

**Telecommunications Users and Consumers Advisory Committee (TUCAC)**

**Minutes of the 11<sup>th</sup> Meeting held at 3:00 p.m.**

**on 26 May 2016 (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 (Telecommunications), OFCA
Ms. June IP	Representative of Consumer Council
Ms. Irene LEUNG	Representative of the aged community
Ms. Edith HUI	Representative of Hong Kong General Chamber of Commerce
Mr. Kenny CHIU	Member appointed on an ad personam basis
Mr. Michael LUI	Representative of Education Bureau
Mr. Thomas SUN	Member of the public
Mr. C B WONG	Member of the public
Ms. Eva WONG	Member of the public
Ms. Florence MAN	Member of the public
Ms. Pauline YUNG	Member of the public
Ms. Cindy CHAN	Member of the public
Ms. Jamay WONG (Secretary)	OFCA

**In attendance:**

Ms. Vera CHUNG	OFCA
Ms. Pancy CHENG	OFCA
Ms. Andrea LAU	OFCA
Mr. Matthew WONG	OFCA
Miss Edith YAU	OFCA

**Absent with apologies:**

Mr. Ken FONG	Representative of Hong Kong Wireless Technology Industry Association (HKWTIA)
Mr. Alex KUN	Representative of Communications

	Association of Hong Kong (CAHK)
Mr. Eric YEUNG	Representative of small and medium enterprises
Mr. K W MA	Member appointed on an ad personam basis
Mr. Anthony NGAN	Representative of the disabled
Mr. Ben YU	Representative of the disabled
Ms. Agnes CHAN	Member of the public
Ms. Martha LEUNG	Member of the public
Mr. Derek Emory YEUNG	Member of the public
Mr. Daniel LO	Member of the public

## **I. Confirmation of the Minutes of the 10th Meeting**

1. The Secretary had not received any proposed amendment to the draft minutes of the 10th meeting from the members and no amendment was proposed by the members in the meeting. The Chairman announced that the minutes of the 10th meeting were confirmed.

## **II. Development of Small Cells and Wi-Fi in Hong Kong**

2. Ms. Vera CHUNG briefed the members on the current development of small cells and Wi-Fi in Hong Kong and illustrated how OFCA facilitated operators to install those two types of equipment for the provision of wireless broadband services in Hong Kong. Related information is in TUCAC Paper No. 4/2016.

3. Mr. Thomas SUN enquired about the technology currently used by “Wi-Fi.HK” to provide services and the related speed. Mr. Thomas SUN also noticed that although many private companies currently provided free Wi-Fi services, users might receive a lot of advertisements while using the services. Mr. Thomas SUN enquired whether the issue fell under the purview of OFCA and whether OFCA would undertake any researches on network safety.

4. Ms. Vera CHUNG replied that since “Wi-Fi.HK” was managed by the Office of the Government Chief Information Officer, OFCA had no information regarding the technologies adopted by the service and its possible speed. As for network safety, OFCA had already provided public Wi-Fi service operators with guidelines on Wi-Fi security.

[Post-meeting note: In July 2008, the former Office of the Telecommunications Authority issued “Guidelines on the Security Aspects for the Design, Implementation, Management and Operation of Public Wi-Fi Service” for public Wi-Fi service operators’ reference. The Guidelines is available at [http://tel\\_archives.ofca.gov.hk/en/report-paper-guide/guidance-notes/gn\\_200817.pdf](http://tel_archives.ofca.gov.hk/en/report-paper-guide/guidance-notes/gn_200817.pdf)]

5. The Chairman said that in order to facilitate the development of Wi-Fi services in Hong Kong, the Communications Authority (“CA”) adopted a relatively light-handed licensing and regulatory approach to licensees providing Wi-Fi services. Apart from allowing fixed network operators holding carrier licences to provide Wi-Fi services, the CA also created a class licence under which a person was only required to register online with the CA as a class licensee for the provision of Wi-Fi services, and OFCA would not interfere in the charging scheme and mode of operation of the Wi-Fi services provided by the operators. Regarding the insertion of advertisements by private companies while providing free Wi-Fi services, the CA considered it as an alternative commercial arrangement for providing Wi-Fi services to users without charging them. (Wi-Fi services operators worked with commercial organisations to promote their products by inserting advertisements while the public used the free Wi-Fi services provided by the operators.) Members of the public might, in accordance with their own wishes, choose whether or not to log in and use the Wi-Fi services and receive such advertisements.

