

CA Chairman's Tea Gathering with the Media

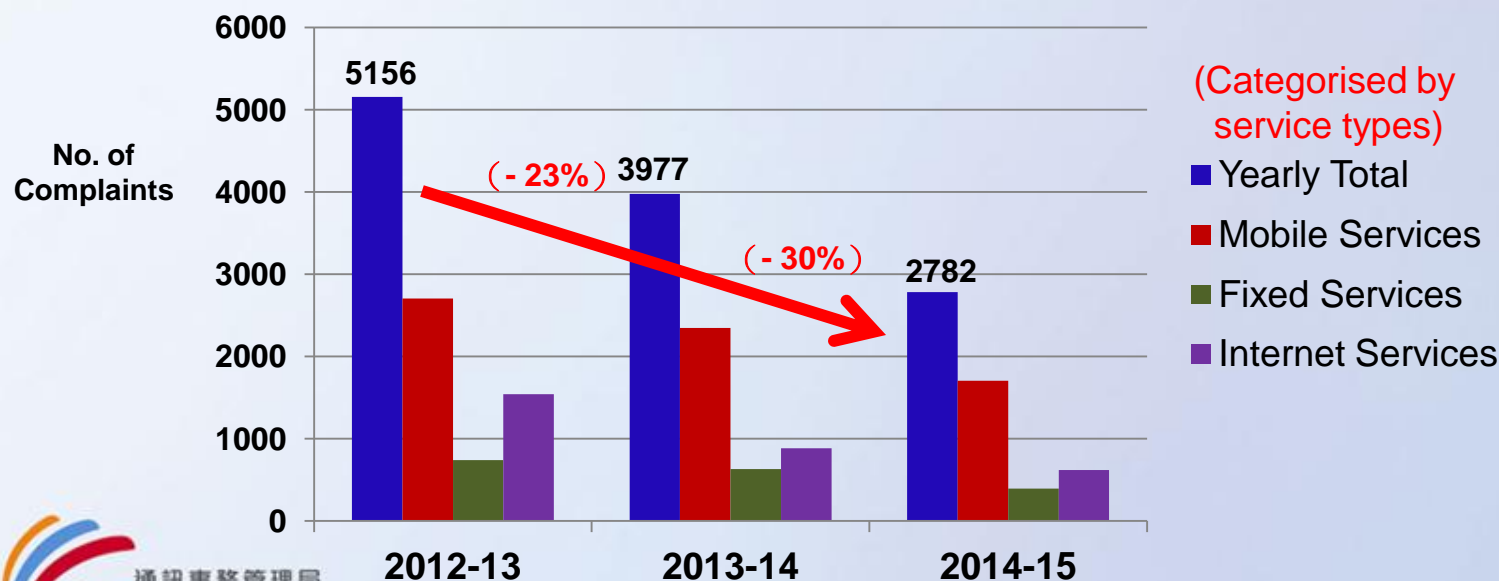
Communications Authority (CA)

