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# **ANNUAL REPORT**


# **1992**

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**Office of  
Telecommunications**

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# Report of the Director General of Telecommunications

FOR THE PERIOD 1 JANUARY  
TO 31 DECEMBER 1992  
TO THE SECRETARY OF STATE  
FOR TRADE AND INDUSTRY

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*Presented to Parliament  
in pursuance of section 55 of the  
Telecommunications Act 1984  
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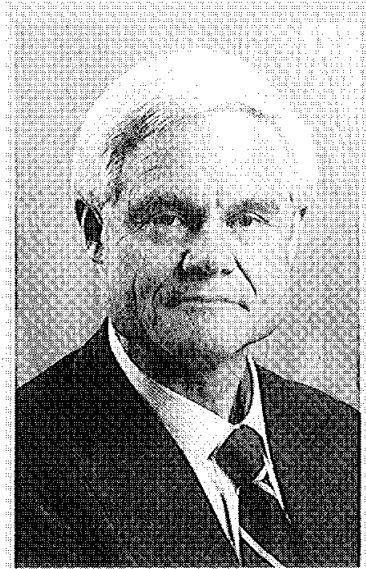




# Report of the Director General of Telecommunications to the Secretary of State

The Director General of Telecommunications is required, by section 55 of the Telecommunications Act 1984 (the Act), to make to you an annual report to 31 December in each year on his activities and the activities of the Monopolies and Mergers Commission (MMC) in so far as they relate to references made by the Director General.

This Report covers the period 1 January to 31 December 1992. Until 12 June 1992, Sir Bryan Carsberg was Director General before taking up his appointment as Director General of Fair Trading. For the remainder of the period of this Report I acted as Director General pending the appointment of a permanent successor to Sir Bryan. I subsequently handed over to Don Cruickshank on 1 April 1993.



In the first section of the Report I comment generally on my activities and those of Sir Bryan during the year, with a particular emphasis on the consultation exercise and subsequent discussions with BT about the new price control formula for the basket of their main prices which would replace the current licence condition when it expires in 1993. Sections 2-7 describe OFTEL's activities during the year and Section 8 contains the reports of the six statutory advisory committees on telecommunications.

No references were made by me or Sir Bryan Carsberg to the MMC during 1992.

BILL WIGGLESWORTH  
Deputy Director General  
19 May 1993

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# 1

## Consolidation, Progress and Change

### DIRECTOR GENERAL'S STATEMENT

1.1 1992 was a year of progress and of change in UK telecommunications regulation. The new framework for the development of telecommunications, following the Duopoly Review, was consolidated; and the parameters for the next period of control of BT's prices, with all that means for users and for the rest of the industry, were determined.

1.2 For OFTEL, the biggest change was the departure of Sir Bryan Carsberg to the Office of Fair Trading. During the eight years that he led OFTEL, Sir Bryan was the embodiment of the regulatory regime; and he created a model for others to follow in the UK and internationally. The strong emphasis he placed on economic analysis as the basis for policy assessment brought a vital rigour to our decision making. This, together with Sir Bryan's commitment to ordered objective analysis, and his mastery of the accounting issues at the centre of many of the regulatory questions that have had to be addressed as the regime was

established, gave a quality of cool rationality to our deliberations. This greatly enhanced OFTEL's effectiveness.

1.3 It was fitting that towards the end of the year, some months after he had left OFTEL, Sir Bryan received the Blaeu Prize from the City of Amsterdam, for outstanding achievement in telecommunications. The citation for this award (only the fourth to be made in its history) referred to Sir Bryan's methodic contributions to a more empirical investigation of both the merits and practical difficulties of introducing competition in telecommunications; to his attention to universal social obligations and to the fair and responsible treatment of customers and competitors by major network operators; to his leadership in developing consistent regulatory procedures; and to his emphasis on incentive regulation in the areas of quality of service, price control to stimulate the efficiency of dominant suppliers, and temporary entry assistance for new competitors. It was, in fact, a

ringing endorsement of UK telecommunications regulatory policy as it has been developed and carried forward by OFTEL and Sir Bryan in particular. It was all the more keenly appreciated because it came from an entirely objective and disinterested source and from a country in tune with what we are seeking to achieve in the UK.

1.4 Sir Bryan left OFTEL in June and the appointment of a permanent successor had not been announced by the end of the year, partly because of a hold-up in the appointment process caused by the General Election in April. In the interim, having been Deputy Director since OFTEL was set up, I was appointed Director General until a permanent successor was ready to take over. It is for that reason that I am writing the Director General's Statement this year.

## **BT PRICE CONTROL REVIEW**

1.5 The most important regulatory development of the year was the second main review of the control of BT's prices: the run-up to the extension of the existing price control provision in BT's licence. The process followed the procedure of the previous review carried out in 1988. At the beginning of the year OFTEL published an extensive consultative document, *The Regulation of BT's Prices*, seeking views on a wide range of issues relating to the price control system and giving background information on which to base informed comments. Information about BT's financial performance over the last three completed financial years was included. We also published an accompanying consultative document, *BT's Cost of Capital*, dealing more fully with the question of the acceptable rate of return for BT, which had to be taken into account in setting the new price cap.

1.6 Our starting point for the review was that we regard competition as the best means to improve telecommunication ser-

vices for all types of users in the UK. Competition finds out how efficiently, and therefore inexpensively, telephone services can be provided. But BT still has a very large market share and can be expected to be a dominant force in the telecommunications market for some time to come. Firm price controls on BT, where it has a dominant market share, are therefore needed to protect the customer. We consider the present approach to price control in the UK to be the best available since, by controlling prices rather than profits, it encourages efficiency; and it is therefore ultimately more likely to lead to lower prices than methods which control profits or rate of return but provide little incentive to reduce costs.

1.7 Having made that basic judgement, we still needed to review a wide range of issues. Among the aspects requiring detailed review were the extent to which an overall control on a basket or baskets of prices was satisfactory, or whether there was a need for more detailed controls on individual prices because of recent concerns about the volatility of certain prices. Another major issue was the level of improvement in efficiency that could be expected from BT, and the implication of this for the average level of reduction in real prices. The speed at which the rebalancing of prices – changes in the relative level of different prices – should be allowed to proceed also required careful consideration. At the same time we were well aware of the desirability of a period of stability in the regulatory regime and we did not wish to see fundamental changes to the principles established in the Duopoly Review, although decisions on new price controls and the pace at which rebalancing should be permitted after 1993 had been left for this price control review.

1.8 A large number of responses to the consultative document was received and made available for public scrutiny in OFTEL's Library. (A review of these responses was published later in the year as

*OFTEL Working Paper no 4.*) Discussions were held with a variety of interested parties, including, of course, detailed discussions with BT. An extensive input of information from BT was required in order to model the effect on BT's business of a range of assumptions related to the setting of the new price cap. Careful note was taken of all these responses in formulating the proposals for future price controls and reaching a considered judgement on the main factors taken into account.

1.9 A statement setting out these conclusions on the future controls on BT's prices was published by Sir Bryan Carsberg just before his move to OFT (see paragraphs 2.1 to 2.6). After further discussion with BT, I was able to announce in August that BT had agreed to licence amendments incorporating almost all the proposals arising from the review. Public consultation on the text of the amendments followed; and at the end of year, subject to BT's final agreement to a few minor changes resulting from this process, I was expecting to make the necessary licence changes very shortly.

1.10 Overall, in the RPI (Retail Prices Index) minus 7.5 per cent price cap – the main outcome of the review – BT has been set a demanding but, in our view, achievable target to continue to improve its efficiency in order to maintain its profitability at a rate to finance new investment. The purpose is to provide strong incentives on BT to continue to improve value for money for customers by increasing its efficiency, introducing new technology and sharing the benefits with users through reduced prices and better services. This will benefit all users.

1.11 On the basis of the best available forecasts of market growth and BT's market share, we estimated that BT should be earning between 16.5 and 18.5 per cent return on capital employed at the end of the next price control period – which would be broadly equivalent to BT's cost of capital. Gains in BT's efficiency to produce

an annual average reduction of three per cent in unit costs will be necessary to achieve this, with the scope of price control unchanged (apart from a separate limit on charges for hard-wired telephones in order to protect the more vulnerable consumers who tend to use them). For the first time the assumptions about BT's level of investment, which lay behind the price control judgement, were openly stated in the terms of the broad objectives of achieving the availability of digital services to 99 per cent of the population and an increase in installed optical fibre to 3.53 million kilometres by the end of the price control period. This provision was widely misinterpreted as an interference in BT's management decisions. However, in fact, it was no more than a restatement of BT's investment intentions, as put to OFTEL, expressed in terms of output. These had been accepted, unamended, as the relevant basis for the price control decision.

1.12 Specific measures to protect residential users included the limitation of increases in all residential exchange line rentals to RPI+2. We were clear that some further rebalancing of rentals and call charges was justified, but we considered that caution was necessary in controlling the rate of rebalancing in view of uncertainties about the accounting numbers concerned and the lack of sufficient local competition to test them effectively.

1.13 Individual price increases within the switched services basket were limited to the increase in RPI to prevent sharp changes in prices; the overall impact on the median residential bill being estimated at RPI-3. Consumers markedly below this level of usage were protected by a required extension of BT's low user tariff, on an improved basis, to the lowest 25 per cent of users. This has the broad objective of meaning that no one would be worse off in real terms despite the effects of rebalancing. BT was also required to reduce connection charges to £99 (excluding VAT) with future price rises limited to the increase in

the RPI and to offer payment by instalments as an option, in order to make joining the network easier for less well off users. Finally, profoundly deaf people communicating through text terminals gained the assurance of access to the public network through a licence amendment converting BT's voluntary support for this service into a licence obligation.

1.14 One of the key decisions affecting the central price cap judgement was that, in future, additional discounts should be outside the price control basket. This means that after next July, when, under the current licence rule, BT will be able to increase volume discounts further towards its average costs of providing service, any resulting reduction in prices will not count towards the price cap. This, in our view, will be closer to the sort of commercial circumstances which would prevail in the competitive environment we are seeking to create.

1.15 Another issue of vital importance to many commercial customers was the question of controls on BT's private circuit prices. In recent years there has been concern about the volatility of prices in this area and so our initial proposal was for the continuation of a separate price cap for these prices, with a limit of RPI on the annual increase of every price in the private circuit basket. However, final consideration of these proposals was deferred during the summer, awaiting the completion of a consultants study on the relevant costs. This work was completed in the autumn and at the end of the year I was in discussion with BT on the form and level of price control in this area. I was very much aware of, and took most seriously, the intense interest of many business users in the prices of analogue private circuits, which have seen steep rises in the past. I intended to take this concern fully into account in reaching final decisions. My aim was to see an end to the uncertainty about movements in these prices that has been such a feature in the past and to see a period of stability with the sort of limited

relative changes in prices, in direct response to costs and quality considerations, that one would expect to see in a fully competitive market.

## **INTERCONNECTION AND ACCOUNTING SEPARATION**

1.16 In the course of the BT price control review we took particular note of a number of comments made by respondents which related to the issue of interconnection and the basis for interconnection charges. Sir Bryan Carsberg issued a separate statement on these matters at the same time as he announced the price control proposals. We had always been clear that the terms and conditions on which interconnection was available for operators would be a key issue in the development of competition in telecommunications. It was evident from the comments of existing or potential competitors that the terms on which access would be available to the network services of BT was seen by them as critical to the viability of their market entry following the Duopoly Review.

1.17 These concerns caused us to raise the issue of accounting separation of different parts of BT's business when it provides interconnection with competing networks. Looking ahead to the time when BT, in conditions of effective competition at local level, would be far less market dominant than it is today, we saw that BT would be providing interconnecting services for networks that were at the same time its competitors and its largest customers. In these circumstances we concluded that it would be necessary for BT to develop a transparent transfer price regime, designed to ensure that its own local network operations performed as efficiently as its competitors', having been supplied on similar terms. In other words, the sort of downstream pricing arrangement that happens in many other industries.



1.18 Originally we saw this as likely to take several years to come about as competition developed. But the need for it has become more pressing because of the large number of organisations that are interested in entering the network market following the Duopoly Review. Now that fixed network licences are available without formal limit, over 60 organisations have either applied for licences or expressed an interest in doing so. We are moving away from the previous stage of managed network competition, with regulatory decisions deciding the rate of entry of competitors, towards a much more open form of competition. Competitive developments have become investment led, with those financing new operators deciding whether the time is right to promote their market entry. To invest in competitive facilities with confidence these entrants need to have a clear view of the terms and conditions of interconnection available to them and the assurance that BT will be dealing evenhandedly with them and equivalent parts of its own business. In view of the outstandingly strong response to the opportunities for market entry created by the Duopoly Review, we concluded that we needed to press ahead with these arrangements.

1.19 We accordingly agreed with BT to commission a consultants study to develop the concept of accounting separation. This study was due for submission at the end of the year and the issues it addressed appeared likely to constitute the most important regulatory challenge in telecommunications in the coming year. Though the basic concept of accounting for a transparent transfer price regime is straightforward, its implementation is bound to involve detailed and difficult assessments of costs and operational aspects and to require extensive consultation both with BT and with its actual and potential competing network operators.

1.20 Meanwhile, together with the price review licence amendments, we proposed putting in place in BT's licence a number of

specific improvements to the interconnection regime. These included the publication of information about BT's network; arrangements to ensure that competing operators are not charged more for interconnection, including any access deficit charges, than BT would charge itself for supplying services to the same or similar customers; publication of future interconnection agreements; and publication of information on BT's cost allocation methodology. We see these measures as an important element in improving the arrangements for access to BT's network by competing operators which is crucial to their success and to effective competition.

1.21 During the latter part of the year OFTEL was also involved in detailed discussions concerning specific requests for interconnection determinations under the existing arrangements. The requests involved some aspects of interconnection agreements between BT and a number of other operators, namely Mercury, personal communication network (PCN) operators and broadband cable network operators. OFTEL was also in discussions about prospective requests for waivers of access deficit contribution payments, under the current arrangements, whereby the Director General has the ability to waive such payments in the early stages of market entry.

## LICENSING OF NEW OPERATORS

1.22 OFTEL has continued to be closely involved in the initial development of increased network competition through our function of providing advice to the President of the Board of Trade, in his capacity as Secretary of State under our legislation, on the issue of new licences. With the rapid build-up of applications for new licences following the Duopoly Review, this work has assumed major proportions and has involved the development of a change in

emphasis regarding the regulatory obligations of new network operators. As the prospects for greater network competition increase, it is becoming clear that regulation in this area is largely concerned with market dominance. This was previously partly obscured by the restricted number of players in the network market, all of whom could be regarded as having a privileged position.

1.23 As market dominance emerges as the main basis for regulation it follows that new entrants, with no established market position, should have comparatively minimal service obligations under their licences. Sufficient obligations are needed to ensure that satisfactory services are provided, in accordance with the legislation, but improved services will otherwise be generally best secured by consumer choice in a competitive market. This approach has implications, too, for the possible amendment of the licences of existing network competitors who are still seeking to establish themselves in the market. But consideration of any proposed licence amendments in this direction would require particularly careful analysis of the full implications and consultation with all those involved. It is too early yet to say how fast this process of regulatory simplification is likely to develop and how far it is likely to go.

## PROGRESS IN COMPETITION

1.24 In parallel with the strengthening prospects for further competition by many new network operators, I was glad to see continued good progress being made by existing network competitors. Mercury further improved its profitability, developed its network and extended its customer base, with renewed emphasis on penetrating the residential market. The two present cellular operators consolidated their position and initiated the first moves to extend their market into the residential sector (see para-

graph 2.21), ahead of the launch (expected during 1993) of personal communication network (PCN) services. The broadband cable network operators made striking advances in a large number of franchise areas, with strong emphasis on the provision of telecommunications services as well as cable television programme services. All these developments carried the message that many more users will soon have a real choice of telecommunications services and technologies, and will be able to decide for themselves who best meets their needs at a price they are willing to pay.

