

February 26th, 2007

Hon Howard Young, SBS, JP
Committee Chairman of the UEM Bill
C/o Legislative Council Secretariat
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Subject : UEM Bill and Amendment

Dear Hon Mr. Young,

The HK Direct Marketing Association and Call Centre Association all strongly endorse and support the intentions of the UEM Bill and its approach to regulation. This proposed bill uses the same approach taken by the US Government, which is a good precedent to follow in direct marketing as the US is generally perceived as the leading country in the practice of all facets of direct marketing.

However, it is important to distinguish the elements contained within the proposed bill and additionally contained within the proposed amendment and examine each more closely. While all the associations strongly support the elimination of real SPAM, i.e. unsolicited e-mail messages and unsolicited computer-generated telephone calls using pre-recorded messages, we do not support the general extension of this legislation into the arena of person-to-person telephone calls.

Specifically, we have concerns with parts of the proposed amendment dealing with Call Line Identification (CLI) and separately, to the possible establishment of a Do Not Call register already mentioned within the Bill.

On the matter of the proposed amendment and use of CLI, we appreciate the Hon Wong Tong-Kwong's thinking and foresight in making the distinction between a previous or current business or client relationship between the caller and the recipient and one where no relationship exists. However, we strongly recommend that 3rd parties be excluded from using CLI as well, where they are working on a contractual basis with an organisation that has an existing relationship with a consumer. This would help to foster the continued growth of affinity marketing programmes, where as an example, bank "A" may allow a 3rd party to contact A's customers on A's behalf.

We strongly object to the possible establishment of a Do Not Call register, as consumers already have the option of being placed on a Do Not Call list with individual firms using telemarketing to promote products and services. Consumers may not wish to receive calls from company "A", but be perfectly happy receiving calls from company "B" and "C", and this right already exists and is used by consumers and companies using telemarketing. It is important to note that all responsible telemarketers and direct marketers want to know which consumers DO NOT wish to be contacted, as avoiding calling such consumers will improve overall cost-efficiency.

The proposed legislation and the possible establishment of a blanket DNC register actually limits the consumers' choice, since it offers a simple binary choice, i.e. receive all calls or receive no calls. Take it or leave it is a far more restrictive option than currently available and already in use. Perhaps more consumer education is in order to increase public awareness of what already exists, but basically there is a functioning and systematic method of dealing with this issue that does not need to be fixed, merely made more visible.

The associations take significant exception to the inclusion of a DNC list for practical reasons as well. The SME's that are part of the lifeblood of Hong Kong would suffer tremendous financial loss, the insurance agents, estate agents, market research firms and others who routinely use outbound telemarketing for legitimate business purposes including business prospecting, would be shut down if they were unable to speak to the very people they are trying to serve. The impact in terms of lost jobs, wages, not to mention the added burden on government in terms of lost revenue and increased demand for assistance, would be very significant.

Further, we present an initial quantification of the number of Hong Kong people who rely on the use of the telephone to promote their products and services:

1. Insurance Industry: Source: HK Federation of Insurers	50,300
2. Estate Agents Source: Estate Agents Authority	22,603
3. SMEs Source: Companies Registry (no. of new businesses registered between 2002 & 2006)	>300,000
4. Call Centre Industry (outbound telemarketing) Estimated number using <i>The UK Contact Centre Industry: A Study</i> Department of Trade and Industry of the United Kingdom	33,000
Total	405,903

Given the sheer number of people who use the phone in a perfectly legitimate manner to conduct business, we respectfully request that further in-depth discussion take place on both the underlying UEM proposed legislation, and especially the proposed amendment before any further action is taken. We further request the opportunity to help legislators and politicians better understand the telemarketing and direct marketing businesses in order that they make a more informed and balanced judgment.

Very truly yours,

Duly Signed by

Sidney Yuen, Chairman
Call Centre Association

Randall Davidson, Chairman
HK Direct Marketing Association

Cc: Hon Wong Ting-Kwong, BBS
Hon Sin Chung-Kai, JP
Mrs Marion Lai Chan Chi-kuen, Deputy Secretary Communications and
Technology Branch Commerce, Industry and Technology Bureau.