6 August 2015

Complaints concerning Telecom Services and Broadcasters

Complaints on Telecom Services*

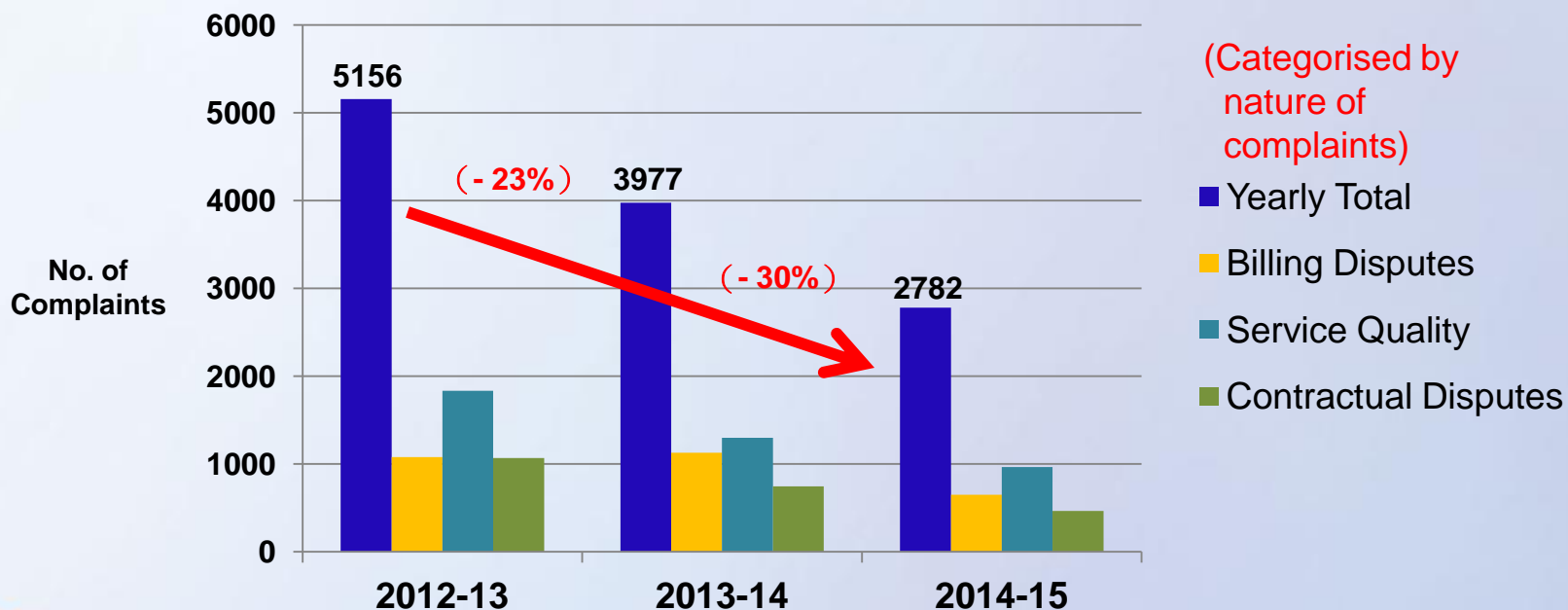
<i>(Categorized by service types)</i>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	
Total No. of Consumer Complaints	5 156	3 977	2 782	(- 30%)
• Mobile Services	2 702	2 346	1 704	(- 27%)
• Fixed Services	740	629	391	(- 38%)
• Internet Services	1 542	881	619	(- 30%)



Complaints on Telecom Services*

(Categorized by nature of complaints)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	
Total No. of Consumer Complaints	5 156	3 977	2 782	(- 30%)
• Billing disputes	1 078	1 128	651	(- 42%)
• Service quality	1 835	1 297	964	(- 26%)
• Contractual disputes	1 067	745	465	(- 38%)



Actions Taken to Address Consumer Complaints on Telecom Services*

Mobile Bill Shock

- August 2010: Mobile service operators launched a series of “mobile bill shock” preventive measures
- No. of complaints:
488 (2012-13) → 356 (2014-15)

Contractual Disputes

- July 2011: The industry implemented the “Industry Code of Practice for Telecommunications Service Contracts”
- No. of complaints:
1 067 (2012-13) → 465 (2014-15)

Billing Disputes

- October 2011: The “Code of Practice in Relation to Billing Information and Payment Collection for Telecommunications Services” was issued
- No. of complaints:
1 078 (2012-13) → 651 (2014-15)

Fair Usage Policy

- February 2012: Mandatory “Fair Usage Policy Guidelines” came into effect
- No. of complaints:
21 (2012-13) → 11 (2014-15)

Actions Taken to Address Consumer Complaints on Telecom Services

Revised Version of “Industry Code of Practice for Telecommunications Service Contracts” (Industry Code)

