

Review of the Number of Public Payphones



19 July 2018

Background

- PCCW-HKT Telephone Limited and Hong Kong Telecommunications (HKT) Limited (“HKT”) is currently the sole provider of universal service
- Under the universal service obligation (“USO”) arrangement, HKT is required under the Telecommunications Ordinance (“TO”) to ensure that basic telephone services (including public payphone service) is reasonably available to all persons within Hong Kong
- HKT provides public payphone service at locations with demand based on its assessment and public requests

Background

- As at 31 December 2016, there were around 3 100 public payphones covered by the USO
- About half of these public payphones were kiosk type public payphones (“kiosk payphones”) located on public streets
- The rest were located in public facilities/government offices (“in-building payphones”)



Background

- The services provided by HKT under the USO are funded by fixed and mobile telecommunications service providers under the universal service contribution (“USC”) scheme set up pursuant to section 35B of the TO
- The telecommunications industry contributed more than HK\$20 million for the cost of providing public payphones in 2016



Review

- With the popularity of mobile phones, the public relies mostly on mobile phones for voice communication or sending messages. Demand for public payphones has waned in recent years



- As such, the Communications Authority (“CA”) announced in June 2017 its decision to embark on a review of the number of public payphones under the USO
- **Public payphones with an extremely low usage rate** (viz. with an average revenue of not more than HK\$1 a day) **are the subject of the review**. According to the data of 2014 and 2015 provided by HKT, about 56% of the public payphones had an average revenue of not more than HK\$1 a day
- The review does not cover emergency helplines located in country parks for use by the public for emergency purposes



Objectives of the Review

- The CA intends to reduce the number of public payphones eligible for the USC to a reasonable level, thereby reducing the level of USC borne by the industry and accordingly the pressure on them to pass on the USC to subscribers of telecommunications services
- If HKT removes those kiosk payphones which are no longer eligible for the USC after the review, it will also help free up space and alleviate potential street obstruction problems

Guiding Principles for the Review

Guiding Principle (1)

- Public payphones with an extremely low usage rate, viz. with an average revenue of not more than HK\$1 a day, are the subject of the review

Guiding Principle (2)

- It is proposed that at least one existing in-building payphone should be retained in each in-building payphone location to meet the need of the public
- It is proposed that one kiosk payphone located in a remote area without mobile network coverage and with no alternative kiosk payphone in the vicinity should be retained

Guiding Principles for the Review

Guiding Principle (3)

- Relevant stakeholders' views should be solicited in the course of the review so that any needs and considerations specific to the districts or locations would be well catered for before a decision to exclude specific public payphones from the USO is made
- For kiosk payphones, relevant stakeholders include the 18 District Councils ("DCs")
- For in-building payphones, relevant stakeholders include site owners like hospitals, recreational and leisure centres, universities and government departments

Removal Arrangement for Public Payphones

- After the Office of the Communications Authority (“OFCA”) has made a decision to exclude specific public payphones in accordance with the guiding principles for the review, HKT may still choose to retain those public payphones based on its commercial considerations
- If HKT decides to retain those excluded payphones, it has to bear the costs of their operation and future removal without compensation under the USC



Progress of the Review

In-building Payphones

- OFCA started consultation with the relevant site owners in July 2017. The consultation was completed in February 2018
- In accordance with the relevant guiding principles and having duly considered the site owners' views, OFCA decided to exclude about 35% of the in-building payphones from the USO

Kiosk Payphones

- OFCA has started the consultation process with DCs since March 2018

The Entire Review

- It is expected that the review will be completed by end 2019

Thank you

