

**PUBLICATION OF PERFORMANCE PLEDGES
OF MOBILE BROADBAND SERVICES BY
MOBILE NETWORK OPERATORS**

Statement of the Telecommunications Authority

12 March 2010

Background

In his Statement “Publication of Performance Pledges by Broadband Internet Service Providers”¹ of 20 January 2008, the Telecommunications Authority (the TA) announced the joint initiative of the Office of the Telecommunications Authority (OFTA) and the industry which aimed at increasing the transparency of the service performance of and level of customer satisfaction with the residential fixed broadband internet service market.

2. Under the scheme, the residential fixed broadband service providers publish reports of their actual performance levels against their published performance pledges on a quarterly basis beginning April 2008. According to the statistics given in the following table, the scheme (coupled with other OFTA initiatives) has proven to be successful in reducing the number of customer complaints.

Complaint Statistics on Residential Fixed Broadband Services

	No. of complaints per every 10,000 customers
2006	16.19
2007	7.72
2008	6.59
2009	5.46

¹ <http://www.ofta.gov.hk/en/tas/ftn/tas20080120.pdf>

On the one hand, increased transparency has enabled the consumers to better understand the service performance of their service providers, thereby increasing the level of customer satisfaction. On the other hand, with enhanced information available to consumers, the market has achieved higher levels of efficiency.

3. In recent years, mobile broadband service has become very popular. The number of third generation (3G) mobile users with broadband capability has increased from 2 million in December 2007 to 3.7 million in November 2009. Over the same period, the growth rate of mobile data usage has increased dramatically from 31 terabytes² (TB) to 532 TB, representing an increase of more than 17-folds over a period of 23 months. With the advent of High Speed Packet Access (HSPA) technology, 3G phones and Universal Serial Bus (USB) dongles for connection to computers with data link speed ranging from a few megabits per second (Mbps) to more than 10 Mbps are readily available in the market. In the foreseeable future, broadband wireless access service operating in the 2.5/2.6 GHz band will be introduced to the market and this will provide consumers with seamless and ubiquitous mobile broadband service at even higher speed.

4. In recent months, OFTA has been working with the five mobile network operators (MNOs), namely, China Mobile Hong Kong Limited (CMHK), CSL Limited (CSL), Hong Kong Telecommunications (HKT) Limited (HKT), Hutchison Telephone Company Limited (Hutchison) and Smartone Mobile Communications Limited (SMC), on the ways and means to improve the availability of meaningful information about the main service parameters of mobile broadband services so that consumers will be better informed. The discussion focused on how the non-price aspects of the various mobile broadband services on offer in the market

² One terabyte (TB) is equal to 1,024 gigabytes (GB). One gigabyte (GB) is equal to 1,024 megabytes (MB).

may be made available to the public in a transparent and easy-to-understand manner.

5. As is the case for other services in the telecommunications market in Hong Kong, the MNOs need to compete fiercely in the market by offering competitive service packages, deploying new technologies and customer products, and launching innovative marketing campaigns. Telecommunications is a field where new technologies and new service applications are constantly emerging. Accordingly the TA is minded not to endorse overly uniform or rigid consumer information requirements which may otherwise inhibit differentiation and innovation in the provision of services and products.

6. CSL, HKT, Hutchison and SMC have informed the TA that they have developed specific performance targets or “pledges” for their particular broadband services which they are prepared to publish. Furthermore, they will also make available to the public, on a quarterly basis, reports of their actual performance against their published pledges. While it presently does not provide mobile broadband services, CMHK has advised the TA that it will also join the scheme when it launches mobile broadband services using the spectrum in the 2.5/2.6 GHz band.

Performance Pledges

7. The performance targets generally relate to the following areas, which are similar to those for the residential fixed broadband services:

- Network reliability
- Service restoration time
- Customer hotline performance
- Customer complaint handling
- Technical performance, such as uplink/downlink speeds and service coverage areas

The actual targets may not be the same among MNOs. Furthermore, to facilitate end users to test the speed performance of their broadband services and for the sake of setting a dedicated local reference for measurement and demonstration purposes, OFTA will also establish a speed test website in Hong Kong.

8. The performance targets represent the “pledges” of the MNOs to their customers on the service standards of their mobile broadband services. That means that the MNOs will make their best endeavour to ensure that their mobile broadband services meet the pledged service standards. Although these performance pledges are not equivalent to service “guarantees”, they will give customers an indication of the normal service quality level which they can reasonably expect to experience if they choose a particular service.

9. The pledges to be published by the MNOs on their respective websites are about the main service parameters of a particular mobile broadband service on offer at a particular moment. As the MNOs make enhancements to their systems and services, the pledges are expected to evolve over time. The TA expects the MNOs to keep the pledges under review so that their content will continue to be meaningful to consumers.

10. The individual performance pledges to be adopted by CSL, HKT, Hutchison and SMC for their mobile broadband services will be made available at their respective websites no later than 31 July 2010. When MNOs’ websites are ready, the TA will provide appropriate hyperlinks at the official website of OFTA to facilitate access of the information by members of the public.

Publication of Actual Performance Statistics

11. To inform consumers how they actually perform against these

targets, the MNOs will publish the relevant statistics on a quarterly basis. This arrangement will enable consumers to monitor performance and verify whether the operators are meeting their pledged service standards.

12. Performance statistics will be published by the MNOs on their respective websites within one month after the end of each quarter (i.e. March, June, September and December). The MNOs will commence measurement for the third quarter of 2010 i.e. the period from 1 July 2010 to 30 September 2010, and the first batch of performance statistics will be published on or before 30 October 2010. To enable consumers to monitor performance trends over a reasonable period, the MNOs will maintain the posting of statistics for the last four quarters.

Responsibility for the Veracity of the Information

13. The performance targets and the actual performance statistics will be published by the MNOs. Pursuant to section 7M of the Telecommunications Ordinance, they are under statutory obligation not to mislead or deceive in providing telecommunications services. The MNO will therefore be held fully responsible for the veracity of the information which it publishes from time to time.

Conclusion

14. The TA commends the cooperation which has been shown by all MNOs in committing to the ongoing publication of performance pledges and performance statistics for mobile broadband services. The publication of these easy-to-understand performance pledges and actual performance statistics should provide useful information to consumers on the service standard of different mobile broadband services.

Office of the Telecommunications Authority

12 March 2010