## NUMBERING

1.25 The growth of competition, particularly in local networks, has given added urgency to a number of regulatory issues concerned with creating a satisfactory framework for the development of an effective market. Among the most important of these is the need to make changes in the UK's telecommunications numbering system. As the world's leading protagonist of local network competition, we are having to face up to the full implications for numbering of competition at the local level before other countries. The basic concept is that the numbers which up to now have been the monopoly network operator's routing instructions are being turned into users' own telephonic addresses. Because of the intensity of the conflicting interests involved, OFTEL is in the process of taking over responsibility for administration of the new numbering system and we are building up our capability to do so. In discussion with user and supplier interests we are planning the development of a national ten-digit numbering system. I announced in July that the date for the change to this system would be April 1995. It had become clear during extensive consultation with people with a key interest that any earlier would have left insufficient time for many organisations to prepare for the change, although for most users this will amount to

no more than the addition of the figure '1' before their existing telephone number. Any later would have risked the exhaustion of numbers in certain crucial areas and the postponement of the availability from 1996 onwards of vast ranges of new numbers which are urgently needed to cater for new number-hungry and number-dependent services.

1.26 We have also been giving priority to the development of portable numbering at local level, to allow users to keep their numbers if they change their network operator. We had earlier obtained technical advice on how this might be achieved and, towards the end of the year, we commissioned a cost benefit study – as required by BT's and other operating licences – to provide the basis for implementation of this arrangement. This will greatly reduce an important barrier to entry for newly competing networks, since it is clear that residential and small business users, in particular, are strongly deterred from changing network operator if this also entails change of a number which they may have publicised widely at some expense.

## **'999' SERVICE REVIEW**

1.27 Another area of concern arising from increasing competition at local level has been the provision of the '999' emergency call service, currently provided by BT and Mercury. The Review Group, which included representatives of network operators and emergency authorities, considered this matter and identified further network proliferation with a consequent fragmentation of the '999' call service, as the main problem likely to arise in the future. In order to forestall this, the Review Group suggested the establishment of a separate call handling agency to provide the service. Sir Bryan Carsberg announced in January, after consultation, that he endorsed this proposal in principle but that, before final decisions were taken, a separate validation

study would be carried out. This study was nearing completion at the end of the year. Meanwhile, considerable controversy had been aroused by the proposals, especially the suggestion that emergency calls for the whole country might be handled by a small number of call handling centres.

1.28 It is entirely understandable that any proposals for changing a vital public service, like the '999' call service, should give rise to popular concern. On this occasion, however, the widespread expression of concern was rather premature, since it had already been decided to carry out a full validation assessment before a sound view of practicality and costs could be established. It was nonetheless useful to have these views, since they showed the aspects of provision of the service on which firm public assurance would be required. There has been general agreement that some form of rationalisation is necessary to prevent future network proliferation adversely affecting the service; and that the opportunity should be taken, so far as may be possible, to improve the service and increase its efficiency. In my view, too much emphasis should not be placed on the precise form of the arrangements to secure this, since the present arrangements are working well. The most important thing is therefore to ensure that any changes made are demonstrably for the better. I made it clear that changes will not be agreed unless we are quite satisfied that they will lead to maintained or preferably improved standards of service; and this position was strongly endorsed by Ministers.

## **CONSUMER ISSUES**

1.29 OFTEL continued to devote a considerable proportion of its resources to the handling of a variety of specific consumer issues. The year marked a turning point in that we saw a slight fall in the overall number of representations made to OFTEL about BT's services. We had already seen

the number of representations about disputed accounts reach a plateau towards the end of the previous year but in 1992 we saw a more general decline in the number of written representations. However, the number of telephoned complaints and enquiries rose slightly as our Consumer Representations Section improved its availability to telephone callers.

1.30 A number of favourable factors appeared to be at work in reducing the level of serious service complaints to OFTEL. First, action resulting from previous regulatory initiatives, for example in accelerating the roll-out of BT's provision of itemised billing or encouraging the development of BT's Customer Guarantee Scheme, has gone a considerable way towards solving the underlying problems that had been the cause of the most frequent consumer complaints, such as disputed bills and unreasonable service delays. Secondly, BT's investment and network modernisation programme and its drive for higher quality, has substantially improved the network services it was providing, as can be seen from its published quality of service indicators. This, coupled with the impact of price controls, has led to better overall value for money for customers. Thirdly, with strong encouragement from the regulator, BT's own complaints handling procedures have been subject to substantial improvement. It was encouraging to all concerned to see the results of these efforts being reflected in OFTEL's representations statistics and, it will, I hope, provide an incentive towards the further improvements that still need to be made (see also paragraphs 4.2 to 4.9).

## **CITIZEN'S CHARTER**

1.31 Following the passage of the Competition and Service (Utilities) Act 1992 (which amended the Telecommunications Act 1984) in the summer, action got under way for implementation of the provisions

relating to telecommunications. These changes provide the Director General with new powers to intervene directly with market dominant network operators to set standards, agree complaints handling procedures and deposit criteria, and resolve disputes. The purpose is to ensure that users receive a fair deal on service from network operators, especially before there is widespread customer choice at local level.

1.32 In October I published a consultative document asking for views on the standards of performance that should be set for BT and Kingston Communications (in Hull) and detailing the areas in which the Director General would designate performance levels. Consultation is required under the Act and I felt that, rather than simply put out our views for comment, it would be more in the spirit of the 'Citizen's Charter' to seek the views of the customers themselves. I was looking for opinions on suitable standards both for overall levels of service and for the provision of services to individual customers. At the end of the year we were considering a wide range of views that we had received on the best approach to standards setting (see also paragraphs 4.10 to 4.19).

## **QUALITY OF SERVICE**

1.33 We have continued to keep a close eye on the quality of service provided to customers, particularly by market dominant or other large operators in the industry. BT's published quality of service indicators, which now give a comprehensive picture of improving trends over five years, continued to show generally satisfactory levels of performance. Mercury's published quality of service indicators, on a slightly different basis, showed improvements in a number of areas during 1992. We are considering ways in which both sets of indicators might be made more directly comparable for the

benefit of users seeking to choose between the services. Against a background of rising expectations, it was encouraging to note that OFTEL's own survey of attitudes found that 86 per cent of BT's customers were very or fairly satisfied with BT's service; and 53 per cent thought that the service was good value for money.

1.34 In October I was finally able to announce the launch of a new drive-around survey to assess the quality of service on the cellular telephone networks operated by Cellnet and Vodafone. This approach to the measurement of service quality of mobile networks – by adopting 'a user's eye view' – has for some time been regarded as the best one to adopt; but the technical and operational problems of implementing it proved greater than first thought. I hope that the results of the first year's quality of service surveys, initially being supervised by OFTEL, will enable this part of the industry to demonstrate to users the satisfactory level of operation now being achieved on the networks, while at the same time providing a further incentive to improve it.

## ADVISORY COMMITTEES

1.35 OFTEL's Advisory Committees continued to play an important role in our activities, as can be seen from their Reports (Section 8) which again this year are also being published separately from the main OFTEL Report. It is immensely helpful to the Director General to have available the well-informed layman's view of telecommunications developments that the Committees provide both across the UK and in relation to all sectors of the market, including some special interest groups. The Committees provide an indispensable sounding board for regulatory assessments and initiatives being considered by the Director General; and they provide invaluable

advice on a whole range of concerns at every level of telecommunications activity. I should like to pay tribute to the considerable and helpful work that the Committees and their Secretariats carry out, which is often not high profile but which nonetheless has a vital impact on the Director General's decisions. This is often, I suspect, greater than the Committees themselves realise.

1.36 During the course of the year the Committees played a particularly important role in providing extensive and detailed advice during the BT price control review. Mr Terry Lynch, after sterling work as Chairman of the Welsh Advisory Committee on Telecommunications, stepped down, on being appointed to a post in the Lord Chancellor's Department. He was succeeded by Professor Mike Tedd, Vice Principal of the University College of Wales, who already had experience of the work of the Committee at first hand as a member. At the end of the year Mr David Hobman retired from the chairmanship of the Advisory Committee on Telecommunications for the Disabled and Elderly People (DIEL), having been its Chairman since the Committee was established and in large measure personally responsible for its many successes and achievements.

## OFTEL STAFF

1.37 Finally, I should like to say a special word in recognition of the magnificent support that OFTEL staff have given Sir Bryan Carsberg and me over the year. All parts of OFTEL have been under intense pressure, but members of staff have responded exceptionally well to the challenges and have remained unfailingly supportive and professional throughout. I am deeply grateful to them for the hard work and effort they have put in.

## **NEW DIRECTOR GENERAL**

1.38 After the period of this Report, on 1 April 1993, I was pleased to hand over to Don Cruickshank on his formally taking up his appointment as Director General from that date. Don brings to the leadership of

OFTEL an impressive range of legal, accounting and management qualifications; invaluable management experience in the private and public sectors; and personal knowledge of developing businesses in competitive markets. I wish him well for the future.



# 2

## PTO Licences and Competition

### BT's PRICES

#### Review of BT's price controls

2.1 BT's licence contains several Conditions providing for controls on certain prices which would expire on 31 July 1993 unless they were replaced or extended. The main rule limits the rate of increase of the prices of BT's main switched services, in aggregate, to 6.25 percentage points below the increase in the Retail Prices Index (RPI-6.25). Another rule limits increases in private circuit prices to the rate of inflation (RPI±0). The licence can be modified by the Director General, to introduce controls from August 1993 onwards, either with BT's consent or after a reference to the Monopolies and Mergers Commission.

2.2 In January 1992 OFTEL began a review of the controls on BT's prices by issuing a consultative document inviting views on whether price controls should continue

and, if so, the form and scope of future controls. A second consultative document was issued simultaneously inviting views on the approach to be adopted in assessing a reasonable or appropriate rate of return on capital employed when reviewing BT's price controls and when determining the charges to be paid to BT for interconnection with its network. A total of 139 responses to the two consultative documents were received.

2.3 In June the Director General published a statement announcing his proposals for new controls. He said that he had written to BT on the basis that those proposals represented his views of the appropriate form of price control after 1993 and that, if BT were unable to agree, the issues should be referred to the Monopolies and Mergers Commission. In August the Director General announced that BT had agreed to accept almost all the proposals published by OFTEL on 9 June for the regulation of BT's prices for the four year period begin-

ning 1 August 1993. The main elements of the agreement were as follows:

- Price control on the main 'basket' of switched services will be tightened from RPI-6.25 to RPI-7.5 (excluding any new quantity discounts and alternative tariffs).
- The new rule will apply to the basket of prices covered by the current rule plus connection charges. Connection charges for single residential lines will initially be reduced to £99 (excluding VAT) and may be paid by instalments.
- There will be a limit of RPI+2 on ordinary exchange line rentals (RPI+5 on wholesale lines) and a limit of RPI on all other individual prices in the main basket (including connection charges).
- The low user scheme will be extended to give a break even point at 240 units per quarter.
- BT would accept an obligation to provide a text relay service for profoundly deaf people.
- The provisions in BT's licence which require uniform tariffs for the installation and maintenance of certain exchange lines will be extended until 31 July 1997.
- There will be a separate control of RPI on hard-wired telephone rentals.

2.4 The Director General also announced that finalisation of his proposals on price control for private circuits would await the outcome of further work on a consultancy study commissioned by OFTEL.

2.5 On 20 August the Director General gave notice of these and certain other proposed modifications to BT's licence, in accordance with the provisions of section 12(2) of the Telecommunications Act 1984, inviting representations or objections by 30 September from any persons whose interests were likely to be affected.

2.6 At the end of October the Director General notified BT that, having reconsidered the proposals in the light of the various representations received, he had concluded that certain relatively minor amendments were necessary. By the end of the year agreement with BT on these amendments had nearly been reached. Following agreement the modifications can formally be incorporated into BT's licence (see also paragraph 2.65).

### **Private circuit charges**

2.7 Following the price changes that were announced on 1 December 1991, a large number of complaints were received about the scale of some of the analogue circuit price increases. The Director General expressed his concern at the pattern of price changes for analogue and digital private circuits and it was decided that the consultants Touche Ross should carry out a review of the basis of the tariff changes.

2.8 The consultants submitted their report and discussions have taken place with BT on the action required for the future control of BT's private circuit prices. The present period of price control under which private circuit prices should on average be limited to the actual increase in RPI expires on 31 July 1993. The outcome of discussions on the price control for private circuits which will have effect for the four year period from 1 August 1993 is expected early in 1993.

2.9 With the price changes for private circuits, which were announced after consultation with OFTEL and take effect from 1 January 1993, all inland analogue connection and rental prices will rise by no more than 3.9%.

### **BT's hard-wired telephone rental charges**

2.10 After corresponding with BT for some time about the rental charge for hard-wired



telephones, following representations from customers, agreement was reached with BT on a reduction in the charge. With effect from 1 April 1992 the rental charge of a hard-wired telephone was reduced from the then prevailing charge of £15.20 a year (excluding VAT) to £11 (excluding VAT). The Director General concluded from the information that was sought from BT that £11 a year was sufficient to allow BT to recover costs and make a reasonable return.

2.11 Part of the price control agreement (see paragraph 2.3) was that a separate price cap of RPI should be introduced on hard-wired telephone rentals.

## **BT's NETWORK**

2.12 BT's modernisation of its telephone network continued. As at 31 December, BT had converted 4335 exchanges – covering 26,613,000 working connections – of its 7550 exchanges to digital technology. Of the remaining 3215 exchanges, 535 had been upgraded to TXE4s – described as electronically controlled analogue switches. BT expects to complete its network modernisation programme by March 1996.

## **MERCURY COMMUNICATIONS LTD**

2.13 The Mercury network continued to expand during 1992, as did the company's customer base and by the end of the year the network was accessible to nearly 80% of the UK population. Mercury has around 7% (by revenue) of the total UK telecommunications market with 61,000 business customers served by 645,000 exchange lines and 269,000 residential customers (plus a further 100,000 who access the network through their local cable operator).

2.14 Mercury redesigned its tariff layout to make it more easily accessible and understandable. The new design was launched in August.

2.15 In November Mercury announced a link with the Canadian company BCE, which will acquire up to 20% of Mercury's shares while Mercury invests £20 million in BCE's UK cable TV interests. Clearance was sought from UK regulatory authorities, including OFTEL, and the matter was still under consideration at the end of the year.

2.16 In December Mercury introduced a new package of charges, the Mercury Corporate Plan. For a quarterly fee customers may combine directly and indirectly connected sites within a single package allowing a choice of Frequent Caller Programmes tailored to different sized organisations. Mercury also announced that from 1 January 1993 its Frequent Caller Programme would offer higher levels of discounts to residential and single-line business customers.

## **KINGSTON COMMUNICATIONS (HULL) PLC**

2.17 At the end of 1992 Kingston's customers were served by 167,000 residential lines and 33,000 business lines. All customers have access to both the BT and Mercury networks for calls outside the Kingston area.

2.18 Discussions continued with Kingston over licence modifications resulting from the Duopoly Review. In addition, discussions began on modifications to its licence arising from the non-price cap elements of the package of modifications discussed with BT during 1992 (see paragraphs 2.1 to 2.6). The process will be completed in 1993.

2.19 In June Kingston announced details of its plans to form a joint telecommunications company with Yorkshire Electricity. The company intends initially to offer

private network services to large customers in the Yorkshire and Humberside region, drawing on Yorkshire Electricity's existing private network and Kingston's experience as a telecommunications operator. Agreement has been given in principle to the issue of a PTO licence to the new company. Kingston's operations within its licensed area will not be affected.

## **CELLULAR RADIO**

2.20 The cellular mobile radio networks operated by Telecom Securicor Cellular Radio Ltd (Cellnet) and Vodafone Ltd (Vodafone) continued to grow in 1992. By the end of the year there were approximately 1,333,600 subscribers registered on the networks, an increase of 108,600 over the previous year.