- To further protect consumer interest, CAHK accepted OFCA’s suggestion and revised the Industry Code. The operators have implemented the revised Code since May 2015
- Major revisions include:
 - To improve the arrangement for contract termination so that the arrangement must not cause inconvenience to customers or involve unreasonable delay;
 - To improve the arrangement for the provision of written confirmation for extension or renewal of contracts;
 - To require operators to inform customers of the calculation of termination charge or the maximum amount involved, if it is not feasible for the operators to provide service at the relocated premises due to the absence of network coverage before signing contracts with customers;
 - To state clearly in the contract the calculation of the first bill and the last bill within the contract term; and
 - To implement a better cooling-off period arrangement with greater flexibility

Actions Taken to Address Consumer Complaints on Telecom Services

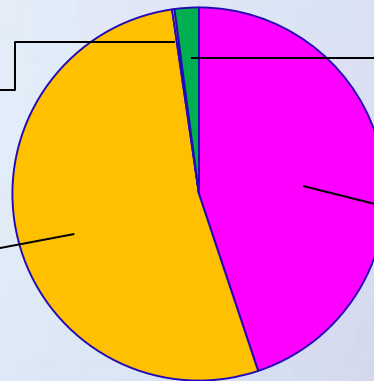
Customer Complaint Settlement Scheme (CCSS)

- OFCA has sponsored and monitored the **CCSS** operated by CAHK
 - The two-year trial operation commenced from November 2012 to help resolve billing disputes in deadlock between consumers and their telecommunications operators by means of mediation
- OFCA completed the review and assessment of the CCSS with the industry after the completion of the two-year trial period and decided to support the long term implementation of the CCSS by the industry on the basis of the framework adopted in the trial scheme starting from 1 May this year
- During the period between 1 November 2012 and 30 June 2015, 477 eligible applications were received:

1 case*: agreement could not be reached

** a verbal agreement was reached after mediation but the customer did not sign the written settlement agreement.*

252 cases: satisfactorily settled after referral to the Centre



10 cases: pending mediation

214 cases: settled before referral to the Centre for follow-up action

- Of the 467 cases handled, 466 cases were satisfactorily settled. The successful rate was close to 100%

Actions Taken to Address Consumer Complaints on Telecom Services

- Consumer education: smart use of different communications services
- Activities include:
 - TV and radio APIs, short videos
 - Roving exhibitions
 - Public seminars and roving drama for schools
 - Photo storytelling competition
 - Publication of consumer information on the use of communications services in the form of comic strips in newspapers



Complaints concerning Telecom Services and Broadcasters

*Complaints against Broadcasters**

A rising trend in the number of complaints:

The number of complaint cases concerning broadcasting contents has been on the rise in recent years. The number of complaint cases handled increased from over 2 000 cases in 2012 - 13 to over 2 600 cases in 2014-15:

- 2012 - 2013 : 2 053 cases (53 965 complaints[^])
- 2013 - 2014 : 2 915 cases (36 230 complaints^{^^})
- 2014 - 2015 : 2 648 cases (15 373 complaints^{^^^})

[^] including over 42 000 complaints against “ATV Focus” (ATV焦點)

^{^^} including over 27 000 complaints against “Scoop” (東張西望- 電視牌照風雲)

^{^^^} including over 4 000 complaints against the reports on the Occupy Movement

** From July to June of the following year*

Complaints against Broadcasters*

The number of complaints about the partiality of programmes on the rise

The number of complaints about the partiality of programmes increased significantly from over 100 cases in 2012 - 13 to over 500 cases in 2014 - 15:

- 2012 - 13 : 166 cases (48 838 complaints[^])
- 2013 - 14 : 244 cases (30 386 complaints^{^^})
- 2014 - 15 : 544 cases (8 478 complaints^{^^^})

[^] including over 42 000 complaints against “ATV Focus” (ATV焦點)

^{^^} including over 27 000 complaints against “Scoop” (東張西望- 電視牌照風雲)

^{^^^} including over 4 000 complaints against the reports on the Occupy Movement

