

For discussion
on 9 December 2019

Legislative Council
Panel on Information Technology and Broadcasting

Public Payphone Review and
Free Wi-Fi Hotspots in Public Telephone Kiosks

Purpose

This paper briefs Members on the outcome of the review on public payphones, and replacement arrangements for Wi-Fi hotspots at public payphone kiosks to be removed.

Background

2. Pursuant to the universal service obligation (USO) specified under the Telecommunications Ordinance (Cap. 106) (TO), the universal service provider (USP)¹ is required under its licence conditions to provide public payphone service. The cost of meeting the USO is shared by all local fixed and mobile service operators.

3. As at end-2017, there were around 2 870 public payphones covered by the USO, of which around 54% (about 1 540) were kiosk type public payphones located on the streets (kiosk payphones) and the remaining around 46% (about 1 330) were in-building type public payphones located in public facilities (e.g. hospitals, universities, recreation and civic centres) (in-building payphones). In 2017, the telecommunications industry shared the universal service contribution (USC) of around \$18 million for providing public payphones.

The Public Payphone Review

4. With the passage of time, mobile phones have become very

¹ Viz. PCCW-HKT Telephone Limited and Hong Kong Telecommunications (HKT) Limited (collectively referred to as “HKT”)

popular in Hong Kong. The mobile subscriber penetration rate by population reached 280% as of June 2019, while the demand for public payphones has dropped continuously.

5. In view of the change of public demand, the Communications Authority (CA) decided in June 2017 to embark on a review of the number of public payphones under the USO, with a view to reducing the number of public payphones eligible for the USC to a reasonable level, thereby reducing the pressure of the telecommunications industry to pass on the USC to the subscribers.

6. The Office of the Communications Authority (OFCA) has conducted the review in accordance with the guiding principles laid down by the CA, namely:

- (a) public payphones with an extremely low usage rate, viz. with an average daily revenue of not more than \$1, were the main subject of the review;
- (b) despite extremely low usage, a kiosk payphone located in remote areas with no mobile network coverage and no alternative kiosk payphone in the vicinity was proposed to be retained. Further, for each in-building payphone location, at least one in-building payphone was proposed to be retained; and
- (c) relevant stakeholders² were engaged in the review process so that any needs and considerations specific to the districts or locations were well catered for before a decision to exclude specific public payphones from the USO was made.

7. Based on the above guiding principles, public payphones decided by OFCA to be excluded from the USO will no longer be entitled to compensation for operation cost under the USC. If the USP decides to retain and continue to operate the excluded payphones based on its commercial considerations, it has to bear the cost of their continued operation and future removal.

² For kiosk payphones, relevant stakeholders include 18 District Councils; for in-building payphones, relevant stakeholders include the owners / managers of the sites (e.g. hospitals, recreation and civic centres, universities and government departments).

Outcome of the Review

8. For the review of the number of **in-building** payphones, OFCA consulted all the relevant owners / managers of the sites between July 2017 and February 2018. Taking into account their comments, OFCA decided to exclude a total of 515 in-building payphones, or about 35% of the total number of in-building payphones³, from the USO. The USP has already removed all the in-building payphones excluded from the USO.

9. For **kiosk** payphones, OFCA consulted the 18 District Councils (“DCs”) between March 2018 and March 2019. Comments of DC members on the exclusion of kiosk payphones from the USO varied. Some DC members considered that those with low usage and / or those that took up space in narrow pedestrian pathways should be removed. Others considered that specific kiosk payphones in spite of extremely low usage should be retained for emergency purposes.

10. Taking into account their comments, OFCA decided to exclude 765 kiosk payphones from the USO, or about 50% of the kiosk payphones. Details are at **Annex**. The USP has advised OFCA that it would remove most of the kiosk payphones excluded from the USO⁴.