### **Lifetime and Lowcall**

2.21 In 1992 Cellnet and Vodafone launched new tariff packages – Lifetime on Cellnet and Lowcall on Vodafone. These services have been specifically designed to widen the appeal of the mobile phone beyond the current market which is dominated by business users. A lower connection fee and a lower monthly access charge combine to provide a more appropriate package for the occasional user. Call charges are higher than those on the other tariffs but these are structured to encourage usage during off peak periods.

### **Messaging services on the cellular networks**

2.22 At the beginning of 1992 discussions were still in progress between OFTEL and Cellnet about the implementation of undertakings given by Cellnet following investigation of a complaint relating to the provision of messaging services on its network. The complaint principally con-

cerned the way in which Cellnet had introduced its 'Callback' messaging service, and involved allegations that the terms unfairly disadvantaged operators wanting to offer competing messaging services on Cellnet's network. (The results of the investigation were announced on 10 September 1991 and summarised in the 1991 OFTEL Annual Report.)

2.23 The discussions on implementation were concluded in September 1992. The complainant formally withdrew his complaint and the Director General informed Cellnet in October that he was terminating his investigation in respect of Cellnet's terms for Callback and other terms and charges related to messaging.

2.24 The principal feature of the arrangements finally agreed was that organisations with a contract to distribute Cellnet's Message Connect service, and to have access to, and use of, the associated special network features, would be charged 0.4 pence per minute for deposit calls and 15.4 pence per minute for retrieve calls. Terms were also agreed for service providers offering messaging services using Cellnet's Direct Access service.

### **Fair competition in service provision**

2.25 On 25 June the Director General announced that OFTEL had received a wide-ranging complaint from Talkland International Ltd, an independent service provider retailing airtime on the cellular networks, concerning alleged cross-subsidy of, and undue preference to, the 'tied' service providers owned by companies or groups operating cellular mobile telephone networks.

2.26 The complaint principally concerned the BT group, Securicor Group plc and the Vodafone group. Talkland claimed that the alleged unfair practices were seriously restricting the ability of independent service

providers to compete with service providers linked to the network operators. Talkland's complaint also included allegations of abuse of monopoly power by the mobile network operators resulting in the imposition of unfair contract terms on service providers.

2.27 In his announcement the Director General said that he was initiating an investigation of the complaint in accordance with his duties under section 49 of the Telecommunications Act 1984. He wished to see full and fair competition amongst service providers. His enquiries were, however, at an early stage and he was not yet in a position to take a view on whether any of the companies involved might be in breach of its licence or engaging in practices meriting investigation under the competition legislation.

2.28 The investigation was still continuing at the end of 1992.

### **Quality of service survey**

2.29 In October 1992 a survey aimed at measuring quality of service on the cellular networks was launched. This survey is intended to provide OFTEL with independent and objective measures of network quality of service as perceived by customers. To do so two cars will, between them, drive a series of 120 routes in each three month period of the survey's operation. These routes (each of which will be covered by a car in one day) have been designed by Chameleon Ltd, in conjunction with Ken Baker Associates, to reflect the typical pattern of cellular traffic. The cars driving these routes are using 'Buzzard' automatic call generating equipment manufactured by Rotadata Ltd and designed to make and receive calls at set intervals.

2.30 The survey is being carried out by Survey Research Associates (SRA) under contract to OFTEL, and is being funded

jointly by the cellular operators, Cellnet and Vodafone. The first three month survey period was due to end early in the new year, with the results expected to be available before Easter.

### **Recorded announcements on cellular phones**

2.31 There has been a further increase in the number of complaints received regarding the charges made by the fixed and mobile network operators for calls to cellular numbers which result in a recorded message. At the end of the year this issue was being looked at by OFTEL and the operators, and OFTEL was seeking further views from representatives of users in an effort to explore with them ways of improving this situation.

## **PERSONAL COMMUNICATIONS NETWORKS (PCNs)**

2.32 In March 1992 two of the three organisations licensed in July 1991 to run PCN networks – Unitel Personal Communications and Mercury Personal Communications Network Ltd – announced that they were to merge. The resulting company is jointly owned by US West UK Ltd and by Cable & Wireless and operates under the name Mercury Personal Communications Ltd (MPC). Both MPC and the other PCN operator, Hutchison Microtel, continued to work throughout 1992 on preparations for the launch of their networks. MPC will trade under the name 'Mercury One-2-One'.

2.33 The Minister for Technology, Mr Edward Leigh, announced on 20 October that he was calling for comments from interested parties on possible uses for the spectrum freed in consequence of the merger. Mr Leigh said that the Government would be particularly interested in

innovative proposals for introducing further competition in telecommunications. The closing date set for submission of comments was 15 January 1993.

## MOBILE REPRESENTATIONS

2.34 There was a slight increase (2.5%) in the number of representations received about mobile services as a whole, with 1377 received in 1992 compared to 1342 in 1991. Representations concerning cellular radio services decreased slightly (by less than 2%) but were still by far the largest category (see Appendix 1). There was a fall of about 21% in the number of representations concerning radiopaging services (see paragraphs 3.12 and 3.13 for more about radiopaging).

2.35 The fall in radiopaging representations suggests that there has been an improvement in customers being able to discuss their problems with their suppliers, and finding ways of resolving their disputes. The 2% decrease in representations concerning cellular radio services is attributable to improvements in service providers' complaint handling procedures and the way they deal with customers. However the main areas of complaint continued to be billing issues and contractual disputes. There was a slight increase in the *Other* category of mobile complaints which is due to press coverage of issues relating to mobile services.

## PTO CABLE SYSTEMS

2.36 During the year the 118 licensed PTO broadband cable operators continued to install telecommunication networks in their specific franchises and to expand the services offered by their systems. At the end of the year 58 of these franchises were operational and providing services to customers. Despite the difficult economic climate, the cable operators extended their networks to

pass some two million homes by the end of the year and had connected some 440,000 cable television customers. In addition, by the end of 1992 the cable companies had installed some 107,000 telephony exchange lines – a five-fold increase over the corresponding figure for the end of 1991.

2.37 Within OFTEL much activity was devoted to monitoring compliance on the part of the cable operators with their licence conditions and taking enforcement action where this proved necessary. The key areas of the licences on which OFTEL concentrated were: monitoring progress against network construction obligations, ensuring that operators had made sufficient provision for funds in order to meet contingent liabilities, and making certain that operators lodge with OFTEL copies of their charges, terms and conditions when they propose to offer services and that these are consistent with the obligations laid down in the licences.

2.38 The Director General agreed to modify the interim construction obligations in 26 licences, being satisfied in each case that the relevant modification would enable the licensee to comply more easily with the obligation to complete the network by the prescribed date. These modifications related to the licences for the franchises covering: Avon, Barnsley, Brighton, Bromley, Darlington, Edinburgh, Enfield, Glenrothes, Hackney and Islington, Harrow, Hillingdon and Hounslow, Kensington and Chelsea, Kingston and Richmond, Liverpool North, North West London, Motherwell, St Helens and Knowlsey, North and North East Surrey, Teeside, Telford, Thames Estuary North, Thames Estuary South, Tyneside, Wandsworth, Wigan and the Wirral.

2.39 On 25 August 1992 the Director General, after considering objections and representations made in response to notices published on 15 June under section 17 of the Telecommunications Act 1984, made final orders under section 16 of the Act to

enforce Condition 1.2, relating to the construction timetable, of the licences issued with regard to the Ipswich and Colchester, South Devon, Stoke-on-Trent and North and North West Cheshire franchises. In addition, on 10 December 1992 the Director General made similar final orders in respect of the licensees in the Halifax, Macclesfield and Stockport franchises, following notices published under section 17 on 14 September. The orders established a new timetable by which construction of the cable systems in each case must reach a defined target. Failure to meet the terms of such an order make the licence subject to revocation procedures operable by the Secretary of State.

2.40 Similar orders under section 16 of the Act made by the Director General in 1990 and 1991 in relation to the Westminster, North West Glasgow and Clydebank, and Guildford franchise areas remained in force at the end of the year.

2.41 On 26 October 1992 the licence granted to Coastal Cablevision of Dorset Ltd in respect of the Dorchester and Weymouth broadband cable franchise was revoked by the Secretary of State with the agreement of the licensee.

2.42 The increasing involvement of broadband cable in the provision of voice telephony services was reflected in the number of determinations applied for during the year. The Director General made a further 13 determinations in 1992 permitting operators to provide voice telephony within parts of their franchise areas in competition with BT and Mercury. By the end of the year 12 operators – Birmingham Cable, Cable London, Cable Telecom, Cambridge Cable, Diamond Cable, General Cable, Jones Cable, Encom, Nynex, Southwestern Bell, Telewest and Videotron – had been granted determinations to offer voice telephony in 28 franchise areas: Avon, Birmingham, the Black Country, Bradford, Brighton, Bromley, Cambridge, Camden, Croydon, Ealing, Edinburgh, Enfield,

Greenwich and Lewisham, Hackney and Islington, Haringey, Harrow, Hillingdon and Hounslow, South Hertfordshire, Kensington and Chelsea, Kingston and Richmond, Lambeth and Southwark, Greater London East, Merton and Sutton, Nottingham, Portsmouth, Southampton, Tower Hamlets and Newham and Windsor. Latest estimates were that the cable operators were installing some 11,000 new exchange lines each month.

2.43 On 14 July 1992 the Director General announced that following a number of representations from broadband cable operators he was offering eligible licensees a licence modification that significantly liberalised the technical requirements of the systems a licensee is obliged to install. This modification, which is consistent with the technology neutral approach now being adopted in telecommunications licensing, forms part of the set of draft licence modifications implementing the decisions taken as part of the Duopoly Review and establishing, as far as possible, standardisation between licences. The key modification proposed will see cable operators being able to offer voice telephony in their own right rather than as an agent of BT or Mercury. So far, 54 licensees have indicated their willingness to accept this group of modifications and OFTEL has undertaken the necessary statutory consultation procedures with respect to five.

### **Representations**

2.44 During the year OFTEL received 50 representations about the activities of broadband cable operators, a significant increase over the 12 received in 1991. This growth in the number of representations reflects the growth in the activities of the cable operators themselves. Increasingly, the representations concern telephone billing disputes rather than those issues which have arisen before, such as failure to provide cable television or voice telephony services and damage caused by network installation.

## **'999' EMERGENCY CALL SERVICES**

### **Review of emergency call arrangements**

2.45 The review of the way in which emergency calls are handled by PTOs continued during 1992. The review was initiated in 1989 to examine the current arrangements for handling such calls and to see whether those arrangements were the best way of maintaining the high quality of call handling in the future, given advances in technology and the growing numbers of network operators.

2.46 The broadly-based review group set up to consider this issue suggested towards the end of 1991 that moving to a specialised Call Handling Agency (CHA), handling emergency calls from all networks, represented the best option for the future.

2.47 The relevant Ministers were consulted and raised no objection to the review group's proposal. While the Director General agreed that the proposal had merit, he recognised the importance of the service to the public and decided to commission a detailed independent study into the feasibility of the proposal. The study would look at, among other things, the number of centres from which the agency would need to operate in order to provide a suitably robust service, the number of operators that would be needed to ensure that calls were answered as promptly as at present and how the costs of the agency should be shared among PTOs.

2.48 There was considerable public interest in the review during 1992. Throughout the year the Director General made it clear that on receipt of the independent feasibility study he would have one overriding concern when considering its findings – that he would only contemplate implementing the CHA proposal, or similar arrange-

ments, if it was clear that they would improve, or at least maintain, the high standards which apply at the moment.

2.49 The independent report is expected early in 1993. The Director General intends to consider its contents carefully and consult the review group before deciding whether to go ahead with the CHA proposal.

### **BT network resilience and '999' calls**

2.50 BT is justifiably proud of the emergency call service it offers to the public. Calls are delivered reliably to operators who handle the calls quickly. In nearly every case callers are connected to the appropriate emergency authority control room within 25 seconds of '999' being dialled.

2.51 Nevertheless, OFTEL engaged in detailed discussions with BT during the year to gain an understanding of the continuing steps BT is taking to improve still further the reliability of delivering '999' calls to operators. OFTEL will continue to monitor these improvements. (See also paragraph 3.40 on the single European emergency call number '112'.)

## **NERA STUDY OF TELECOMMUNICATIONS IN WALES**

2.52 During the latter part of the year the consultants NERA produced their report on telecommunications in Wales – *Study of telecommunications provision in Wales and its impact on regional economic development*. The study was commissioned jointly by OFTEL, the Welsh Development Agency, and the Development Board for Rural Wales. The aim of the study was to identify any deficiencies in the demand for, and

supply of, telecommunication services in Wales, to identify the causes of the deficiencies, and to propose policies to deal with them. OFTEL was pleased to participate in the study as it provided the opportunity to see whether there was evidence of a significant under-provision of telecommunication services in Wales. This in turn would have implications for telecommunications provision in other similar remote rural areas of the United Kingdom.

2.53 At the end of the year the report was being studied in confidence by the parties which commissioned it and OFTEL has been in correspondence with BT and Mercury about some of the recommendations made. No conclusions had been reached about the implementation of any of the proposals.

## NUMBERING

2.54 In July 1992 the Director General made an announcement confirming his approval of proposals put forward by BT and Mercury for the National Code Change which his predecessor had accepted, in principle, in September 1991. However, he announced that the change would be postponed by one year to 16 April 1995.

2.55 The National Code Change will introduce ten-digit numbering for the UK fixed telephone network. Numbers for geographically significant termination points within the UK will adopt an extra '1' to be inserted after the initial '0' and before the remainder of the STD code, eg the London codes 071 and 081 will become 0171 and 0181 and the code for Cardiff will change from 0222 to 01222. Existing codes for non-geographic services (eg mobile, freephone, premium rate) will remain unchanged at the National Code Change but an OFTEL consultation document on the longer-term development of numbering for such services will be issued during 1993. (See also paragraph 3.41 on the international access code '00'.)

2.56 In making his decision to confirm the code change, the Director General concluded that:

- first, there is an acute shortage of available codes and that early action is necessary if the development of new and competitive telephony services with a demand for such codes is not to be inhibited;
- second, a move to a 10-digit scheme is the best way to increase numbering capacity, and
- third, the particular scheme proposed is clear and simple to understand and involves the minimum of disruption for those concerned.

2.57 The decision to postpone the change by one year was taken in recognition that major users needed more time to plan and incorporate costs within normal replacement cycles for the re-ordering and updating of office materials and equipment. The postponement will also allow an extended period of parallel running, when the old and new numbering systems will both operate. This should enable customer premises equipment to be reprogrammed during the normal maintenance cycle in advance of the code change.

2.58 In July the Director General also gave his approval in principle to a proposal by BT for the introduction of 7-digit subscriber numbers in five cities – Bristol, Leeds, Leicester, Nottingham, Sheffield – where numbering demand is outstripping supply within the existing area codes. The proposal involved the total change of area code with the bringing into use of the code range 011X. This would lead to an immediate 43% increase in capacity and would be introduced at the same time as the National Code Change. The Director General confirmed his agreement to these proposals in November following a period of consultation with interested parties.

2.59 During 1992 OFTEL submitted to the Telecommunications Numbering and Addressing Body draft Numbering Conventions. The Conventions are a set of principles and rules on the allocation of numbers from a 'Specified Numbering Scheme' (in effect a national numbering scheme) and their publication will facilitate the take over by the Director General from BT of responsibility for the allocation of codes and numbering capacity to the PTOs. At the end of the year the drafting of the Conventions was continuing, with publication expected during 1993.

