecommunications services in Hong Kong.

29. Ms Agnes Tan noted that under the Class Licence, the licensees should not use the 60 GHz devices to provide public telecommunications services. She asked how to enforce that requirement. The Chairman replied that if OFCA identified or received a complaint alleging that a class licensee used the 60 GHz devices for the provision of public telecommunications services, OFCA would conduct an investigation into the case. Subject to the investigation result, OFCA would take the appropriate enforcement action against the class licensee who did not conform to the requirements of the Class Licence. The Secretary supplemented that the use of the 60 GHz devices for the provision of any public telecommunications services without authorization/appropriate valid licence granted by the CA was an offence under the Telecommunications Ordinance.

30. In response to Ir Dr K F Tsang's enquiry about the current uses of the 60 GHz devices in overseas countries, the Secretary said that the 60 GHz technology was still relatively new and relevant devices currently available in the market were mainly for private use. OFCA was not aware of the use of the 60 GHz devices for the provision of public telecommunications services in overseas countries for the time being. OFCA would continue to monitor the development and uses of the 60 GHz devices in overseas countries.

31. The Chairman said that more and more 60 GHz devices were expected to be available in the future and there was the possibility of using such devices and the 60 GHz band for the provision of public telecommunications services. He invited operators, who were interested in using the abovementioned devices to provide public telecommunications services, to submit proposals to OFCA for consideration.

Item 5 ITU Telecom World 2016 (TRAAC Paper No. 3/2017)

32. Mr Raymond Ho gave a presentation on the topic “ITU Telecom World 2016” which was held in Bangkok in November 2016. The presentation also included a brief update of the 5G development and broadband rollout to rural and remote areas in Hong Kong.

33. Ir Dr K F Tsang considered that there should be more collaboration between the Government and the industry for the smart city initiatives. He opined that dedicated spectrum might be assigned by OFCA to students and young engineers for experimental use. In response, the Chairman mentioned that the Office of the Government Chief Information Officer would be the subject department responsible for the smart city initiatives, and OFCA was minded to update the regulatory framework of telecommunications services with a view to facilitating the development of such initiatives. As regards spectrum for experimental use, the Chairman replied that interested parties might approach OFCA for trial permits. To prepare for the coming 5G era, OFCA might consider release of spectrum at higher frequency bands for licence-exempt use, which could be suitable for personal use or any parties who would like to provide innovative services within a confined area. The Secretary added that a trial permit would enable the applicant to conduct technical tests using the spectrum for a period of up to six months. If necessary, interested parties might also apply for an appropriate telecommunications licence (such as experimental station licence) for testing over a longer period of time.

34. Regarding the availability of spectrum for 5G services, Mr Peter Lam was of the view that the spectrum in the 700 MHz and 3.5 GHz bands should be made available earlier for provision of mobile services. He urged OFCA to provide a time frame for the release of 3.5 GHz band following the planned public consultation. Mr Peter Lam suggested that an incentive scheme, for example through public-private-collaboration, might be introduced as a compensation to the parties by the spectrum location.

35. In response, the Chairman said that the 700 MHz and 3.5 GHz bands had been extensively used currently for reception of analogue

terrestrial television and satellite television signals respectively. The vacation of the concerned spectrum should take into account the impacts on those existing radio users. The incentive scheme might be able to speed up the process of vacating the spectrum, but if that be the case, it would be necessary to ensure that the benefit transferred was commensurate with the impact on the affected parties. In respect of the 700 MHz band, the Government might consider the arrangement of analogue television switch-off including the possibility of introducing an assistance scheme to those affected viewers. OFCA would ensure the timely release of the available spectrum in the 700 MHz band for the provision of mobile services subject to the technical feasibility. As regards the 3.5 GHz band, in view of the potential impacts to the satellite industry and the public at large, a public consultation would be conducted to solicit views of the stakeholders before a decision on release of the spectrum in the 3.5 GHz band for mobile services would be made. Industry players would be welcome to put forth their ideas in the forthcoming the public consultation to be launched later this year.

36. In response to Ms Wendy Alison Yung's enquiry on the measures facilitating the development of Low Power Wide Area Network (LPWAN) in Hong Kong, the Chairman said that OFCA had been working with the relevant parties on the matter and was formulating an appropriate licensing regime to cover the provision of public IoT services using LPWAN in the frequencies of 920 – 925 MHz. The Secretary added that OFCA had commenced the work as soon as concrete proposals for the provision of IoT services were received from the interested parties. To update members the progress in this regard, the Chairman said that OFCA would include an agenda item on the licensing regime for public IoT services in the next meeting.

Item 6 Any Other Business

37. In view of the uncertain prospects of HKCTV, Dr Victor Hung asked if OFCA would brief Members on the possible arrangements regarding the In-building Coaxial Cable Distribution Systems owned by HKCTV for the provision of HKCTV's television services and the digital terrestrial television services in order that the reception of digital

terrestrial television services would not be affected in Hong Kong. In response, the Chairman clarified that the terms of reference of TRRAC was related to telecommunications regulatory issues. The provision of digital and terrestrial television services to the public was a broadcasting matter and therefore outside the scope of TRAAC. In any case, OFCA would endeavour to minimise the impact to the existing users of HKCTV arising from its business changes.

38. Finally, the Chairman advised that the next TRAAC meeting would be convened in September 2017 tentatively. There being no other business, the meeting was adjourned at 5:15 pm.

Office of the Communications Authority
May 2017