**** From July to June of the following year***

Complaints against Broadcasters

Requirements on impartiality for news programmes and factual programmes

Under the Codes of Practice issued by the CA, licensees must ensure that due impartiality is preserved in news programmes and any factual programmes dealing with matters of public policy or controversial issues of public importance in Hong Kong, including that:

- Viewpoints should be dealt with even-handedly and balance should be sought through the presentation of principal relevant viewpoints
- Programmes or programme segments under concern should not be slanted by the concealment of facts or by misleading emphasis

But the above requirements are **not applicable to personal view programmes**

Complaints against Broadcasters

Requirements applicable to personal view programmes dealing with matters of public policy or controversial issues of public importance in Hong Kong

Programmes in which the licensees, programme hosts or individual contributors put forward their own views are subject to the following requirements:

- The nature of the programme must be identified clearly at the start of the programme
- Facts must be respected and opinions should not rest upon false evidence
- A suitable opportunity for response to the programme should be provided in the same programme, in the same series of programmes or in programmes targeting similar audiences
- A sufficiently broad range of views should be expressed

Updates of Major Tasks: Broadcasting

1. Domestic Free TV Programme Service Licence
2. Assignment of Broadcasting Spectrum to be Withdrawn from ATV
3. Application for Renewal of Domestic Pay TV Programme Service Licence
4. Applications for Renewal of Analogue Sound Broadcasting Licences

1. Domestic Free TV Programme Service Licence

➤ Applications for renewal of domestic free TV programme service (free TV) licences of Television Broadcasts Limited (TVB) and Asia Television Limited (ATV):

- The CA submitted its recommendations to the Chief Executive in Council (CE in C) in early November 2014
- The CE in C decided on 1 April this year **not to renew ATV's free TV licence**
- Following the CE in C's decision, the CA **gave notice to ATV** on 20 April that the CA would exercise its power under the Telecommunications Ordinance to **withdraw all the spectrum currently assigned to ATV** (comprising two sets of analogue TV channels and 1.5 digital multiplexes) **following the expiry of its free TV licence** (i.e. after 1 April 2016)
- On 12 May, the CE in C **decided to approve TVB's licence renewal application**. The validity period of the licence is 12 years, from 1 December 2015 to 30 November 2027
- Following the CE in C's decision, the CA administratively **assigned to TVB the broadcasting spectrum** it currently holds on 12 May for the provision of two analogue programme channels and five digital programme channels in HD format

1. Domestic Free TV Programme Service Licence

- **Follow up work relating to free TV licence applications of HK Television Entertainment Company Limited (HKTVE) and Fantastic TV :**
 - The CE in C granted approvals-in-principle to the free TV licence applications of HKTVE and Fantastic TV on 15 October 2013 and the CA submitted its recommendations in respect of the two applications to the CE in C on 19 January this year
 - The CE in C decided to formally **grant a free TV licence to HKTVE** on 1 April this year. The licence will be valid for 12 years until March 2027. HKTVE is required to broadcast a 24-hour Chinese channel and a 16-hour English channel within 12 months and 24 months from licence grant respectively (viz. by 31 March 2016 and 31 March 2017 respectively)
 - In addition, the CE in C is considering **Fantastic TV's** application. At the request of Fantastic TV, CE in C granted Fantastic TV additional time to **provide further information**. The CA will consider the information provided by Fantastic TV as requested by CE in C and submit its recommendations and comments to the CE in C

1. Domestic Free TV Programme Service Licence

- **Free TV licence applications of Hong Kong Television Network Limited (HKTV) and Forever Top (Asia) Limited (Forever Top) :**
 - In respect of **HKTV's** free TV licence application submitted on 15 April 2014, the CA will process the application prudently and after assessing the applicant's compliance with the statutory requirements of the Broadcasting Ordinance (BO), the assessment criteria set out in the guidance notes promulgated by the CA as well as considering the public views collected during the public consultation, the CA will submit its recommendations to the CE in C as soon as practicable
 - The CA will **process Forever Top's free TV licence application** submitted on 15 April this year in accordance with the BO and established procedures. According to the established procedures, the CA will consult the public on the application after verifying the relevant information with the applicant