2.60 In December, OFTEL appointed National Economic Research Associates (NERA) to carry out a consultancy study on telephone number portability – the facility allowing users to retain their telephone number when they change to another operator. The study, which is required under the operators' licences, will consider the likely costs and benefits arising from the introduction of inter-operator portability to the fixed network. NERA are expected to report in June 1993; OFTEL intends to issue a consultative document on their findings.

#### **Data network identification codes (DNICs)**

2.61 During the year, OFTEL reserved a data network identification code (DNIC) for one organisation which foresaw a possible need to make a formal application for a DNIC in the future. OFTEL has not asked the CCITT (through the DTI) to add any DNIC allocations to the register this year. Therefore the total number of DNICs registered for the UK remained at 12.

### **INTERCONNECTION AND ACCOUNTING SEPARATION**

2.62 Following the Duopoly Review and the liberalisation of the UK market, it

quickly became obvious that one of the major determinants of the success of operators entering the market was the conditions under which they could secure interconnection with BT's network. The consultation period prior to the review of BT's price controls (see paragraphs 2.1 to 2.6) brought to light a number of concerns in this area from right across the industry. Chief amongst these was the belief that BT's market power would significantly disadvantage new operators in the course of bilateral commercial interconnect negotiations. There was a feeling that regulatory intervention would need to be more direct and more frequent than envisaged in the licence conditions that established the interconnect framework. The apparent lack of information about BT's network, on how it allocated costs and calculated interconnect rates and about the interconnect terms secured by existing operators was also seen as a significant inhibitor to the successful and timely conclusion of interconnect negotiations.

2.63 A good deal more transparency in the interconnection process was therefore required to address these concerns and, after careful consideration, OFTEL concluded that a form of accounting separation would need to be introduced for BT's businesses. Accounting separation would aim to expose the costs relating to each of BT's businesses and ensure, through reporting, that the transfer payments within BT for services also available to non-BT businesses are transparent and not anti-competitive.

2.64 OFTEL commissioned Touche Ross Management Consultants during the Autumn to carry out a consultative study into the best way of introducing accounting separation. This study reported at the end of the year and a period of consultation and negotiation with BT was due to begin early in 1993.

2.65 Because of the length of time accounting separation will necessarily take to



establish, OFTEL felt that interim measures to introduce transparency were necessary for the benefit of the many operators already involved in interconnect negotiations with BT. Discussions were therefore opened with BT on the publication of information on the network and information about its cost allocation methodology. A licence modification requiring publication of interconnect arrangements was also proposed to BT as part of the price control review (see paragraphs 2.1 to 2.6).

2.66 A number of requests for determinations under Condition 13.5 of BT's licence were received during the year, mainly relating to waivers of access deficit contributions. A major exercise was also being undertaken at the request of BT and Mercury to determine certain terms and conditions in a review of their existing interconnection agreement.

## **OTHER COMPETITION ISSUES**

### **Use of network facilities in competitive areas**

2.67 During the year OFTEL received a number of complaints which alleged that BT was abusing its dominant position by using three digit access codes to promote certain of its own services (eg Telemessages and Timeline) which were open to competition, while denying similar codes to businesses wishing to offer competing services. OFTEL raised the issue with BT.

2.68 BT took the view that the limited number of codes available and their use by BT and other PTOs for basic network support and management – for example, operator connection and assistance services, fault reporting and billing enquiries – prevented three digit access codes being offered for other purposes. OFTEL felt this would have been acceptable if the codes were used by the PTOs only for network and management support. However, it was

clear that BT was also using the codes to enable customers to access certain of its own competitive services. Equal access to services is an important element of competition, and the restriction on the availability of three digit access codes could act as a barrier to the development of a robust competitive market.

2.69 At the end of 1992, OFTEL was considering the wider implications of this practice in the context of the national numbering scheme.

### **Option 2000**

2.70 Towards the end of the year BT announced its Option 2000 tariff as an addition to its Customer Options programme. The tariff is designed to meet the needs of organisations with a very large number of dispersed sites, and which are spending in excess of £1 million per annum on directly dialled calls. Under this Option as now agreed with OFTEL the individual bills relating to specified sites can be aggregated to benefit from a flat rate of discount applied to the total expenditure for direct dialled calls. Customers taking up the Option pay, in advance, a quarterly Customer Option Charge and, following discussions with OFTEL (see paragraph 2.73), a quarterly Site Option Charge. The level of discount is determined by the level of the Customer Option Charge and Site Option Charge.

2.71 The introduction of such a customer based discount scheme, however, raised serious consumer and competition issues and a number of representations were made to OFTEL. Whilst recognising that there were also some customer benefits in having a simplified discount tariff available, the Director General concluded that the original proposals from BT were significantly anti-competitive and would have led to undue discrimination between customer sites.

2.72 OFTEL was concerned that Option 2000 as originally proposed would have resulted in some sites, on being included within the tariff, receiving a much larger discount than the best discount that would have been available on a single site basis, and that this additional discount was not necessarily related to possible cost savings resulting from providing service to a number of sites. This would have made it difficult for other network operators, who lack BT's geographical coverage, to compete. It would also have been discriminatory as between sites according to whether or not they were part of a multi-site organisation.

2.73 Following discussions with BT it was agreed that BT would amend significantly the proposed Option 2000 tariff, principally by introducing a site fee (Site Option Charge) as well as an option fee (Customer Option Charge). In addition BT would alter its proposals for a new site-based tariff (Option 45) to be introduced early in the New Year, to minimise any anti-competitive effect.

2.74 BT further agreed that when it adjusts its discount schemes after 31 July 1993 – the start of a new four year period of price control – it will ensure any remaining material anti-competitive and discriminatory effects of the tariff will be eliminated. OFTEL will be monitoring the impact of Option 2000 to ensure that there are no unforeseen undesirable effects.

### **Special offers**

2.75 In September, BT formally notified OFTEL of its intention to introduce a special offer for directly dialled national calls made between 3 pm and midnight on every Sunday during November and December. The offer consisted of directly dialled calls (with some exceptions, such as

calls from public payphones) made during this period being charged at the local cheap rate rather than BT's published rates, thus offering customers substantial savings. BT subsequently notified OFTEL of a further special offer consisting of discounts on cheap rate calls to Europe in respect of charge band 1, and the Republic of Ireland. This offer would run from 30 December 1992 to 31 January 1993, providing for discounts of 22.5% for charge band 1 and 10% for the Republic of Ireland.

2.76 OFTEL welcomed the introduction of these offers as they clearly demonstrated that BT was prepared to be innovative in responding to the needs of customers. However, the offers did raise a number of competition and regulatory issues that needed to be addressed in order that OFTEL could be satisfied that future offers would have no adverse effect on competition between BT and other PTOs. OFTEL's main concern was that because of the terms of existing interconnection agreements, those PTOs who had interconnected with BT would not be able to match BT's special offers. Interconnection agreements in this context refer to agreements concluded with BT under Condition 13.1 of its licence or determined by the Director General under Condition 13.5, to enable calls to pass between networks. They would have to continue to pay BT for use of the network segment over which their own customers' calls were routed at standard rates that did not reflect the reductions offered to BT's customers.

2.77 At the end of the year OFTEL was still in discussion with BT over the issues raised and was considering whether regulatory action would be necessary to ensure that any similar special offers BT might make did not put the other PTOs at a disadvantage. Such action might be expected to impinge on future interconnection agreements or determinations.

# 3

## Non-PTO Licences, International Affairs, Approvals and Standards

### NON-PTO LICENSING

#### Telecommunication Services Licence

3.1 A new class licence, called the Telecommunication Services Licence (TSL), was issued by the Department of Trade and Industry (DTI) on 15 July 1992. This came into force on 1 September 1992, and on the same date the Branch Systems General Licence (BSGL) was revoked. Only those licensees of private networks **offering services to third parties** run their systems under the TSL; the Self-Provision Licence (SPL), a revised version of which also came into force on 1 September, became the main licence under which people run all other private networks (see paragraph 3.5 below). An explanatory guide to both the TSL and the SPL was published in October, and is available from OFTEL's Library.

3.2 The TSL carried forward changes foreseen in the Duopoly Review and the subsequent White Paper of March 1991

*Competition and Choice: Telecommunications Policy for the 1990s*. This licence also simplified arrangements for reselling leased lines and paved the way for lifting the restrictions on international data services. Generally the opportunity was taken to simplify the language of the new licence from that in the BSGL.

3.3 The main changes from the BSGL were as follows:

- (a) The international resale liberalisation introduced by the Secretary of State's specification in June 1991 under the BSGL is now incorporated in the service authorisation. International resale services are now completely liberalised, except for certain restrictions on international simple resale, as described below under that heading (see paragraph 3.7);
- (b) In a system to which the maintenance requirement applies, it is now possible

for there to be separate Designated Maintainers for call routing apparatus and relevant wiring on the one hand and for serially-connected equipment on the other. It was previously a requirement that the system as a whole had to have one maintainer;

- (c) The condition which prohibits the use of automatic dialling machines to send recorded messages without the recipient's consent now states clearly that fax machines are not covered by this prohibition. The condition relating to unsolicited sales calls has been extended to cover agents of the licensee;
- (d) Offshore systems can be connected to systems run under the TSL;
- (e) Mercury, Cellnet and Vodafone are not excluded from operating under the TSL - BT and Kingston remain excluded;
- (f) The provisions in the BSGI for imposing obligations on 'major service providers' in respect of their competitive conduct have not been retained in the TSL;
- (g) A new condition relating to the display of tariff information has been included. It potentially covers all kinds of telephones made available for public use. Licensees who provide such a telephone may be required to display information relating to the charges and other conditions of use.

3.4 The TSL retains the '200-metre rule', under which the systems to which the TSL applies may not include self-provided links between sets of premises any one of which is more than 200 metres in lateral distance from another. A licensee may only provide telecommunication services between premises more than 200 metres apart if they are linked by a PSTN or a private circuit leased from a PTO.

### **Self-Provision Licence (SPL)**

3.5 A revised version of the SPL was issued on 30 July 1992 (replacing that issued in August 1991) and came into force at the same time as the TSL on 1 September. The main change was to bring the maintenance condition into line with that of the TSL (see paragraph 3.3(b) above). The SPL is now the main licence under which people run private networks. There is no restriction on the extent of self-provided equipment between premises; but the restrictions in the service authorisation mean that systems can be run under the SPL only for the licensee's own purposes. Those offering telecommunication services for profit to third parties will run under the TSL.

### **Value Added and Data Services (VADS) Class Licence**

3.6 Licensees have the option of operating under either this or the TSL, but the VADS licence is more restrictive than the TSL. Nevertheless, because the VADS Licence is a long-term licence, it has been left in force for those who wish to run under it. There remains only one Major Service Provider (and no Trilateral Service Providers) continuing to operate under the VADS licence, which represents no change from the position noted in last year's Report.

### **International simple resale**

3.7 Following the decision that international simple resale (ISR) services should be permitted between the UK and countries offering equivalent freedom to providers of such services from the other end, the Secretary of State for Trade and Industry designated Australia, Canada and Sweden as equivalent for the purposes of such services on 25 September 1992. A licence was issued to ACC Long Distance UK Ltd on the same day, allowing it to provide such services to these three countries. The

DTI is also considering a number of other similar applications and an ISR authorisation will be normal in the licences of PTOs who are not international operators. At the end of the year the Secretary of State designated all European Community Member States as being countries to which international simple data resale services could be provided under the terms of Schedule 3 of the TSL.

### **Private mobile radio (PMR)**

3.8 During the year the DTI, in consultation with OFTEL, made progress towards allowing licensees running PMR systems to self-provide whilst being allowed to share with third parties and to resell spare circuit capacity. The DTI expect to issue two class licences – one for public bodies and one for others – in 1993 following a period of public consultation.

### **Band III—trunked PMR**

3.9 During the early part of the year GEC National One and Band Three Radio Ltd merged to form a new company, National Band Three Ltd. This new company is a joint venture between Vodafone Group plc and GEC. In April 1992 the DTI issued a licence to this company to provide a nationwide Band III radio service. The new company will be using the old GEC National One network enhanced to provide coverage in areas which the Band Three Radio Ltd network covered but the GEC network did not.

3.10 In July 1992, 25 year licences were issued to thirteen Band III regional network operators. Twelve of these operators had previously been providing a Band III service under temporary licences renewable every six months. The other operator, Key Radio Ltd, was licensed to provide a service in the Guildford neighbourhood.

3.11 During the year London Band Three Network Company Ltd ceased operation. The temporary licence for this operator was revoked by the DTI on 17 June 1992.

### **Wide area radiopaging**

3.12 In April 1992 Hutchison Paging (UK) Ltd launched its national UK paging network under a 25 year licence issued by the DTI in June 1992. This licence covers not only Hutchison's national UK network but also the pan-European network ('Hutchison Euromessage') that Hutchison took over in 1991.

3.13 In November a merger between Mercury Paging Ltd and Intercity Paging Ltd was announced. The merged company trades under the name of Mercury Paging Ltd.

### **Telepoint**

3.14 Hutchison Personal Communications Ltd (HPC), the telepoint network operating division of Hutchison Telecommunications UK Ltd, announced the launch of its 'Rabbit' telepoint phone service in April 1992. Rabbit commenced service in the Greater Manchester area on 21 May and this was extended throughout the Granada Television area from 9 July. In October the network began nationwide service with about 12,000 base stations throughout the country.

3.15 By 1992 the Rabbit system was the only telepoint network in operation of the four originally licensed in 1989. (The other three, Zonephone, Phonepoint and Mercury Callpoint, all suspended service in 1991.) HPC uses equipment manufactured to the Common Air Interface (CAI) Standard for its network. The Rabbit handset may also be used as a digital cordless phone in the home in conjunction with a CT2 base station.

## Mobile data

3.16 Of the five mobile data network operators selected by the DTI in 1989 three of these – Cognito Group Ltd, Hutchison Mobile Data Ltd, and Ram Mobile Data Ltd – have now been issued with 25 year licences and have launched their data transmission services. The licence permits both mobile data conveyance services, and also the conveyance of data between fixed terminals. The two remaining companies, Digital Mobile Communications and Motorola, have decided not to take up their licences.

3.17 A further company, Paknet Ltd, also received a 25 year licence for mobile and fixed data services during 1992. Paknet, originally a joint venture between Vodafone and Mercury but now owned solely by Vodafone Group plc, has been providing fixed data services under Mercury's licence since 1990.

3.18 Meteor Communications (Europe) Ltd has also been licensed to run a network for the conveyance of data messages using meteor reflection techniques developed for telecontrol and telemetry.

3.19 During the latter half of the year Cognito Group Ltd ceased to provide a mobile data service on its network. The company was then reformed as Cognito Ltd and a new licence was issued to this company by the DTI in October 1992. The previous licence issued in February 1992 to Cognito Group Ltd was revoked at that time.

## Satellite services

3.20 During the year the Secretary of State announced his agreement in principle to the award of individual licences to two satellite service operators, BAeCom and Alpha Lyracom. The licences would allow them to provide services that connected

with the public switched network (excluding connection at both ends for international voice traffic). The Secretary of State indicated that he would be willing to grant similar licences to other applicants. By the end of 1992 there had been seven further such applications. These new licences, together with the Class Licence issued on 2 August 1991 which allows anyone in the UK (except the BBC, which is not allowed to provide such services to third parties) to operate a satellite earth station for the reception and/or transmission of messages not conveyed over the public switched network, represent a significant liberalisation of the market for satellite services in the UK.

3.21 OFTEL's review of the operation of BT's Signatory Affairs Office (SAO) continued during the year but was delayed further by a number of factors. It is expected that the outcome of this review will be announced during 1993.

3.22 During 1992 OFTEL received five representations from satellite service operators, all relating to the provision of satellite capacity by the Signatory Affairs Office; no representations were received about the activities of the satellite service providers.

