

## **Panel on Information Technology and Broadcasting**

### **Consumer Council Submission on Regulation of Internet Protocol (IP) Telephony**

1. The Consumer Council (CC) welcomes the opportunity to provide views to the Panel on the proposed regulation of Internet Protocol (IP) Telephony, and would like to address the following issues below:

- Policy
- Licensing Framework
- Consumer Issues

#### **Policy**

2. CC always supports the policy of market competition and technology neutrality. CC believes that consumer choices will guide network operators and service providers to adopt the most suitable technologies and that competition will ensure the market will have the most efficient method of service delivery.

3. Notwithstanding that CC agrees that the market should be left to manage the shape and the pace of transition of the operating environment as it adopts the IP Telephony, the objective of the telecommunications policy should be to provide long-term benefits to consumers. Therefore it is essential to have clear and unambiguous regulatory rules in order to avoid causing confusions to consumers and operators when IP-based technology telephone services are being adopted in the market.

4. CC supports the separation of IP Telephony service provision from carrier network operation, which allows more choices to consumers on IP Telephony services and broadband Internet access.

#### **Licensing Framework**

5. CC believes facilities-based competition, which will prompt operators to invest in their networks infrastructure, drive down prices and enhance the quality of telecommunications services in the market.

6. CC supports the policy of allowing service-based Public Non-Exclusive Telecommunications Service (PNETS) Licence holders to use IP Telephony technology to provide international call services which will encourage competition and benefits consumers. However CC opined that opening the local voice services market to these service operators at this stage could hinder the infrastructure investment and the IP Telephony service development, ultimately affecting the choices of consumers in the future.

7. An untimely opening of the market to non-carrier licensees could result in operators spending more resources on marketing to gain market share rather than investing to develop new applications and network structures. The IP

Telephony can have a significant impact on the ways telecommunications services provided and consumers will benefit more if more valued-added services can be developed.

8. If the IP Telephony is intended to be a substitute for the conventional public telephone services (local IP Telephony services), CC suggests that the licence regulating IP Telephony services should have similar licence conditions as those shared by all carrier network players including the fixed line carriers in order for all public telephone services providers to compete on a level-playing field.

#### *Numbering Issue*

9. As local IP Telephony services would be indistinguishable from the conventional telephone service from the user perspective, it could be a concern if a user of an IP Telephony service provider is not able to port the number to another preferred IP Telephony service provider or to any FTNS operators. In this regard, CC supports that all providers of IP Telephony services for local telephone services should facilitate number portability with FTNS operators.

10. If local IP Telephony services could only be accessed through a prefix, this will distinguish it from the conventional Public Switched Telephone Network (PSTN) services and will affect it as a substitute for the conventional public telephone service. CC supports the allocation of a special number block with 8 digits to carrier operators and IP Telephony services. This would facilitate number portability and make it easier for consumers easily to switch to IP Telephony if they prefer.

### **Consumer Issues**

#### *Quality of Services (QoS)*

11. As IP-based technology and digital convergence prevail, the connectivity and quality of broadband Internet access service will affect the choices of information services, telecommunications services and broadcasting services available to consumers through broadband connection.

12. Consumers can subscribe to different service providers with respect to the broadband connection services and IP Telephony services. It is important that consumers are given adequate information about the QoS of broadband service and the IP Telephony services for informed choice to be made. CC is of the view that local IP Telephony services should meet minimum quality standards and IP Telephony services providers should observe the same QoS monitoring and reporting requirements as applicable to FTNS operators and network carriers.

13. CC believes that information transparency about the QoS of broadband services, IP Telephony and other telecommunication services are necessary for a well-functioning market. A simple mandatory labeling requirement of QoS will avoid the confusion to consumers and also help consumers

differentiate different types of broadband connection services and IP Telephony services in the market.

*Directory Requirement*

14. CC agrees that all licensees supplying local telephone service should provide printed directory and telephonic directory service to all of their customers. However, it may not be necessary for the providers of IP Telephony services not intended to be substitutes for the conventional public telephone service to provide corresponding printed directory or telephonic directory service.

15. Likewise, CC believes consumer interest can be served if a unified directory database be produced that contains directory information on all customers subscribing to local telephone services, except for those customers who request their directory information not to be disclosed.

*Access to Emergency Services*

16. In order to protect the interest of end-users and to avoid confusion, CC supports the proposal that all IP Telephony services intended to be substitutes for the conventional public telephone should be obliged to provide access to emergency services in Hong Kong

*Backup Power*

17. CC notes that many consumers are still relying on fixed telephone line services as their primary telecommunication services and existing backup power supply for "basic telephone line service" ensures communications with outside for a given duration during the outage of primary power supply. However, imposing backup power requirement for IP Telephony will not enable consumers to use telephony services via IP Telephony services during the outage of power supply since the modem, PC and the device access to broadband cannot function without power supply from the premises.

18. For certain groups of the community (for example, the elderly) relying on the "basic telephone line service" for critical applications such as "life-lines", CC suggests that the Government should state clearly in the license provisions that local telephone services provided for customers who are relying on the telephone line services for critical applications have to satisfy the backup power supply requirement.

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