Free Wi-Fi hotspot in Public Telephone Kiosks

11. The Government has been implementing the “Wi-Fi Connected City” programme since mid-2016, progressively expanding the coverage of Wi-Fi.HK to facilitate members of the public and visitors to locate and access Wi-Fi service provided by the public and private organisations which are either free of charge or free for a limited period of time. As at mid-November 2019, there were over 32 000 Wi-Fi hotspots under the Wi-Fi.HK brand in various districts throughout the territory.

12. Among the kiosk payphones which OFCA has decided to remove from the USO, 394 of them have free Wi-Fi hotspots. The Office of the Government Chief Information Officer (OGCIO) is now reviewing these hotspots, and will install additional free Wi-Fi hotspots in neighbouring

³ Based on the year-end figure of 2016, i.e., the number of in-building payphones (1 490) before the commencement of the review.

⁴ The USP currently advises that it would retain and operate 3 excluded payphones at its own cost.

vicinities having regard to practical circumstances and needs. The major considerations include:

- (a) whether other Wi-Fi.HK hotspots are available in vicinity to the public payphones concerned;
- (b) past usage level of the Wi-Fi.HK hotspots at the public payphones concerned; and
- (c) whether suitable venues (e.g. sitting-out areas and small parks in various districts and public rental housing estates, playgrounds, etc.) near the public payphones concerned can be identified for the installation of additional Wi-Fi.HK hotspots.

13. With the above replacement arrangement in place, OGCIO is of the view that suitably distributed free Wi-Fi service will be maintained at the districts concerned. The removal of public telephone kiosks is not expected to affect progress of the implementation of the “Wi-Fi Connected City” programme. By end 2019, it is estimated that the number of Wi-Fi.HK hotspots will increase to 34 000.

Adding Functions to the Public Telephone Kiosks

14. During the consultations with the DCs, there were suggestions from members to add new functions to the public telephone kiosks when they are retained (e.g. providing free charging service, web browsing facilities, traffic and tourist information, etc.). The USP has also submitted a proposal to revitalise public telephone kiosks. In view of the expectations from the districts on the multi-functional telephone kiosks, and the help of such kiosks in promoting smart city developments and expanding the communications network infrastructures, we are actively coordinating the revitalisation suggestions. Since the suggested new telephone kiosk functions involve amendments to the terms of the current block licence for public telephone kiosks granted by the Lands Department, OFCA is following up those suggestions with the relevant policy bureaux and departments.

15. Moreover, OFCA is assisting mobile network operators to use suitable government venues and public facilities (e.g. public telephone kiosks, smart lampposts, sheltered bus stops, etc.) for the installation of small cell base stations. Mobile network operators may choose suitable and available government venues and public facilities to enhance their mobile network

coverage and capacity in order to provide better mobile communications services to the public.

Advice Sought

16. Members are invited to note and comment on the content of this paper.

**Commerce and Economic Development Bureau
(Communications and Creative Industries Branch)
Innovation and Technology Bureau
Office of the Communications Authority
December 2019**

**OFCA's exclusion decision
on the number of kiosk payphones by districts**

District	Number of kiosk payphones	Number of kiosk payphones decided by OFCA for exclusion from USO after DC consultations	Percentage of kiosk payphones excluded from USO
Central & Western District	90	26	28.9%
Eastern District	92	43	46.7%
Southern District	46	10	21.7%
Wan Chai District	80	34	42.5%
Kowloon City District	72	50	69.4%
Kwun Tong District	74	41	55.4%
Sham Shui Po District	84	39	46.4%
Wong Tai Sin District	56	36	64.3%
Yau Tsim Mong District	132	54	40.9%
Islands District	22	6	27.3%
Kwai Tsing District	97	61	62.9%
North District	88	48	54.5%
Sai Kung District	72	35	48.6%
Sha Tin District	142	86	60.6%
Tai Po District	90	34	37.8%
Tsuen Wan District	76	46	60.5%
Tuen Mun District	100	51	51.0%
Yuen Long District	116	65	56.0%
Total	1 529	765	50.0%