6. Ms. Irene LEUNG said that similar to mobile broadband services, the actual uploading and downloading speeds of Wi-Fi services could be affected by various factors. As such, the actual speed performance could rarely achieve the theoretical maximum speeds as claimed by the operators.

### **III. Termination of provision of Prepaid Mobile Services by Easycall Limited-Follow-up Actions by OFCA and Recommendations to Consumers**

7. Ms. Pancy CHENG briefed members on the follow-up actions taken by OFCA regarding the termination of provision of prepaid mobile services by Easycall Limited and the recommendations offered by OFCA to consumers in case of similar incidents. Related information is in TUCAC Paper No. 5/2016.

8. Mr. Thomas SUN enquired 1) whether OFCA would impose new licensing conditions to require a mobile virtual network operator ('MVNO') to have assets or registered capital not less than a certain amount in order to be granted a licence; and 2) whether OFCA would introduce a deposit mechanism and monitor the quantity of SIM cards issued by MVNOs so as to avoid non-delivery of services after mass issuance and sale of the SIM cards.

9. Ms. Pancy CHENG responded that the CA had strengthened the assessment for licences in view of the incident. New licence applicants were required to submit to the CA information on their financial status, such as net assets and liquidity, in order to prove that they were financially capable of providing satisfactory services. However, owing to different sizes and businesses of companies, OFCA had not imposed minimum requirements on the companies' net assets. OFCA would fully examine the information provided by applicants when conducting the licence assessment.

10. The Chairman supplemented that although OFCA had not imposed minimum requirements on the net assets of applicants' companies, OFCA would still require applicants to provide financial statements and projected profit and loss statements on the proposed services in order to prove that they were financially capable of maintaining the services. As for monitoring the quantity of SIM cards issued by MVNOs, OFCA would, upon receiving the request from MVNOs for additional phone numbers, allocate proper quantity of numbers to MVNOs for issuance of SIM cards after taking into consideration their past consumption of numbers.

11. Mr. C B WONG said that the requirement on asset ratio was imposed in many industries currently. For example, in the banking sector, banks were required to maintain their lending ratio at a level not higher than a certain percentage. As for the telecommunications sector, due to the increasing demand for data usage year by year, he suggested that OFCA should consider imposing the requirement on asset ratio on all kinds of licence applications so as to protect consumers from the loss caused by operators' failure to maintain their business. Besides, Mr. C B WONG asked whether consumers holding the SIM cards issued by an operator could reclaim the paid amount if the operator closed down.

12. The Chairman responded that consumers could consider recovering the unused balance of the prepaid services from the operators concerned or taking civil actions in the Small Claims Tribunal.

13. Mr. C B WONG said that since MVNOs had already paid mobile network operators ('MNOs') for the network capacity, he was of the view that even if MVNOs had terminated their services, MNOs still had the responsibility of continuing the provision of services to consumers or continuing the provision of services to the affected consumers at a discounted price.

14. The Chairman understood Mr. C B WONG's concern and said that OFCA had, in fact, contacted the MNO concerned for the incident in the hope of asking the MNO to postpone the termination of its service to Easycall Limited. But, the MNO refused to extend its service out of commercial consideration. OFCA had also asked the MNOs to assist the customers of Easycall Limited in porting their numbers so as to mitigate the impact caused to them. The MNOs agreed to make arrangements for that.

15. Mr. C B WONG opined that the MNOs' arrangement could not only reduce the loss caused to consumers, but also bring new consumers to the MNOs concerned. Mr C B WONG also suggested that OFCA should refer to the arrangements adopted by the Travel Industry Council, such as setting different asset requirements in accordance with the categories of licences; and requiring certain licensees to report their asset ratios to the regulator on a regular basis and terminating their licences if their asset ratios failed to meet the requirement.

16. Mr. Thomas SUN also welcomed the MNOs' arrangement. However, he opined that such incidents were due to MNOs' failure to impose sufficient risk management on MVNOs. Therefore, MNOs could not shed responsibility entirely and should review and strengthen risk management. Mr. Thomas SUN hoped that OFCA could conduct a review on the incident and seek to avoid similar incidents by putting in place appropriate measures, such as requiring licence applicants to provide registered capital, so as to protect consumers.

