

Review of the Number of Public Payphones under Universal Service Obligation

Telecommunications Regulatory Affairs Advisory Committee
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Contents

1. Provision of Public Payphones as a Universal Service Obligation
2. Need to Conduct a Public Payphone Review
3. Overseas Practices – the United Kingdom, Ireland, Australia
4. The Review

Provision of Public Payphones as a Universal Service Obligation (1)

- Provision of **a reasonable number of public payphones** is a basic service which PCCW-HKT Telephone Limited and Hong Kong Telecommunications (HKT) Limited (collectively “HKT”) is required under its universal service obligation (“USO”) to provide
- HKT, as the universal service provider (“USP”), is compensated by the telecom industry for the cost of meeting the USO by means of universal service contribution (“USC”)

Provision of Public Payphones as a Universal Service Obligation (2)

- As of 29 February 2016, there were around 3,500 public payphones
 - Kiosk type: ~1,600 (public streets)
 - In-building (“IB”) type: ~1,600 (public facilities & Gov’t offices)
 - Emergency helplines: ~300 (country parks)

Need to Conduct a Public Payphone Review (1)

- It has been for some years that almost 100% of public payphones eligible for USC are uneconomic. The growth in mobile phone penetration appears to have led to a decline of demand for the use of public payphones
- The provision of public payphones continues to account for a large proportion of cost subject to USC

	2010	2011	2012	2013	2014
Uneconomic public payphones	\$25.7M (44%)	\$26.8M (39%)	\$29.3M (52%)	\$29.7M (65%)	\$23.7M (62%)
Uneconomic fixed lines	\$32.9M	\$41.2M	\$26.7M	\$15.7M	\$14.8M
Total USC	\$58.6M	\$68.0M	\$56.0M	\$45.4M	\$38.5M

Need to Conduct a Public Payphone Review (2)

- Given the high cost to maintain public payphones (about \$7,000 per payphone per year [2014 figure]) and the low demand from the public, a review on the number of public payphones in the context of USO is needed with a view to:
 - determining the number of public payphones to a **“reasonable” level** under the USO which are eligible for USC, and
 - minimising the level of USC borne by the industry
- Only the number of kiosk type and IB public payphones will be reviewed, but not emergency helplines in country parks due to public safety consideration
- Purpose of the review is to reduce the number of the existing kiosk-type and IB public payphones eligible for USC to a reasonable level. For the avoidance of doubt, the addition of new public payphones eligible for USC is not the intention of the review

Overseas Practices – the United Kingdom (1)

- USP: BT and KCOM
- Funding of universal service: by USP only
- Public payphones subject to USO:
 - USO services include reasonable geographic access to a public call box (“PCB”) to which the public has unrestricted 24 hour access

Overseas Practices – the United Kingdom (2)

- Removal principles:
 - If there are more than one PCBs in a site, the USP can, without consulting any parties, take away the PCBs until only one PCB is left in the site.
 - A site means any area within a walking distance of 400 metres from a PCB access
 - When the USP intends to remove the last PCB in a site, the USP must consult the local organisations / authorities. The local organisations / authorities have the veto rights
 - If the local organisations / authorities object to removal of the last PCB in a site, the USP shall not bring its proposal into effect. Nonetheless, the USP may appeal to the Competition Appeals Tribunal which will determine the case

Overseas Practices – the United Kingdom (3)

- BT will not remove any PCBs where there is a social or reasonable need for retention
- Social need means a PCB located in (a) suicide hotspots; (b) accident blackspots; (c) an area without mobile coverage; or (d) an area within 400 metres of the coast
- Reasonable need means (a) a PCB is the only payphone within 800 metres and had at least 12 calls within a 12 month period; and (b) the local population is not fewer than 500 households within 1km of that PCB

Overseas Practices - Ireland (1)

- USP: Eircom
- Funding of universal service: by USP only
- Public payphones subject to USO:
 - public payphones located on the street and in other public areas, available to the public at all times

Overseas Practices - Ireland (2)

- The USP is permitted to remove a public payphone in a site, subject to notification to the regulator and the public, if:
 - the usage in the previous 6 months has been “low”, indicating an absence of reasonable need in that location. Low means the average usage is less than 1 minute per day and the average minutes to freephone and emergency services is not more than 30 seconds within these minutes;
 - there is more than 1 public payphone on the site and the average usage across all of the public payphones on the site does not meet the “low” usage standards; in such instances, the USP shall ensure that 1 public payphone remains on the site;
 - there is demonstrable evidence that the removal of the public payphone is necessary as the payphone concerned is a focus for anti-social behaviour (e.g. vandalism); or
 - it is requested by a local authority
- A site means one or more public payphones located within 100 metres of each other or within a line of sight

Overseas Practices - Australia (1)

- USP: Telstra
- Funding of universal service:
 - by telecom industry in the form of the telecommunications industry levy (based on eligible revenue of telecom carriers)
- Public payphones subject to USO:
 - public payphones reasonably accessible on an equitable basis to all people in Australia, no matter where they live or conduct business

Overseas Practices - Australia (2)

- The USP will need to consult with the local community, site owner and local government authority, whose comments will be taken into account in the final decision of removal of public payphones
- A site means land or building, or other structure, on land
- The USP may reduce the number of public payphones in a site to a minimum of 1, having considered:
 - changes in usage and demand;
 - whether the public payphone is an obsolete product / technology; and
 - changes to the booth type to improve access or to meet site owners' needs

Overseas Practices - Australia (3)

- Where a public payphone is the only payphone at a site, the USP may remove that payphone where:
 - the site no longer meets the criteria for public payphone provision, with reference to the commercial viability of provision of public payphones, and availability of other public payphones within certain distances;
 - there is demonstrable evidence and community agreement that the local community no longer need the public payphone;
 - there has been significant or sustained costs due to repeated misuse and vandalism; or
 - the health or safety of the public or USP's staff is at high risk due to the location of the public payphone

The Review (1)

- **OFCA** has been studying and analysing **the local public payphone data** (e.g. level of usage, locations, site ownership, etc.)
- Having regard to overseas practices and the local situations, OFCA would develop **a set of guiding principles** to facilitate determination of whether specific public payphones should be eligible for USC
- Broadly speaking, the principles include considerations of the level of usage, locations of public payphones, and views of the relevant stakeholders

The Review (2)

- **The CA** will make a decision on the implementation of the review
- **TRAAC Members** will be briefed about how the review will proceed at the next meeting
- **Relevant stakeholders** including but not limited to the USP, District Councils, site owners (e.g. hospitals and other government departments) will be approached in the course of review

Thank You