## Non-PTO cable licences

3.23 On 30 December 1992 the Secretary of State granted a new class licence, *Class Licence to run cable systems providing no more satellite channels than the number of satellite channels provided by the systems on 31 December 1990*, to allow the continued operation of those satellite master antenna television (SMATV) systems that were taking programmes from the sole domestic satellite, Marco Polo, when it ceased transmission at the end of the year. The new licence replaced two existing licences: *Class Licence to run broadcast relay systems provided by the system on 31 December 1990, where these included less than five satellite*

*channels and Class Licence to run broadcast relay systems covering no more than 1,000 homes and providing services provided by the system on 31 December 1990. It allows a system to offer satellite channels broadcast from a non-domestic satellite service, provided the number of satellite channels being offered does not exceed the number it offered at 31 December 1990.*

3.24 During 1992, a further 260 systems were registered by the Director General under the *Class Licence to run broadcast relay systems covering no more than 1,000 homes for the provision of all types of broadcast service*, making a total of 1,859 systems registered as at 31 December 1992. In addition broadband cable operators exercised their rights to install alternative systems on seven occasions.

3.25 Over the year 58 new licences were issued by the DTI for systems covering more than 1,000 homes. Of these, 41 were granted to Metro Cable TV Ltd which took over the systems previously operated by Maxwell Cable TV. In all the remaining cases existing systems were relicensed because of a change of ownership.

3.26 Eight representations were received by OFTEL about the activities of SMATV operators. Three complaints concerned the cost of SMATV services, two concerned interference caused by SMATV systems, two concerned poor reception by users of the systems and one concerned a delay in the connection of a subscriber to a system.

#### **Outside Broadcast Licence (OBL)**

3.27 This class licence authorises the running of outside broadcast sound and vision and associated programme control links by or on behalf of broadcasters and independent programme makers. The OBL limits the length of time licensees may run apparatus at any outside broadcast site to sixty days in any six month period, but

licensees can apply to OFTEL to have this time limit waived or extended. Licensees must register with the DTI but no licence fee is payable. Since the licence was granted in August 1991, 49 companies have been registered as licensees under the OBL (including 35 during 1992).

#### **Licences issued prior to the Telecommunications Act**

3.28 Prior to the Telecommunications Act 1984, under which the Secretary of State for Trade and Industry exercises responsibility for licensing telecommunication systems, such duties were undertaken by British Telecommunications plc and, before that company was established, the Post Office. Most of those who used to operate their telecommunication systems under a 'pre-1984' licence are now able to run them under a Telecommunications Act licence. However, there still remain a few 'pre-1984' licences, the necessity of which is uncertain. Therefore in August, an Order was issued under section 5 of the Act further extending for a period of two years the validity of those 'pre-1984' licences which have not yet expired. At the end of the year OFTEL, in conjunction with DTI, was reviewing the necessity of such licences with the intention of ensuring that, by the end of the extension period, all licensing requirements would be covered by licences having effect directly under the Telecommunications Act 1984.

#### **Non-PTO licences issued**

3.29 During the year 100 non-PTO licences were issued by the Department of Trade and Industry (compared to 128 in 1991). Details are given in Appendix 4.

#### **Post Duopoly licences**

3.30 In 1992 the DTI received 30 new licence applications, making a total of 48

applications since the Government announced the ending of the so-called Duo-poly Policy early in 1991. Particulars of all applications for licences are entered in the public register in OFTEL's library. Section 7 of the Telecommunications Act 1984 provides that licences may be granted by the Secretary of State after consultation with the Director General. Consequently OFTEL staff were heavily engaged throughout the year in providing advice to the DTI in relation to these licence applications.

3.31 By the end of December 12 licences had been granted:

- DICE
- Microcell Links Ltd
- IISS – Numbering Viewed Worldwide
- ACC Long Distance
- Regional Band III Operators/Hutchison Telecom
- SIS Ltd
- RAM Mobile Data Ltd
- Paknet
- Meteor Communications (Europe) Ltd
- Hutchison Paging UK
- Hutchison Mobile Data (UK) Ltd
- Cognito Group Ltd
- National Transcommunications Ltd

Two applications had been withdrawn:

- National Transcommunications Ltd
- Sound Broadcasting Services

and work was continuing on the remaining 34 applications (of which 16 were for major licences).

### **Enquiries and cases on private networks**

3.32 As well as liaising with the DTI about changes in major licences, the Private Networks Licensing section of OFTEL handled numerous enquiries and cases about the licensing position of individual licensees and enforcement. The work ranged from telephone enquiries about particular licences and aspects of the licensing regime as they affected the enquirer to

more lengthy cases about drafts of new individual licences (often in consultation with the DTI) and to some protracted cases about ensuring that certain licensees, who had been complained about, adhered to the rules on sending sales calls and recorded messages.

## **INTERNATIONAL AFFAIRS**

3.33 OFTEL's international activity during 1992 focussed on Europe, in particular advising the DTI on European Community legislation and liaising with the DTI on implementation of such legislation. The number of visitors from overseas increased, and many OFTEL staff attended international and bilateral meetings and conferences in the UK and overseas.

### **European Community legislation**

3.34 Progress was made in 1992 on several measures prescribed in the ONP Framework Directive (Council Directive of 28 June 1990 on the establishment of the internal market for telecommunications services through the implementation of ONP – 90/387/EEC). The Telecommunications Council adopted in June 1992 the ONP Leased Lines Directive (Council Directive of 5 June 1992 on the application of ONP to leased lines – 92/44/EEC). This will come fully into force in June 1993.

3.35 The Directive will be implemented in the UK through Regulations under section 2(2) of the European Communities Act 1972. These will amend the licences of certain existing public telecommunications operators (PTOs), and require the licences of new PTOs to be worded so as to meet the Directive's requirements. The licences as amended will be enforced by the Director General of Telecommunications under his current powers. At the end of the year the Regulations were under consideration by the Department of Trade and Industry.



3.36 The Telecommunications Council also adopted in June 1992 the ONP Recommendation on Packet-Switched Data Services (Council Recommendation of 5 June 1992 on the harmonised provision of a minimum set of packet-switched data services (PSDS) in accordance with ONP principles – 92/382/EEC) and the ONP Recommendation on Integrated Services Digital Networks (Council Recommendation of 5 June 1992 on the provision of harmonised integrated services digital network (ISDN) access arrangements and a minimum set of ISDN offerings in accordance with ONP principles – 92/383/EEC).

3.37 To implement the ISDN and PSDS Recommendations mentioned above, Directions under section 94 of the Telecommunications Act 1984 were made on 17 December 1992 by the Secretary of State for Trade and Industry requiring the Director General of Telecommunications to undertake certain activities. He must collect and make publicly available certain quality of service statistics on ISDN offerings and PSDSs, collect the necessary information and prepare annual summary reports covering their availability and send the Commission a copy, collect information on them such as technical characteristics, supply and usage conditions, and tariffs, and make this available to the Commission on request, and establish resolution procedures for users of ISDN offerings and PSDSs encountering difficulties. The Directions are reproduced in Appendix 6.

3.38 In August the Commission finalised its proposal for an ONP Directive on voice telephony (Proposal for a Council Directive on the application of open network provision to voice telephony (Com (92)247 final – SYN 437)). The proposal was discussed in Council working groups during the latter part of the year. It will require Member States to ensure that telecommunications organisations provide connection to the public voice telephony network and service, and allow the use of that connection to the fullest extent compatible

with Community Law. It also contains extensive supply and usage conditions for voice telephony, and requires Member States to ensure that tariffs for the voice service are cost orientated. The Directive is expected to be adopted during 1993.

### **Review of the Services Directive**

3.39 The Services Directive (Commission Directive of 28 June 1990 on competition in the markets for telecommunications services – 90/388/EEC) required the Commission to carry out in 1992 an overall assessment of the state of competition in the Community's telecommunications sector. The Commission's report was adopted in October 1992. It identified high cross-border call charges within the Community as being a major bottleneck to economic progress, and suggested that cross-border services should be opened to competition. However the Commission did not propose specific action to implement this. Instead it proposed consulting a wide range of interested parties including the governments of the Member States, so they would have the opportunity to comment on the report's findings before any final decisions were taken.

### **Single European emergency call number**

3.40 The UK has taken measures to implement the Council Decision requiring Member States to adopt a single European emergency call number '112' (Council Decision of 29 July 1991 on the introduction of a single European emergency call number – 91/396/EEC). To implement this, the Secretary of State has made regulations, effective from 31 December 1992 (The Telecommunications (Single Emergency Call Number) Regulations 1992 – SI 1992/2875), which amend the licences of those public telecommunications operators (PTOs) required to provide access to emer-

gency call services. The amendment requires the telecommunications operators to ensure that emergency call services may additionally be reached by dialling '112' as well as the existing '999' number. The existing '999' number will continue to be available for the foreseeable future.

### **Harmonisation of international access codes**

3.41 The proposed Council Decision requiring Member States to adopt by 31 December 1992 a standard international telephone access code of double zero ('00') (Council decision of 11 May 1992 on the introduction of a standard international telephone access code in the Community – 92/264/EEC) was adopted in May 1992. However the Decision allows individual countries to defer introduction until 31 December 1998 at the latest if they face particular difficulties in meeting the 1992 deadline. The DTI has notified the Commission that the UK intends to defer the code's adoption here until 16 April 1995, when it will be introduced into the new national numbering plan (see paragraphs 2.54 to 2.60).

### **Telecommunications Terminal Directive**

3.42 The Second Phase Directive – or the Telecommunications Terminal Directive – (Council Directive of 29 April 1991 on the approximation of the laws of Member States concerning telecommunications terminal equipment, including the mutual recognition of their conformity – 91/263/EEC) came into force on 6 November 1992. It replaced an earlier Directive (Council Directive of 24 July 1986 – 86/361/EEC) on the initial stage of the mutual recognition of type approval for telecommunications terminal equipment. Any type approvals granted by Member States in accordance with Directive 86/361/EEC

will, however, remain valid. To implement the Second Phase Directive, the Telecommunications Terminal Equipment Regulations 1992 (Statutory Instrument 1992 no 2423) (TTE Regulations) were made on 11 October 1992 and came into force on 6 November 1992.

3.43 The full benefits of the Directive, which is primarily aimed at removing the barriers to free circulation of terminal equipment in the European Community, will only be achieved when harmonised European Standards in the form of Common Technical Regulations (CTR) become available for particular types of equipment.

3.44 Terminal equipment meeting 'essential requirements' in a CTR will receive a certificate of conformity and administrative approval by a notified national body and may be freely placed on the market or put into service in any member state. The British Approvals Board for Telecommunications (BABT) has been notified as the 'UK notified body' to carry out type examination, conformity testing and approval of quality assurance systems for the UK. The CTRs covering newer digital telecommunication services such as ISDN, GSM and DECT are being developed within the European Telecommunication Standards Institution. The equipment for which there is no CTR will remain unaffected for the time being and section 22 of the Telecommunications Act 1984 will apply to such equipment until a relevant CTR is available.

### **Technical Regulations Application Committee (TRAC)**

3.45 1992 was a busy year for the old TRAC. Before its regulatory functions officially ceased on 6 November 1992, with the repealing of Directive 86/361/EEC, it approved and adopted a number of European Telecommunication Standards known as NETs for ISDN basic and primary rate

access; equipment connected to an analogue subscriber interface in the PSTN and modems for connection to the PSTN. The new TRAC, which was established in October 1991 and had been operating in parallel with the old TRAC, met five times during 1992. It made good progress in identifying candidate CTRs and formulating their scope statements. During the year the TRAC *ad hoc* group on CTRs continued its work on the development of a handbook on CTRs which will give guidance on the general background to CTRs, their form, scope and content. The new TRAC also gave advice to the Commission on matters related to the Telecommunications Terminal Directive and CTRs. OFTEL continued to participate in the TRAC meetings as part of the UK delegation led by the DTI.

#### **Approvals Committee for Terminal Equipment (ACTE)**

3.46 The ACTE, which was established under the aegis of the Telecommunications Terminal Directive (91/263/EEC), met seven times in 1992. The ACTE has an advisory, regulatory and surveillance role to play in shaping the future policy on the type approval of telecommunication terminal equipment in the Community. Considerable progress was made in 1992 on several important fronts, particularly on the formulation of a work programme for the production of CTRs. The Committee also got involved in interpreting the various Articles of Directive 91/263/EEC and advising the Commission on what facilities should be essential for terminal equipment covered by the Directive. OFTEL participated in these meetings as an expert to assist the UK delegation, which comprises DTI and BABT.

#### **European Telecommunications Standards Institute**

3.47 The European Telecommunications Standards Institute (ETSI), which was

created to speed up the standardization process within Europe, is an open forum made up of over 300 members from 25 European countries. Over 2000 experts from member organisations are involved in developing telecommunications standards. Its success is measured by the fact that more than 132 ETSs have been adopted, with 200 at the approval stage. During the year, OFTEL continued to participate in ETSI Technical Committees for Terminal Equipment (TE) and Network Aspects (NA), and also took part in the Technical and General Assemblies as part of the UK delegation headed by the DTI.

#### **ECTRA**

3.48 OFTEL attends the meetings of the European Committee for Telecommunications Regulatory Affairs (ECTRA). ECTRA, and its parent body the European Conference of Postal and Telecommunications Administrations (CEPT), are the main discussion fora in Europe for, respectively, telecommunications regulatory matters, and posts and telecommunications regulators. ECTRA met three times in 1992. Discussions in the meetings included the proposed new arrangements for CEPT to establish its status as a body for regulators only, not for operators. Operators who were members of CEPT have formed their own organisation, the Association of European Public Telecommunications Network Operators (ETNO).

#### **Bilateral contacts**

3.49 During the year an exchange of personnel was agreed between the UK and the Japanese Ministry of Posts and Telecommunications (MPT). An official from the DTI's Radiocommunications Agency was subsequently seconded to the MPT for eight weeks between September and November 1992, and an eight week

visit to OFTEL and DTI by an MPT official will take place from January to March 1993.

3.50 Regular discussions on matters of common concern are held between OFTEL and the Republic of Ireland's Department of Transport, Tourism and Communications. There were two meetings in 1992. Items discussed included the UK and Irish numbering systems, EC ONP Directives, and the European Commission's review of the 1990 Services Directive.

#### **Overseas conferences**

3.51 OFTEL staff spoke at or attended various international conferences and seminars during 1992. Most notable was Sir Bryan Carsberg's visit to the *Telecom Tokyo Forum '92* in January. When he succeeded Sir Bryan, Bill Wigglesworth spoke on OFTEL's behalf at several international events including conferences or symposia in France, Spain, Canada and the Netherlands. During the year OFTEL officials also visited Austria, Belgium, Chile, Colombia, Denmark, Germany, Greece, Ireland, Luxembourg, Norway, Portugal, Sweden and USA.

#### **International visitors to OFTEL**

3.52 In 1992 OFTEL welcomed more than 280 visitors from over 40 different countries in all parts of the world including Canada, Czechoslovakia, Egypt, France, Iceland, Indonesia, Russia, Singapore, the Slovakia Republic, South Africa, USA, and Zambia. Many were particularly interested in discussing the background to and consequences of the Duopoly Review. Other groups or individuals with a special interest in economic aspects of telecommunications came from Australia, Belgium, Finland, France, Germany, Hungary, Italy, Japan, New Zealand, Poland, Portugal, Sri Lanka, Sweden, and Uruguay. Visitors interested in specific issues such as numbering, network planning, premium rate services, or quality of service came from Australia,

Canada, Chile, Czechoslovakia, Denmark, Finland, France, Germany, Hong Kong, Hungary, India, Ireland, Israel, Italy, Jamaica, Japan, Korea, Malaysia, New Zealand, Norway, South Africa, and USA. The UK liberalisation experience was of particular interest to visitors from Argentina, Byelorussia, Chile, Ecuador, France, Hong Kong, Hungary, Italy, Japan, Kenya, Korea, Malaysia, Nigeria, Norway, Peru, South Africa, Sweden, Taiwan, Turkey, Ukraine, USA, Uruguay, Venezuela, and the former Yugoslavia.