17. The Chairman thanked Mr. Thomas SUN and Mr. C B WONG for their opinions and said that OFCA would continue to examine the feasibility of strengthening the related regulation and would seek to strike a balance between promoting competition within the industry and protecting the interests of consumers.

18. Mr. Kenny CHIU shared his experience in assisting in developing the regulatory approach for the travel industry and pointed out that regardless of measures adopted, there would still be closure of travel agencies. As such, Mr. Kenny CHIU considered it essential

for OFCA to strike a balance between promoting competition and regulation. He also recognised the importance of MNOs to adopt risk management and advised OFCA to urge MNOs to include the following conditions in their contracts with MVNOs: 1) if the MVNO had paid for the capacity but failed to provide services to consumers due to closure, the MNO should take up the responsibility of continuing the provision of services for a period of time (such as one month) so that consumers could still be able to use the services while arranging for number porting; or 2) the MNO could collect from the MVNO a security deposit/deposit for the purpose of continuing the provision of services to consumers in case the MVNO closed down. Mr. Kenny CHIU believed that in the case of Easycall Limited, the MNO concerned refused to continue its services because Easycall Limited had already been heavily in debt to it. He opined that the case was a commercial dispute between operators and that it would be inappropriate for OFCA to intervene excessively.

19. Ms. Florence MAN advised that OFCA should notify the public if it decided to tighten the requirements concerning licence assessment, otherwise public misunderstanding might arise when an applicant's licence application was rejected due to his/her failure to meet the assessment requirements in future. In addition, OFCA should provide grounds and justifications for rejecting a licence application.

20. Ms. Pancy CHENG responded that the CA had published the application guidelines for services-based operator licences on its website. Regarding MVNOs' licences, the guidelines had set out in detail information to be provided by an applicant, such as the applicant's audited financial statements and projected profit and loss statements for the recent three years. If the applicant did not provide sufficient information, OFCA would request the applicant to provide the missing information. Should the CA reject granting the applicant a licence, it would state the reasons for the rejection to the applicant.

21. The Chairman said that OFCA would also analyse the financial information provided by an applicant to assess if the applicant was financially capable of maintaining its services, and would request the applicant to provide additional information if necessary.

22. Mr. Kenny CHIU opined that OFCA should not merely focus on the financial capability of MVNOs, it should also take note of the responsibilities of MNOs as MNOs could stop providing services to MVNOs for various reasons, thus affecting consumers eventually.

23. The Chairman responded that if MNOs refused to provide services to MVNOs without any reasons, OFCA could take regulatory action against them in accordance with the existing licence conditions, including issuing warning letters or imposing fines. The Chairman understood Mr. Kenny CHIU's concern and said that OFCA would keep in view the market development and provide relevant guidelines to the industry when necessary.

24. Mr. Thomas SUN suggested that OFCA should refer to the regulatory regimes adopted in certain large-scale projects with a view to clarifying the responsibilities of MNOs and MVNOs or formulating relevant regulatory provisions.

25. Regarding the enquiry of Mr. Thomas SUN, Ms. Pancy CHENG explained that according to the existing licence conditions, if the licensee employed any person under contract for the purpose of the service, the licensee should continue to be responsible for compliance with and fulfilment of the licence conditions by the contractor. However, in the present incident, the MVNO concerned (i.e. Easycall Limited) was the MNO's client, not its contractor. Therefore, the aforementioned licence conditions were not applicable.

26. Ms. Irene LEUNG considered that consumers should be mindful of the risk involved in prepaid consumption because the problem was not exclusive to the telecommunications sector. Companies in any industries might close down or fold up. Ms. Irene LEUNG said that many elder persons had purchased prepaid telecommunications services. Despite a limited amount of money involved, it was still hoped that OFCA could consider disseminating more messages about the risk of prepaid consumption to alert consumers.

27. The Chairman thanked Ms. Irene LEUNG for her suggestion. OFCA would consider incorporating the topic into its consumer education campaign.

28. Ms. June IP said that the Consumer Council had, from time to time, reminded consumers of the points to note concerning prepaid consumption and would consider placing special emphasis on prepaid SIM card services in its work in future.