2. Assignment of Broadcasting Spectrum to be Withdrawn from ATV

- **The broadcasting spectrum of ATV will be withdrawn on 2 April 2016 and the CA has announced the approach to the assignment of the 1.5 digital multiplexes currently held by ATV as follows:**
 - only free TV licensees should be eligible for assignment of broadcasting spectrum
 - the amount of the broadcasting spectrum assigned should be commensurate with the licensed service needs
 - an administrative approach should be adopted to assign the broadcasting spectrum
 - spectrum utilisation fee will not be applicable to broadcasting spectrum

2. Assignment of Broadcasting Spectrum to be Withdrawn from ATV

➤ Applications for spectrum

TVB

- The CA **decided not to assign more digital multiplexes** to TVB but granted TVB a four-month extension on the temporary assignment of additional transmission capacity in the Multiple Frequency Network (MFN) until 1 April 2016. The CA also approved TVB's application to relocate its Pearl channel from the MFN multiplex to the Single Frequency Network multiplex

HKTVE

- Subject to the agreement of HKTVE to comply with all the additional conditions imposed by the CA, the CA will **assign** to HKTVE **half of the transmission capacity of a digital multiplex** as an additional transmission mode to provide one HD programme channel and one SD programme channel

Other free TV licensees

- The CA will consider assigning the remaining one multiplex to other free TV licensees

3. Application for Renewal of Domestic Pay TV Programme Service Licence

➤ Domestic pay TV programme service licence of Hong Kong Cable Television Limited (HKCTV) :

- HKCTV's licence will expire on 31 May 2017. **HKCTV** has submitted its licence renewal application to the CA
- The CA is conducting a public consultation to collect public views on HKCTV's performance
- The CA will carry out a comprehensive assessment of the performance of HKCTV and take into account public views before making recommendations to the CE in C on the licence renewal application of HKCTV by the end of May 2016 pursuant to the BO

4. Applications for Renewal of Analogue Sound Broadcasting Licences

➤ Analogue sound broadcasting licences of Hong Kong Commercial Broadcasting Company Limited (CRHK) and Metro Broadcast Corporation Limited (Metro) :

- The existing licences will expire on 25 August 2016
- The CA submitted its recommendations to the CE in C in mid-May 2015

Updates of Major Tasks: Telecom and Other Issues

1. Telecom Spectrum Assignment
2. Hong Kong Telecommunications Numbering Plan
3. Preparatory Work for the Implementation of Competition Ordinance
4. Implementation of the amended Trade Descriptions Ordinance
5. Implementation of the Unsolicited Electronic Messages Ordinance

1. Telecom Spectrum Assignment

3G Spectrum Reassignment

- The existing assignments of the 3G spectrum will expire in October 2016. The CA announced in November 2013 the decision to adopt a “hybrid approach” to re-assign the concerned spectrum
- Under the “hybrid approach”:
 - In September 2014, the three incumbent 3G operators were re-assigned through right of first refusal 69.2 MHz of the 3G spectrum they currently hold
 - Two incumbent 3G operators and one existing operator which does not hold any 3G spectrum successfully bid for the remaining 49.2 MHz of 3G spectrum in the auction held in December 2014
- Spectrum utilisation fee: to be settled on or before 22 Aug 2016; totalled about \$7 billion
- New assignment term for the 3G spectrum: 15 years, from 22 October 2016 to 21 October 2031
- Operators will have sufficient time to adjust their networks and spectrum to ensure that the service quality will not be affected as a result of the spectrum handover
- OFCA introduced to the public through a series of promotional activities the arrangements for 3G spectrum re-assignment in October 2016. Given that some spectrum will change hands, OFCA has already set up a working group to discuss and coordinate with mobile network operators the transitional arrangements and the technical issues involved and will monitor the spectrum handover closely