### **APPROVALS AND STANDARDS**

#### **Transfer of approval authority to BABT**

3.53 The British Approvals Board for Telecommunications (BABT) assumed full responsibility for granting type approvals for all types of telecommunication apparatus from 1 September 1992 with the extension of the Telecommunication Apparatus (Approval Fees) Order to include call routing apparatus. OFTEL will, however, continue to grant general approvals and site specific approvals.

#### **Type approval of apparatus**

3.54 A total of 950 items of apparatus were granted type approval by OFTEL during 1992. No approvals were withdrawn but 156 existing approvals were varied. These variations resulted mainly from enhancements to approved apparatus, and to changes of the approval holder. A number of variations were also made because the approval holder no longer wished to supply that type of apparatus in the UK.

#### **Payphones**

3.55 A total of 25 new payphones gained approval against the OFTEL *Approval requirements for payphones connected to public switched telephone networks*

(OTR:002) during the year, bringing the number of approved payphones, at 31 December 1992, to 67.

3.56 A revised version of OTR:002 came into force as OTR:002 1991 on 1 July 1992. To promote effective competition in the supply of payphones, agreement was reached with BT that the requirements of OTR:002 would apply to BT payphones. Condition 11 of BT's licence will be modified to require BT to use only approved pre-payment apparatus in call boxes.

### General Approvals

3.57 The procedures for type approval of telecommunications apparatus involve testing of apparatus by one of the authorised test laboratories and inspection of the quality control system of the factory making the apparatus. However, where these detailed procedures are not deemed necessary, some classes of apparatus may be approved under a General Approval. Manufacturers or suppliers of apparatus covered by a General Approval need take no steps to have their products evaluated and approved by BABT. This is automatic provided that the apparatus concerned meets the requirements of the General Approval. Normally, if appropriate, a statement must be provided to the user that the apparatus is approved, quoting the General Approval number that applies. OFTEL issued three General Approvals in 1992.

3.58 A General Approval (S/G/4/N/100017) was issued in July 1992 to authorise the connection of mobile handsets approved in any member country of the European Conference of Postal and Telecommunications Administrations (CEPT) to any UK public telecommunications system with a GSM interface.

3.59 A General Approval (NS/G/1235/N/100018) was issued in November 1992 which permits, provided certain criteria

are met, the sharing of wiring within the same cable sheath by analogue and digital services, or by different types of digital services (see paragraph 3.61).

3.60 A General Approval (NS/G/1235/N/100019) was issued at the same time as the one mentioned in the preceding paragraph, in order to permit certain ancillary apparatus to be connected to shared wiring.

### Wiring

3.61 OFTEL's policy of reducing the regulation of customer premises wiring was taken a stage further with the publication of Part 3 of *The Wiring Code* in November 1992. This covers the sharing of wiring within the same cable sheath, provided certain criteria are met, by a mixture of analogue and digital services. Previously this had not been permitted. The General Approvals mentioned in paragraphs 3.59 and 3.60 removed existing restrictions.

3.62 *The Wiring Code*, Part 3, breaks new technical ground and OFTEL plans to modify and extend it as feedback is obtained from users and as further relevant international standards relating to high speed data circuits are ratified. Further information on *The Wiring Code* is given in OFTEL Update SA59 published in December 1992 and in paragraph 6.5 of this Report.

### CRA maintenance contractor approvals

3.63 During 1992 a total of 468 approvals under section 20 of the Telecommunications Act 1984 were granted to independent contractors wishing to maintain items of call routing apparatus (CRA). Of these, 16 were contractors who received approval for the first time in 1992. Two approvals were withdrawn because the holders no longer wished to maintain the type of

apparatus concerned. At 31 December 1992 there were 163 contractors covering 328 models of CRA.

### **Call Routing Apparatus Maintainer Scheme (CRAM Scheme)**

3.64 During the year OFTEL appointed two more companies – Lloyds Register Quality Assurance Ltd and Bureau Veritas Quality International Ltd – to operate the CRAM Scheme. This brings the total number of companies approved to assess applicants wishing to offer maintenance service for CRA to five. Conversion of the existing BS 5750 quality assessment schedules (QAS) used by the certification bodies into a common OFTEL document was completed during the year. The Quality Assessment Guide was introduced on 1 September 1992 as OFTEL/QAG/1.

### **Pre-Connection Inspection (PCI) and Connection Scheme**

3.65 In 1990 OFTEL decided to allow installers registered by BSI against its QAS/7902/377 to make the connection between CRA and the public networks without a PCI by the PTO. At the same time OFTEL decided to allow maintainers registered against QAS/7902/381 to inspect private installations for which they are the Designated Maintainer and to connect them to the public networks. At present BSI is the sole certification body which can offer evaluation services for these schemes. In order to take the liberalisation of assessment arrangements a stage further OFTEL commenced work to open up these schemes to other certification bodies.

### **Standards**

3.66 Apparatus is normally approved in the UK by testing against regulatory standards. Most apparatus is tested against British Standards or European Standards

(NETs) where these exist. Following the adoption of a number of NETs, including NET 4 by TRAC during October, DTI has initiated the necessary procedures to designate these NETs as national requirements. However, as stated in paragraphs 3.42 to 3.44, with the Directive 91/263/EEC coming into force on 6 November 1992, approvals against national standards will cease when CTRs become available.

### **Metering**

3.67 The Director General was able to announce in April 1992 the introduction of an approval scheme for the metering and billing systems of public telecommunications operators (PTOs) as one of a number of measures to improve customers' confidence in the PTOs' billing systems. The Secretary of State for Trade and Industry had appointed the British Approvals Board for Telecommunications (BABT) on 24 November 1988 as an approval authority for all meters operated by BT and Mercury.

3.68 The first task was to set out a technical standard for PTOs' metering systems; the Director General designated OTR:003:1992 as the standard on 4 March 1992. The scope of the standard includes meter equipment, data, procedures and activities related to the metering of services provided through the equipment in the network and applies to any meter used for the metering of voice frequency switched telecommunication services. Performance requirements of meter systems in a typical modern local exchange stipulate, *inter alia*, that the number of calls experiencing incorrect metering should be no greater than one in 10,000, and the number of calls affected by over-metering should be no greater than one in 50,000. It makes it a condition of approval that the meter shall be compatible with the billing system (the method whereby the metering information is transposed into telephone bills).

3.69 The Telecommunication Meters (Approval Fees) (British Approvals Board for Telecommunications) Order 1992 (Statutory Instrument 1992 no 712) allowing BABT to charge fees for meter approval was laid before Parliament on 12 March 1992 and came into effect from 6 April 1992. This enabled the Director General to specify on 29 April 1992 the dates BT and Mercury had to meet. As a consequence, after 1 December 1992 BT and Mercury are not permitted to keep or bring into use meters which are not approved or which are not the subject of an application for approval.

3.70 Agreement was reached with Kingston Communications (Hull) Ltd on amendments to its licence which will enable the Meter Approval Scheme to be extended to Kingston at a date to be agreed in the future.

## **MARKING AND LABELLING**

3.71 OFTEL continued its regulatory and advisory role to the public, Trading Standards Officers and others on the provisions of the Telecommunication Apparatus Marking and Labelling, and Advertisement Orders. OFTEL continued to warn advertisers, suppliers and publishers that it was illegal to place on the market equipment which did not carry the markings required under the Marking and Labelling Orders or to advertise such equipment without indicating its approval status. There was a marked increase in the number of complaints received of alleged breaches of the Advertisement Orders, particularly in respect of the advertising of modems.

## **WORKING GROUP ON TELECOMMUNICATIONS FOR THE HEARING IMPAIRED (WGHI)**

3.72 The Working Group on Telecommunications for the Hearing Impaired (WGHI) is an informal group of technical

experts which advises the Director General on technical problems in meeting the telecommunications needs of both hearing-impaired and speech-impaired people. The WGHI was sorry to lose the services of its Chairman, Mr Mervyn Williams, through retirement, towards the end of the year and records here its deep appreciation of his guidance and leadership over many years.

3.73 During the year, the WGHI has again continued to combine an overview of the practical problems experienced by hearing and speech-impaired users of telecommunications services with the study of specific topics in some detail. To this end, it submitted detailed comments on the study into the possible new arrangements for future telephone access to the emergency services and, in particular, on the arrangements being considered for hearing-impaired people. The WGHI also discussed telephone and hearing aid compatibility with representatives from The British Hearing Aid Manufacturers Association during the course of its meeting in July. It continued to keep in touch with related work through cross-membership of COST (European Co-operation in the field of Scientific and Technical research), CCITT (International Telephone and Telegraph Consultative Committee), ETSI (European Telecommunications Standards Institute) and BSI (British Standards Institution).

3.74 The WGHI maintained its close contacts with the Advisory Committee on Telecommunications for Disabled and Elderly People (DIEL) (see Section 8) and the Chairman attended a meeting of DIEL in September.

3.75 For the future, the WGHI has resolved to monitor progress in the areas of telephone and hearing aid compatibility and the direct coupling of telephone receivers with hearing aids. The WGHI also plans to keep in close touch with future developments for hearing-impaired people relating to amplified telephones, text telephones, videophones and payphones.



# 4

## Consumer Affairs

4.1 Consumer interest focused on a number of issues during the year. These included the review of the price controls in BT's licence with the prospect of reduced connection charges (see paragraphs 2.1 to 2.6, 4.31 and 4.35), the provisions of the new Competition and Service (Utilities) Act – part of the 'Citizen's Charter' initiative (see paragraphs 4.10 to 4.19) – and the ending of chatline services on premium rate lines (see paragraphs 4.20 to 4.22). OFTEL continued to receive a large volume of representations (see below) and a breakdown of these, together with a number of surveys carried out for OFTEL during the year, was published in a report *Telephone Service in 1992* in December.

### CONSUMER REPRESENTATIONS

4.2 The Telecommunications Act 1984 requires the Director General to consider any representations made to him (excluding

those that are frivolous) about telecommunications services or apparatus. As a deliberate policy, however, OFTEL normally allows the PTO concerned first to consider the matter and to resolve the dispute directly with its customer. Apart from seeking to ensure that individual customers are fairly treated and their problems are resolved, OFTEL has a major objective of reducing the number of disputes by analysis and removal of their underlying causes. Should a PTO's policy or practice give rise to widespread public concern, OFTEL will consider whether some change is needed and, where appropriate, seek to introduce this through discussion or, failing that, by the exercise of the regulatory powers available to the Director General. Most of the 'consumer' issues discussed in this Report were first brought to OFTEL's attention through representations from consumers.

4.3 With the exception of 1988, each OFTEL Annual Report has recorded an



increase in the number of written and telephoned representations to OFTEL and the English Advisory Committee for Telecommunications: 8,765 (in 1985); 13,660 (in 1986); 24,186 (in 1987); 23,782 (in 1988); 31,644 (in 1989); 38,530 (in 1990) and 41,393 (in 1991). This year, 1992, saw a small but welcome reversal of this trend, with OFTEL and the English Advisory Committee for Telecommunications receiving 41,026 representations (see Appendix 2) – a decrease of less than one per cent from the 1991 total (compared to increases of 21.8% for 1989 to 1990, and 7.4% for 1990 to 1991).

4.4 An analysis of all representations to OFTEL in 1992 is given in Appendix 2. This shows a wider breakdown than in past years, only possible with the introduction of OFTEL's new computer system in late 1991. Some figures may not be strictly comparable with figures in previous Annual Reports.

4.5 Apart from 'other matters' (which included representations transferred to specialist desks in OFTEL, eg about mobile telephones, and queries not for OFTEL) the largest categories of representations were about charges and billing (23%) and disputed accounts (14%). The former included representations against BT's policy of 'rebalancing' between line rentals and call charges, which has resulted in rises in line rentals at a rate two percentage points above the change in RPI (the Retail Prices Index). Although representations about the size of deposits requested of new customers by BT has fallen, OFTEL continues to receive a large number of representations about the administration of the deposit system, and the return of deposits.

4.6 1992 saw an increase of 5.8% in telephoned representations, up from 29,748 in 1991 to 31,465 this year. A large number of telephoned representations (15% of all calls) were received from callers who thought that OFTEL was BT or who were having difficulty in contacting BT. However, from mid-December 1992 BT intro-

duced nationally a new format for its bills. The new bill displays much more clearly the free contact numbers – 150, 151, 152, 154 – for residential and business customers. This will, hopefully, enable customers to contact BT without involving OFTEL.

4.7 Giving more grounds for optimism, however, was the fact that written representations – which require the dedication of more resources within OFTEL – dropped from 11,645 in 1991 to 9,561 in 1992 (17.9%). The view that this may be a trend is supported by the fact that in the first quarter of 1992, OFTEL was receiving written representations at an average of 1,000 a month but by the last quarter of 1992, this had dropped to 620 a month.

4.8 In 1991, almost half of all written representations (46.6%) were about disputes involving the accuracy of individual accounts, but in 1992 this dropped to 30.4% on average, and to 26.2% in the last quarter of 1992 – although the number of disputes about premium rate calls remains a matter of major concern. This reduction could be a result of BT's new complaints handling procedures (see paragraph 4.9). Another factor might be the wide availability of itemised billing, to which both Directors General attached considerable importance. This enables customers to be aware of their calling patterns and to modify these if they wish. At the end of December 1992, some 86.5% of lines in the UK as a whole offered itemised billing, although the actual take-up by customers was disappointingly low at 33% (see paragraphs 4.24 to 4.26 and Appendix 3, table 4.1).

4.9 Despite BT having introduced new complaints handling procedures in April 1991, representations to OFTEL in both 1991 and 1992 demonstrated continuing weaknesses in BT's procedures. As a result of further discussions between BT and OFTEL, including presentations by senior management to the Director General, further enhancements were introduced by BT during 1992 and it is hoped that these have

also contributed to the reduction in written representations to OFTEL. BT now explains in every letter replying to a complaint from a customer how to seek further review of the dispute. It has established a 'Complaints Review Service' – a group separate from operational branches of BT (such as Accounts or Debt Management) – whose task is to consider afresh any dispute with a view to reaching a mutually satisfactory resolution.

## **THE COMPETITION AND SERVICE (UTILITIES) ACT 1992**

4.10 The Competition and Service (Utilities) Act 1992, which is part of the Government's 'Citizen's Charter' initiative, received the Royal Assent on 16 March 1992. It amends the Telecommunications Act 1984 to give new duties to the Director General and to give new obligations to certain telephone companies in respect of some of their services supplied to particular customers. These new powers apply to 'designated operators' (see next paragraph) when supplying voice telephony services, telephone rental services, directory information services, directory services and facsimile transmission services to residential premises, or any premises supplied by a single exchange line, and to public call boxes provided by designated operators. The Competition and Service (Utilities) Act 1992 (Commencement No 1) Order 1992 was made on 29 May 1992 bringing most of the new provisions into effect on 1 July 1992.

4.11 Under the new powers only those operators providing at least 25% of the voice telephony services within their licensed area may be nominated as 'designated operators'. On 1 July 1992 the Secretary of State for Trade and Industry designated both British Telecommunications plc (BT) and Kingston Communications (Hull) plc (Kingston) so qualifying, as designated operators under the Competition and Service (Utilities) Act 1992 Designation Order 1992 (SI 1992/1360).

## **Individual and overall standards**

4.12 The new provisions give the Director General the power, with the agreement of the Secretary of State, to set standards of service for BT and Kingston when providing relevant services in individual cases (as opposed to relevant services provided to all customers) – *individual standards*. The Director General is also empowered to set compensation to be made by BT and Kingston if they fail to meet the individual standards set; to prescribe the circumstances in which, and the standards of performance to be achieved when, BT and Kingston inform their customers of their new rights; and to prescribe the circumstances in which BT and Kingston are to be exempt from the above requirements. The Director General is also empowered to set overall standards of performance by BT and Kingston – *overall standards*. These standards do not apply to individual customers but to the overall performance of the operators and failure to meet them does not lead to compensation although a breach can be dealt with as a breach of an operator's licence.