#### **IV. Any Other Business**

29. The Secretary reported that the CA had received 609 and 455 cases of consumer complaints in the 4th Quarter of 2015 and the 1st Quarter of 2016 respectively. Among these complaints, 604 cases (99.2%) in the 4th Quarter of 2015 and 447 cases (98.2%) in the

1st Quarter of 2016 were outside the CA's scope of jurisdiction. These complaints primarily involved dissatisfaction with customer service, disputes over bills, disputes over contract terms/service termination and dissatisfaction with the quality of mobile/fixed network/Internet services. The remaining 5 cases (0.8%) in the 4th Quarter of 2015 and 8 cases (1.8%) in the 1st Quarter of 2016 were related to possible breach of the Telecommunications Ordinance or Licence Conditions, including complaints about access by operators to public areas of buildings for the installation of telecommunications/broadcasting equipment and networks, suspected misleading or deceptive sales conduct and alleged anti-competition conduct. No substantiated case was confirmed to be in breach of the Telecommunications Ordinance/Licence Conditions in the 4th Quarter of 2015 and the 1st Quarter of 2016. The latest consumer complaint statistics are in Annex 1.

## **V. End of the Term**

30. The Chairman said that this meeting would be the last meeting of the current term of membership (2014-2016). The Chairman expressed his gratitude to the members for their valuable feedback and support to OFCA throughout the past years and looked forward to co-operating with them again upon the appointment of the new committee.

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



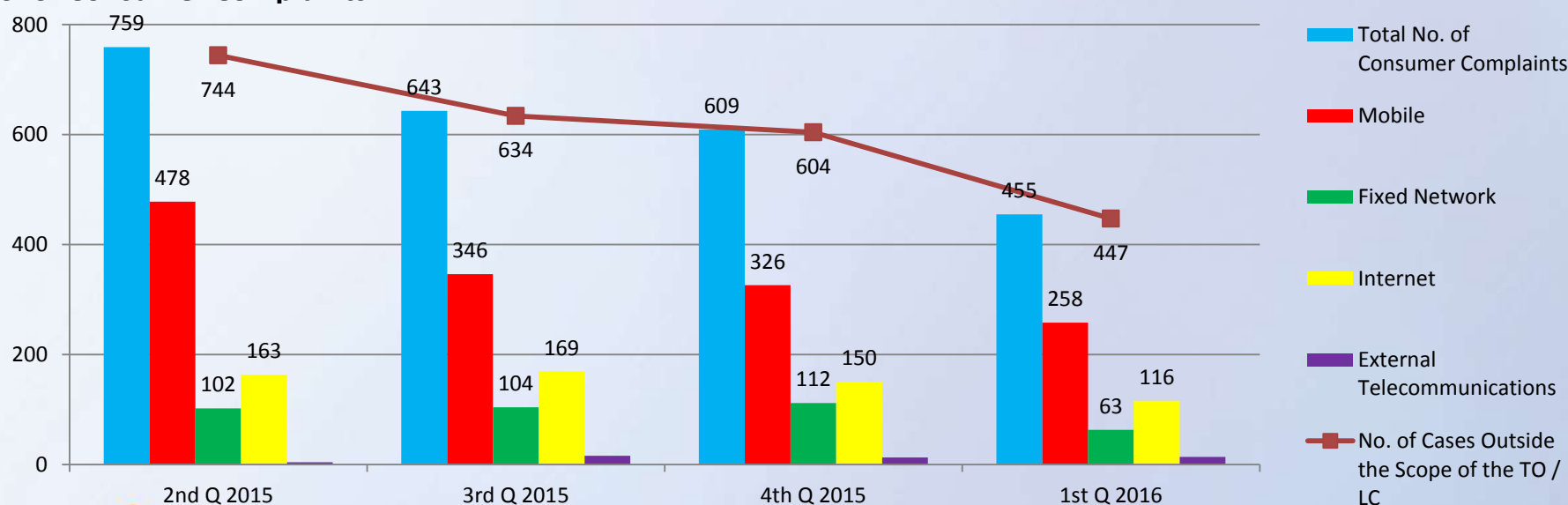
# **Report on Consumer Complaints on Telecom Services**