1. Telecom Spectrum Assignment

Re-assignment of Spectrum in the 900 MHz and 1800 MHz Bands

- Frequency spectrum totalling 198.6 MHz in the 900 MHz and 1800 MHz bands held by the four mobile network operators is currently deployed for the provision of 2G, 3G and 4G services
- The assignments of this frequency spectrum will expire within the period of November 2020 to September 2021
- The CA plans to **conduct a public consultation** on the arrangements for re-assignment of the spectrum in **early 2016** and have the decision made by the end of 2017

2. Hong Kong Telecommunications Numbering Plan

- At present, the CA adopts 8-digit subscriber numbers for telecommunications services
- With the continuous growth of mobile services, it is estimated that the number resources available for mobile services can last until 2018
- OFCA is examining a number of measures to extend the lifespan of the existing numbering plan, among which include reallocating idle numbering levels to services with greater demand for numbers, setting a higher utilisation rate requirement for the allocation of additional numbers, etc. These measures can extend the lifespan of the existing 8-digit numbering plan
- OFCA will conduct a **public consultation** on the proposed options in the **4Q 2015**

3. Preparatory Work for the Implementation of Competition Ordinance

- October 2014: The Competition Commission (the Commission) and the CA published drafts of Competition Guidelines (Draft Guidelines) pursuant to the Competition Ordinance (CO) (Cap. 619) and sought comments from interested parties. A total of 64 submissions were received
- Draft Competition Guidelines: Outline how the following 3 competition rules in the CO would be interpreted and given effect to:
 - the First Conduct Rule
 - the Second Conduct Rule
 - the Merger RuleOutline procedures for conducting investigation, handling complaints and considering applications for exclusions and exemptions
- March 2015: The revised Draft Guidelines were published to consult interested parties and the Legislative Council. 10 submissions were received
- July 2015: The Government gazetted a notice to appoint 14 December 2015 as the date for the full commencement of the CO
The Commission and the CA published the final version of the Guidelines on 27 July
- The Commission and the CA are preparing a Memorandum of Understanding (MoU) to coordinate the performance of their functions, as well as other relevant policy documents (e.g. leniency policy). All preparatory work will be completed before the full commencement of the CO

4. *Implementation of the amended Trade Descriptions Ordinance*

- The amended Trade Descriptions Ordinance (TDO) has come into implementation since 19 July 2013. In the two-year period up to June 2015, a total of 1 716 complaints were received in relation to licensees' suspected contravention of TDO in providing telecommunications and/or broadcasting services:

	<u>2013-14</u>	<u>2014-15</u>
Total No. of Complaints*	550	1 166
• Complaints related to telecommunications services	488	1 118
• Complaints related to broadcasting services	53	45
• Complaints related to bundled telecommunications & broadcasting services	9	3

- The handling status of the above complaints:

✓ Under review or investigation:	332 complaints
✓ Advisory letters issued:	109 complaints
✓ No action was required:	1 155 complaints
✓ Referred to Customs & Excise Department:	120 complaints

5. *Implementation of the Unsolicited Electronic Messages Ordinance*

- From July 2014 to June 2015:
 - No. of reports received: 2 120 reports
 - Issued: 209 advisory letters
37 warning letters
2 enforcement notices
 - Raid operation: 1 time
 - Applied to the Court for an order directing the provision of information relevant to investigation: 1 case
- OFCA received over 1 000 complaints about the sending of a large number of commercial electronic messages via the group chat function of WhatsApp to promote tutor referral services. OFCA has been conducting investigation actively through different channels, including launching a raid operation in December 2014 at the company's business registration address and applying to the Court for an order in June 2015 directing the sole proprietor of the relevant company and a related person to provide information on the cases to facilitate OFCA's investigation
- In light of the above issue, OFCA wrote to WhatsApp Inc. to point out that the function concerned had been abused by users to send out unsolicited commercial short messages and to urge the company to improve its program design. OFCA noted that WhatsApp Inc. had recently introduced a new "Report Spam and Block" feature in the latest version of the WhatsApp application

Thank you!