4.13 These powers to set individual and overall standards of service will give the Director General an important new means of improving and monitoring the quality of service of the designated operators. Before setting the standards, the Director General is required to consult 'persons likely to be affected'. The Director General issued a consultative document in October 1992 seeking views on the standards to be set, as well as commissioning opinion polls in the licensed areas of BT and Kingston. The results of these consultations were being analysed at the end of the year with a view to making the first standards – part of a rolling programme – later in 1993.

4.14 Once the standards are made, the Director General will, as required by the new powers, collect, and publish, information about compensation paid to customers of BT and Kingston where they have failed to meet the individual standards set and

their levels of performance against the overall standards set. The new powers also require BT and Kingston to inform their customers of the overall standards set for them and their level of achieved performance.

### **Deposit criteria**

4.15 The new powers require BT and Kingston to consult with those likely to be affected, to settle and have agreed by the Director General, and to publicise their criteria about whether a customer is to be required to pay a deposit before being provided with any relevant service – and, if so, the amount which he is required to pay. Both BT and Kingston did some preliminary work on this in 1992 and were in correspondence with OFTEL at the end of the year about their criteria.

### **Complaints handling procedures**

4.16 BT and Kingston are also required to consult on, to establish, to have approved by the Director General, and to publicise, their procedures for dealing with complaints by their customers about their provision of relevant services. Again both BT and Kingston did some preliminary work on this during the year and were discussing their procedures with OFTEL at the end of the year.

### **Dispute resolution**

4.17 Perhaps the most important of the new powers are those which enable the Director General to resolve disputes about:

(a) *Individual standards* Any dispute between BT or Kingston and their customers about their rights relating to individual standards of performance as set under the Act (see paragraph 4.12);

(b) *Unfair discrimination* Any dispute between BT or Kingston and their customers or potential customers as to whether BT or Kingston:

- have exercised undue discrimination against any customer in respect of charges applied, or to be applied, in connection with the provision of a service covered by the new provisions; or
- have shown undue preference to any other person in respect of such charges to the detriment of the customer; or
- have applied or propose to apply any charge in connection with the provision of such a service to the customer which has not been properly specified or determined in accordance with the provisions of the Telecommunications Act 1984;

(c) *Deposits* Any dispute between BT or Kingston and a prospective customer of theirs about a request to pay a deposit before being provided with a relevant service or the amount so required;

(d) *Billing disputes* Any dispute between BT or Kingston and their customers about the amount of the charge BT or Kingston is entitled to recover from the customer for providing a relevant service.

4.18 The procedures for resolving billing disputes have to be set in regulations made by the Secretary of State, but the practice and procedure for standards disputes, discrimination disputes and deposit complaints are to be set by the Director General. The Department of Trade and Industry issued a consultation paper on the draft regulations in August 1992 and, at the end of the year, was considering the responses to it. Although there will be necessary differences, it is the Director General's intention that, as far as possible, the administrative process and procedures to be followed for all four categories of dispute

resolution will be the same. This will simplify the administrative processes, reduce problems and legal questions, and save on staffing.

4.19 The team to deal with dispute handling has been set up in OFTEL and organisational plans laid for handling cases. A panel will be set up from which OFTEL will appoint a person to decide each case. The panel will consist of senior staff in OFTEL and other persons, working on a part time basis and appointed throughout the United Kingdom. The first appointments to the panel should be made soon after the regulations are set up.

## **OTHER CONSUMER ISSUES**

### **Control of chatline and one-to-one services**

4.20 A marked increase in claims against the chatlines compensation fund, and an inability of the service providers to increase their contributions led the Director General to the view that the ICSTIS Code no longer made, nor was likely to make, adequate provision for compensating those who suffer as a result of the provision of chatline services. Accordingly, in April 1992, the Director General withdrew his recognition of the Code insofar as it related to multiline chatlines. This had the effect of preventing PTOs from providing lines for the operation of chatlines as premium rate services.

4.21 The live conversation services Code of Practice with its own compensation fund was not affected. During the year ten service providers were disconnected for various breaches of the Code of Practice, leaving 31 service providers (with some 500 lines) paying into the compensation fund.

4.22 Under Condition 33A.8 of BT's licence and the equivalent condition in Mercury's licence, the Director General can determine

that a live conversation service should not be treated as such for the purpose of the licence Condition. This means that, although an exempted Service Provider has to observe the provisions of the ICSTIS Code for live services, it does not have to pay into the compensation fund or to record conversations. During 1992 applications to exempt 226 services were received and 86 granted, making a total of 230 services granted exemption since the regulations were introduced in October 1989.

### **Call barring**

4.23 As announced by BT in December 1991, differential call barring became available for premium rate services, allowing customers the option of barring all premium rate services or merely those of an adult nature. Some 10,000 customers had taken up partial call barring by the end of 1992, and over 160,000 had full call barring. This represents a little more than 1% of the lines on which the facility is available.

### **Itemised billing**

4.24 First introduced by BT in 1988, itemised billing has become increasingly available as exchanges have been modernised. OFTEL monitors BT's progress and, by the end of 1992, the number of working lines on which itemised billing could be offered had reached 2.3 million, representing a national availability of about 86.5% (see also paragraph 4.8). During 1992 London became the first region to achieve 100% availability. BT is on target to achieve virtual completion of its itemised billing programme by the end of 1995. Mercury and Kingston provide itemised billing as standard to all customers.

4.25 Currently, BT offers itemised billing as an option and customer take up has reached about one third of those who can receive it. BT reviewed the position in 1992,

undertook a number of initiatives to encourage greater take up, and is now undertaking trials to evaluate customer response, prior to deciding whether to provide itemised billing automatically unless customers ask *not* to receive it. In an OFTEL survey conducted by NOP, 84% of those asked were aware that it was possible for most of BT's customers to receive itemised bills. BT is considering introducing fully itemised bills too, in line with Mercury and Kingston, such that every call is itemised rather than only calls of ten or more BT dialled units – the present practice.

4.26 OFTEL continued to participate in BT's discussions with the caring and counselling agencies about a possible loss of confidentiality accompanying the itemisation of calls – for example, a bill payer could learn of calls made by other members of the household to a particular helpline, perhaps against the caller's wishes. OFTEL recognises the sensitivities involved and plans further discussion to identify a solution acceptable to all.

### **Deposits**

4.27 Since revised deposit arrangements were introduced in August 1991, customer representations have decreased markedly. BT's complaint handling procedures allow contested deposit requests to be reviewed at a management level. The new powers given to the Director General (see paragraph 4.15) to approve formally BT's deposit policy, including the criteria used when assessing the need for, and level of, deposits should help further alleviate customer difficulties and complaints.

### **Directory enquiries (DQs)**

4.28 According to a survey carried out for OFTEL by NOP during the year customer awareness of BT's charging for DQs is high, but their knowledge of both the compen-

sating reduction in dialled unit costs and the ability to place two enquiries for the standard charge is not. BT is giving further thought to this. Because of the charges many businesses have barred general access to DQ services in favour of a central contact point.

### **Direct marketing by telephone and fax**

4.29 Further talks were held with the Direct Marketing Association (formerly the British Direct Marketing Association) about setting up a register under the terms of Condition 8.2 of the Telecommunication Services Licence (see paragraphs 3.1 to 3.4). This empowers the Director General to recognise a register of persons who do not wish to receive unsolicited telephone sales calls, so that firms making such calls would have to ensure that people registered under the scheme did not receive them.

### **Low user schemes for residential customers**

4.30 In September 1991 BT introduced its Supportline tariff, offering enhanced benefits to residential low users of the telephone network. Eligible customers wishing to take advantage of Supportline have to register with BT. Their quarterly line rental is then reduced by 50%, the first 30 call units in each quarter are free, and the next 120 units are charged at 15.85p before the standard unit charge of 4.2p becomes payable at over 150 units. This means that customers using more than 120 units in a quarter will be worse off than customers on the standard tariff. The excess payment is designed to discourage customers from applying for a scheme inappropriate for their needs, eg due to fluctuating telephone usage. Only customers regularly using less than 120 units a quarter will benefit from Supportline. By the end of 1992 some 340,000 customers were registered for Supportline.

4.31 As part of OFTEL's 1992 review of BT's price controls, the Director General recommended the introduction of a new low user scheme to replace both the Supportline and Low User Rental Rebate (LURR) schemes. BT accepted this and a new low user scheme is to be introduced by January 1994. This will offer savings to customers who use less than 240 call units per quarter, double the threshold of the Supportline scheme. The new scheme will reduce the line rental charge for customers using less than 240 units – the break-even point with the standard tariff – whose usage in three of the four preceding quarters did not exceed this level. BT will do all it can to maximise the take-up of the new low user scheme. Supportline and LURR (for existing customers) will continue to operate until the new scheme is introduced. Exclusions will still apply for cases such as second homes, or burglar alarm lines, to ensure that the scheme is properly focused.

#### **Malicious telephone calls**

4.32 Further progress was made in combating malicious telephone calls. By the end of 1992, BT had set up 13 Malicious Call Bureaux covering the whole country. During office hours customers can make free calls to the bureaux to seek advice; at other times there is a free recorded advice line. BT has also agreed that victims of malicious calls can have a free change of number once during a twelve month period. An OFTEL survey conducted by RSGB Ltd in 1992 suggested an increase in the number of people reporting obscene telephone calls to BT and a higher proportion of those doing so considered that BT had taken some action. In the majority of cases where BT had taken action, the calls stopped. In the survey, around half of those who had received calls were aware that BT could trace them. The measures taken by BT to trace such calls may be starting to have a deterrent effect on potential callers.

#### **Residential home connection charges**

4.33 Following discussions with OFTEL, BT changed its policy on connection charges for customers in residential homes with a telephone, who move rooms within the same building or sheltered accommodation. Until May 1992 customers moving to a room without telephone service had to pay the full removing customer installation charge of £119.44 (excluding VAT), but from this date residents in sheltered accommodation need only pay £56.99 (excluding VAT) at most for their telephone to be moved from their existing room to another within the same building. This should benefit many elderly persons on fixed incomes living in residential homes.

#### **New bill format**

4.34 Following extensive market research BT has redesigned its bill format to help present the information in a clearer and more easily understood manner. The redesign is radical, with a front summary sheet of charges and straightforward language used throughout rather than jargon. The new bill was introduced in mid December 1992.

#### **Reduced connection charge**

4.35 OFTEL's review of BT price controls during 1992, which led to the price control arrangements to be implemented from 1 August 1993 (see paragraphs 2.1 to 2.6), also considered the standard connection charge which new residential customers are required to pay to access the telephone network. As a result, from August 1993, the maximum connection charge for new residential customers (and those who are moving), who order a single line, will be £99 (excluding VAT), compared to the standard connection charge now of £139.36 (excluding VAT). Price rises will subsequently be limited to the increase in the

RPI. This reduction in 1993 should make it easier for customers to join the telephone network, bringing added benefits as membership of the network increases.

### **Payment of the connection charge in instalments**

4.36 In August 1992 BT introduced a scheme to make it easier for prospective customers without a telephone to obtain service by spreading the cost of the connection charge. New customers will be able to spread the cost of connection over five instalments – an initial payment of £34.03, instead of the full residential connection charge of £139.36, and four quarterly payments of £27.87 (including a small facility fee). Removing customers who require a telephone line in their new home are also able to pay in instalments, as are those taking over service where the cost exceeds £80. Only customers who are considered appropriate under BT's credit scoring system can take advantage of this payment scheme, with the deposit being waived for certain categories.

### **Calling line identification (CLI)**

4.37 The technical ability to offer CLI is approaching as the network moves toward full digitalisation. CLI allows the recipient of a telephone call to display the caller's number and decide whether to accept the call before picking up the handset. By removing anonymity from callers the number of malicious and hoax calls should be reduced. But the introduction of CLI raises complex issues of privacy, which may differ as to whether the person is making or receiving the call. For example, displaying the number of the caller raises concern for customers with ex-directory numbers, for people calling helplines or for those providing information to the police. In each

case disclosure of their identity and number could be to their severe disadvantage.

4.38 There is a wide spread of views about the benefits of CLI and the safeguards that are needed before it is introduced. These could include, for instance, the facility for the caller to prevent the transmission of his number for all calls or selectively (per line or per call blocking). There is also the reciprocal right of the called party to reject calls from people who will not identify themselves (block blocking), and the need to prevent such facilities preventing contact, ie making both caller and called aware of the others' wishes. An OFTEL survey during the year sought views on this issue.

4.39 At the end of the year OFTEL was discussing with BT and Mercury the introduction of CLI, to ensure that all issues surrounding its introduction are given full consideration before it is launched; an industry forum may be convened too. A planned trial by BT of 500 residential customers in Scotland in early 1993 will collect information about their requirements to help develop the service before it is introduced. OFTEL will continue to take an active role in the development of CLI to ensure that a satisfactory balance is struck between the benefits accruing from CLI and the controls needed to ensure that it operates in a manner that best serves the UK telephone network and its customers.

### **BT Chargecard security**

4.40 During 1992 OFTEL raised with BT the scope for misuse and unauthorised use of the BT Chargecard, a service enabling cardholders to use public payphones and ordinary telephones and have the call billed to their normal telephone account. Concern was expressed that under the Chargecard conditions for use, customers were liable for all Chargecard calls made (including unauthorised calls) until the loss

is reported to BT. This applied whether or not the cardholder had been negligent in any way or the card had been lost or stolen. Following discussion, BT agreed to amend the conditions to limit the customer's liability to the first £25 of any unauthorised calls made. BT also wrote to all Chargecard users advising them of the need for security and the risk of fraudulent misuse by third parties. Cardholders, more aware of the risks, can now minimise the possibility of such occurrences.

#### **Discount schemes offering savings to customers**

4.41 Since September 1991, for specified levels of telephone usage, BT has given an automatic discount to customers. It has also introduced a number of optional tariffs – Option 15, Option 40, Option 50, Option 70 and Option 2000 – which offer discounts from the standard dialled unit fee of 4.2p. These apply, in the case of Options 15 and 40, to a spend on calls on individual lines, and for Options 50, 70 and 2000 to the spend by discrete sites, in return for an additional quarterly charge. The options include Supportline for low users (see paragraphs 4.30 and 4.31) but are primarily for high users of the telephone, whether residential or business, and offer a reduction in the call unit fee. Each scheme requires a certain level of call spend to make opting in worthwhile.

4.42 OFTEL welcomed these initiatives by BT which allow customers to select the tariff best suited to their level of usage and thus save money. Mercury has also introduced a 'frequent caller programme', offering discounts from its standard tariff on payment of a set fee. These mark a significant move by telecommunications operators away from a single set of tariffs for telephone calls, allowing the customer to select the tariffs to be applied.

#### **Advance notification of price changes by BT**

4.43 BT's operating licence was modified during 1991 to introduce a scheme to provide customers with the option to receive advance notification of BT's main price changes. BT operates a freephone telephone number to enable customers to register, and customers will continue to receive a reminder annually about the existence of the scheme. However, a survey conducted by NOP for OFTEL in March showed that only 18% of those asked were aware they could request this service. By the end of 1992, a total of 28,204 customers had registered to receive details in advance.

#### **OFTEL surveys**

4.44 OFTEL carried out a number of surveys during the year. In addition to those already mentioned, a survey of consumers showed that 86% of those asked were either very satisfied (31%) or fairly satisfied (55%) with BT's service and 53% thought it represented either very good value or fairly good value – an improvement on 1991. A survey on premium rate calls found that most respondents knew that the cost of such calls was high but generally respondents were unable to recognise the numbers allocated to these services.