**The Telecommunications Users and  
Consumers Advisory Committee  
The 11<sup>th</sup> Meeting  
26 May 2016**

# Overview (4<sup>th</sup> Quarter of 2015 and 1<sup>st</sup> Quarter of 2016)

<i>(Categorised by service types)</i>	<u>2<sup>nd</sup> Q 2015</u>	<u>3<sup>rd</sup> Q 2015</u>	<u>4<sup>th</sup> Q 2015</u>	<u>1<sup>st</sup> Q 2016</u>	<u>4<sup>th</sup> Q 2015</u>	<u>1<sup>st</sup> Q 2016</u>	
<b>Total No. of Consumer Complaints</b>	<b>759</b>	<b>643</b>	<b>609</b>	<b>455</b>	<b>604</b>	<b>447</b>	<b>No. of Cases Outside the Scope of the Telecommunications Ordinance ("TO") / Licence Conditions ("LC")</b>
Mobile	478	346	326	258	326	256	
Fixed Network	102	104	112	63	107	57	
Internet	163	169	150	116	150	116	
External Telecommunications	4	16	13	14	13	14	

**No. of Consumer Complaints**



# No. of Complaints (4<sup>th</sup> Quarter of 2015 and 1<sup>st</sup> Quarter of 2016)

## Decrease in the number of Complaint Cases

In the 4<sup>th</sup> Quarter of 2015, the Communications Authority (“CA”) received 609 cases of consumer complaints, representing a decrease of 5% from the 643 cases received in the 3<sup>rd</sup> Quarter. In the 1<sup>st</sup> Quarter of 2016, the CA received 455 cases of consumer complaints, representing a significant drop of 25% from the 609 cases received in the 4<sup>th</sup> Quarter of 2015.

No. of cases not involving any breach of the TO or LC : 604 and 447 cases in the 2 Quarters respectively

The cases mainly involved:	4 <sup>th</sup> Q 2015	1 <sup>st</sup> Q 2016
➤ Dissatisfaction with customer service:	148 cases	73 cases
➤ Disputes on bills :	144 cases	97 cases
➤ Disputes on contract terms / service termination :	16 cases	102 cases
➤ Dissatisfaction with the quality of mobile/ fixed network/Internet services:	94 cases	77 cases

No. of cases involving possible breach of the TO or LC : 5 and 8 cases in the 2 Quarters respectively

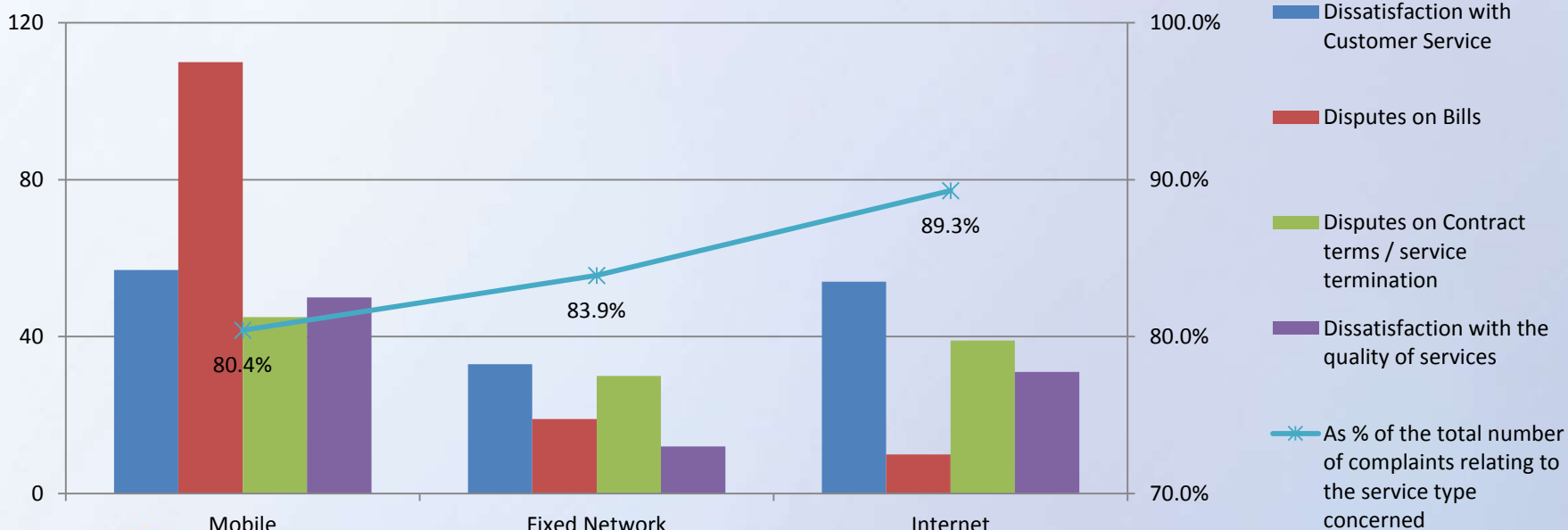
➤ Access by operators to public areas of buildings for the installation of telecommunications/ broadcasting equipment and networks:	4 cases	6 cases
➤ Suspected misleading or deceptive sales conduct:	1 case	1 case
➤ Suspected anti-competitive practice :	0 case	1 case

# No. of Complaints (4<sup>th</sup> Quarter of 2015)

*(Categorised by major service types)*

	<u>Dissatisfaction with customer service</u>	<u>Disputes on bills</u>	<u>Disputes on contract terms / service termination</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	57	110	45	50	80.4%
Fixed Network	33	19	30	12	83.9%
Internet	54	10	39	31	89.3%

## No. of Consumer Complaints

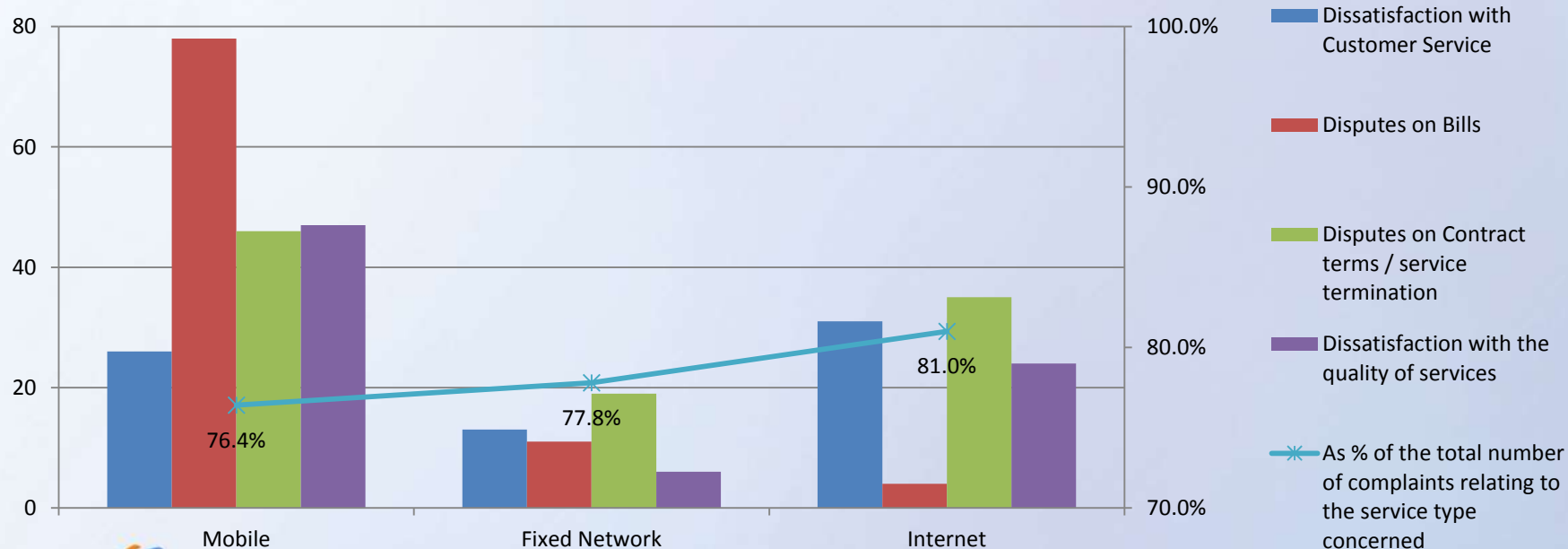


# No. of Complaints (1<sup>st</sup> Quarter of 2016)

*(Categorised by major service types)*

	<u>Dissatisfaction with customer service</u>	<u>Disputes on bills</u>	<u>Disputes on contract terms / service termination</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	26	78	46	47	76.4%
Fixed Network	13	11	19	6	77.8%
Internet	31	4	35	24	81.0%

## No. of Consumer Complaints



## **No. of Complaints (4<sup>th</sup> Quarter of 2015 and 1<sup>st</sup> Quarter of 2016)**

### **Case Analysis of Breach of the TO / LC**

During the period between the 4<sup>th</sup> Quarter of 2015 and the 1<sup>st</sup> Quarter of 2016, there was no substantiated case of breach of the TO/LC

**Thank you**