4.45 Two joint BT/OFTEL surveys found that the serviceability of BT's public call boxes was maintained at around 95% and that congestion on BT's directory enquiries service had fallen to a level of around 2% compared with 20% three years earlier before charges were introduced.

4.46 Other surveys covered awareness of BT's Customer Guarantee Scheme (over 60% compared to 40% in earlier surveys), views on telephone directories, and unsolicited telephone sales calls. Results from all these surveys were published in *Telephone Service in 1992*.





# 5

## Information and Publicity

### STATUTORY REGISTERS

5.1 Under the provisions of sections 19, 21 and 23 of the Act, the Director General is obliged to keep publicly accessible registers of:

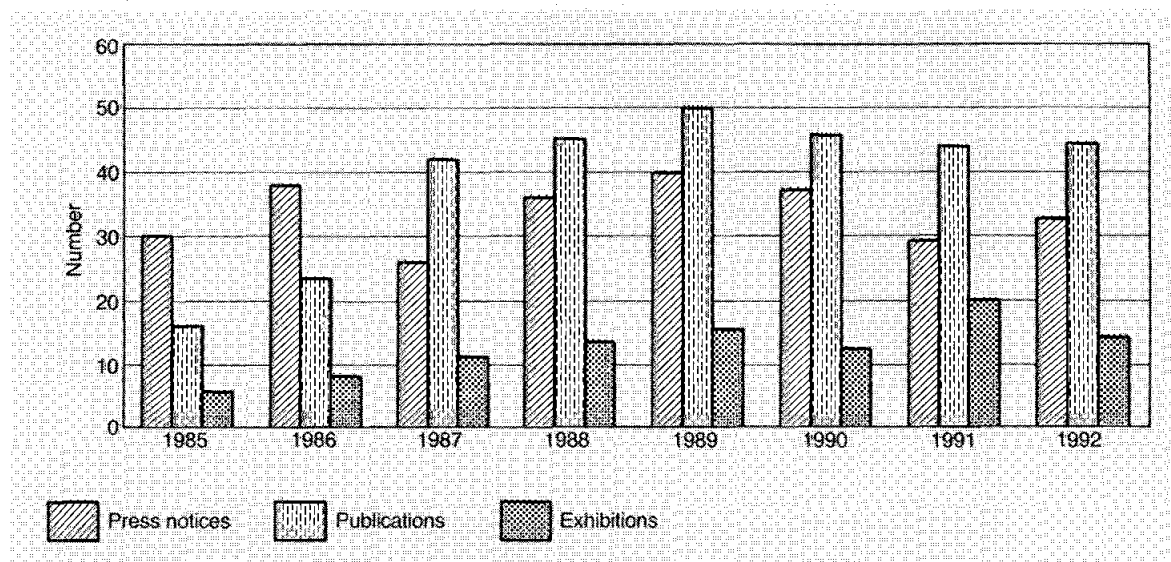
- all licences issued under the Act, along with details of any modifications, revocations, orders, consents or determinations relating to them; and
- all contractors approved under the Act for the maintenance of apparatus (mainly call routing apparatus - CRA) along with details of every variation or withdrawal relating to them.

5.2 At the end of 1992 the register of licences numbered 979 excluding renewals. The number of new licences issued in 1992 was 100. A list of non-PTO licences added to the register is given in Appendix 4.

5.3 The approved contractors' register consists of particulars of contractors approved by the Secretary of State since 5 August 1984. A total of 1909 were in force at 31 December 1992 held by 163 contractors in respect of 328 models of call routing apparatus (CRA). Details of the 1992 approvals for contractors are given in Section 3 (see paragraph 3.63).

5.4 The approved apparatus register includes documentation on individual items of apparatus approved by the Secretary of State since 5 August 1984, by the Director General since 1 December 1986 and by BABT since 10 September 1990. At 31 December 1992, there were 11,006 approvals in force. Details of the 1992 approvals are given in Section 3 (see paragraph 3.54).

5.5 To facilitate the handling of enquiries, OFTEL has access to three separate register databases. Two of these, dealing with licences and approved contractors, are



### Some of OFTEL's information activities (1985-1992)

maintained by OFTEL while the third, dealing with approved apparatus, has been maintained by BABT since 1990. During the year a total of 532 public enquiries were satisfied by accessing the databases. All registers are available for public inspection at OFTEL's Library between 10 am and 4 pm on normal working days.

5.6 Following the Duopoly Review, OFTEL began a register of licence applications received by the DTI (see paragraphs 3.30 and 3.31). At 31 December 1992, the number of applications on this register stood at 34.

## PUBLICITY ACTIVITIES

5.7 The activities of OFTEL, Sir Bryan Carsberg and Bill Wigglesworth were given wide coverage by the media during the year. The popular press took a particular interest in a number of emotive issues such as Sir Bryan's decision to revoke recognition of the Code of Practice covering multiline chatline services, the review of the '999' emergency services and the future renumbering plans. The main focus of media interest during the summer was the review of the new price control formula covering BT's main prices and the

announcement of innovative plans for the transparency of accounting within BT.

5.8 OFTEL maintained its full exhibition programme during 1992 with a continued presence at telecommunications events such as *Communications '92*, the Telecommunications Industries Association (TIA) conference and exhibition, and the Telecommunications Managers Association conference and exhibition. In addition to the main consumer events, OFTEL participated in some *Regulators Roadshow* events in conjunction with OFWAT and OFFER.

5.9 The cumulative effect of OFTEL's publicity activities has, year by year, produced a steady increase in the percentage of the population recognising OFTEL as the regulatory body for telecommunications. The annual survey conducted by RSGB (Research Surveys of Great Britain) Ltd showed that over half those asked (51%) in 1992 had heard of OFTEL, compared with 35% in 1991.

## PUBLICATIONS

5.10 A total of 44 titles were published during 1992. These included consumer booklets, statements from the Director

General, consultative documents, technical publications and newsletters (*OFTEL News*, *BusinessLine*, and *Newsline*).

5.11 The third part of *The Wiring Code* was published in November. This 56-page booklet deals with the issues concerned with shared cabling in business premises (see paragraph 6.5). The high level of demand was surprising given the highly technical nature of the content. Another technical publication issued during the year concerned the setting up of the Network Interfaces Co-ordination Committee (see paragraph 6.4).

5.12 Three consultative documents were published during the year. These sought views and responses on *BT's Cost of Capital*, *The Regulation of BT's Prices*, and *Competition and Service (Utilities) Act 1992: Individual and overall standards for performance*. The Director General's statement *Policy on Separation and Interconnection* aroused a great deal of interest and by the end of the year had been widely distributed. Statements on the outcome of the price control review and numbering issues also attracted a high level of demand.

5.13 Four issues of *OFTEL News* were published during the year. The volume of requests to be added to the mailing list demonstrates how much readers value this publication and how it is regarded as an unbiased and authoritative source of information. The circulation had risen to almost 20,000 copies by the end of the year.

5.14 For the first time the individual Reports of the Advisory Committees (see Section 8) were published as six separate documents as well as appearing in the main OFTEL Annual Report for 1991. The separate Report of the Welsh Advisory Committee contained a Welsh language translation.

5.15 A full list of OFTEL's publications during 1992 is given in Appendix 5.

## PRESS AND BROADCASTING

5.16 A total of 32 press releases were issued during 1992, including one each on behalf of the Welsh Advisory Committee and DIEL. Many of these press releases caused widespread interest in the media, particularly those concerned with the price control review, accounting separation, interconnection, and numbering (see paragraph 5.7).

5.17 Both Directors General gave extensive press briefings – including a well-attended press conference in January – and interviews to explain clearly the background to OFTEL's policies and the complex issues surrounding particular initiatives.

5.18 Throughout the year the Directors General appeared in numerous radio and television current affairs and news programmes. In August Bill Wigglesworth took part in the hour-long debate programme *Call to Account* on BBC Radio 4 alongside BT and consumer representatives. Other senior OFTEL staff participated in a variety of local radio and regional television programmes.

## CONFERENCES AND SEMINARS

5.19 The Directors General and senior OFTEL staff continued to fulfil a wide range of speaking engagements both in the UK and overseas (see paragraph 3.51). In December, nearly 30 members of the Parliamentary Information Technology Committee (PITCOM) visited OFTEL's headquarters for a presentation on a range of topical telecommunications issues including progress towards a fully competitive market, the Citizen's Charter, numbering plans, the price control formula and accounting separation.

## EXHIBITIONS

5.20 The exhibition programme – which provides an opportunity for direct contact with telecommunications providers, business and individual customers, and specialist groups such as elderly and disabled consumers – continues to play an important part in OFTEL's publicity and information programme. For the telecommunications industry, the Annual Conference of the Telecommunications Managers Association (TMA) in Brighton was the most important and well attended event during 1992 while the Telecommunications Industries Association conference, *Communications '92*, and the mobile telephony exhibition *Comex* all proved to be popular venues. On the consumer side, OFTEL attended Consumer Congress and again joined forces with OFWAT and OFFER for some of the *Regulators Roadshows*.

5.21 The complete programme was as follows:

### Telecommunications industry

- |           |   |
|-----------|---|
| April     | • <i>Communications '92</i> , NEC Birmingham  |
| September | • Annual Conference and Exhibition of the Telecommunications Industries Association, NEC Birmingham |
|           | • <i>Comex '92</i> (mobile telecommunications), Wembley   |
| November  | • Annual Conference and Exhibition of the Telecommunications Managers' Association, Brighton        |

### Consumer events

- |               |   |
|---------------|---|
| March         | • Consumer Congress, Leicester                                  |
| July          | • Royal Norfolk Show, Norwich                                   |
|               | • Royal Show, Kenilworth  |
|               | • Royal Welsh Show, Builth Wells                                |
| April to June | • <i>Regulators Roadshows</i> , Luton, Birmingham, Peterborough |

### Advisory Committee on Telecommunications for Elderly and Disabled People (DIEL)

- |           |                          |
|-----------|--------------------------|
| July      | Papworth Trust, Papworth |
| September | <i>Naidex</i> , Wembley  |

### Advisory Committee on Telecommunications for Small Businesses (BACT)

- |                   |  |
|-------------------|--|
| November/December | • Confederation of British Industry Annual Conference, Harrogate |
|-------------------|--|

### OFTEL's LIBRARY

5.22 The Library's main function is to provide an efficient and cost-effective library and information service for OFTEL staff. Members of the public are admitted, by appointment, to use the Library's resources for research purposes and for inspection of the public registers of approved apparatus, contractors, licences and licence applications. During the year, a total of 958 private researchers from the UK and overseas visited the Library and nearly 13,000 enquiries were answered. These figures show a significant upward trend as 1991 had been a particularly busy year compared to 1990, with 931 visitors and over 11,000 enquiries.

5.23 The Library also acts as the sales point for priced publications, including licences, and distributes a list of publications which is updated monthly. Although many OF-TEL publications are free of charge, a total of 3485 items were sold during the year accounting for £21,548 worth of sales – a slight decrease on 1991.



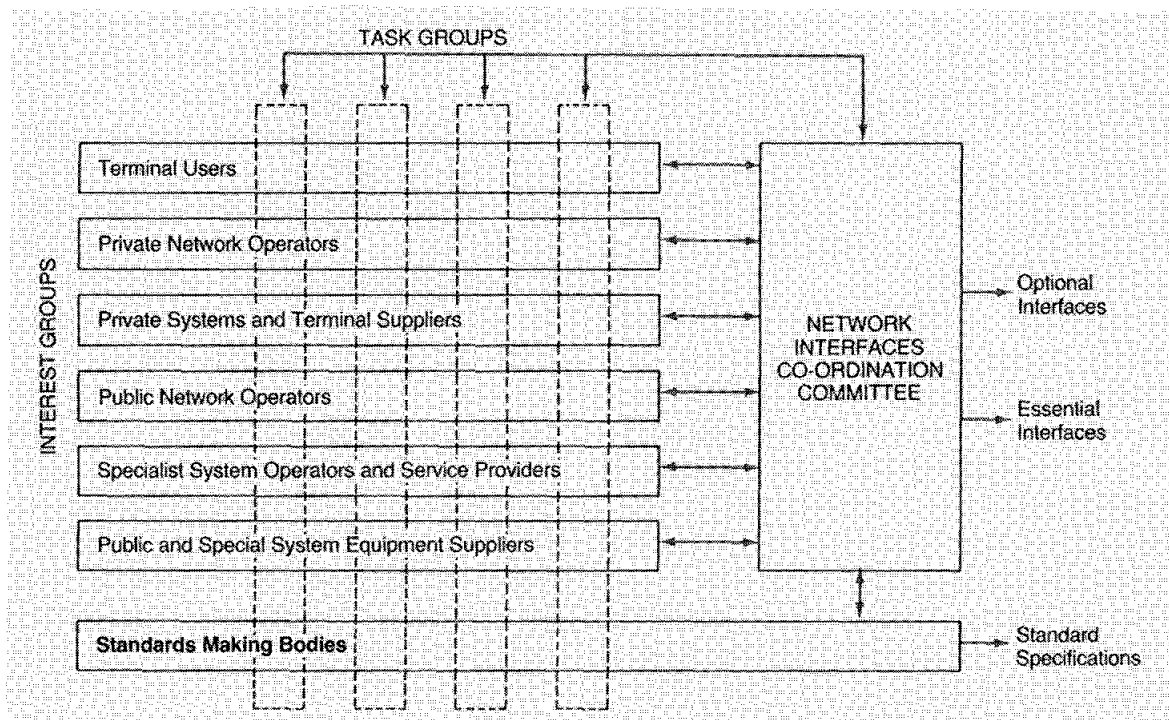
# 6

## Technical Activities

6.1 The steady increase in the number of companies preparing to operate public telecommunications systems in the UK has generated additional work for the Technical Branch during the year. General discussion with licence applicants about network structures, system interconnection arrangements and numbering, have been mutually beneficial, especially where new types of service are to be introduced. Such discussions have helped to inform subsequent advice to the DTI on the content of the licences to be granted to these new operators (see paragraphs 3.30 and 3.31). While some of the companies applying for licences already have substantial telecommunications technical expertise, it is apparent that others concentrate on commercial matters initially and seem to be less aware of the technical complexity of telecommunications systems. It is worth noting that technical analyses were made of a number of proposed systems which, by using radio technology, would be able to offer competition to PTOs at the residential

network (local loop) level. It appears that at least two of these systems are likely to come to fruition and licences are expected to be awarded early in 1993.

6.2 With so many new public operators, it is important to define the technical characteristics of the interfaces to be used at points of interconnection between systems, and at the peripheral network termination points (NTPs), where liberalised customer premises equipment is to be attached. OFTEL has endeavoured to emphasise the importance of these interfaces. As a consequence most licences now include a condition relating to essential interfaces. This provides a formal mechanism for establishing standard interfaces for use between public systems which have hitherto depended on bilateral negotiations. Another important condition of new licences requires each operator to identify, by reference specifications, the customer interfaces that a public system supports, so that compatible terminal equipment can be



### Network Interfaces Co-ordination Committee

developed and approved. While market forces are likely to encourage new operators to offer well-established interfaces for which a wide range of terminal equipment is available, this licence condition allows for evolution and the introduction of new interfaces where they are technically feasible and commercially viable.

6.3 To some extent, the specification of the interfaces to be used at points of interconnection between systems and at points of attachment of terminal equipment can ensure that the quality of service on calls routed over several systems continues to satisfy the majority of users. However, the Technical Branch has formed the opinion that the prospects of maintaining quality in this increasingly competitive market would be improved if licensees were to publish the quality of service targets used in the design and engineering of their systems, so that customers would have information on which to base an initial choice of operator, or a subsequent complaint about the quality experienced. In the absence of such information, it would need to be assumed that market forces will eliminate operators

who do not offer their customers a satisfactory quality of service.

6.4 During the year good progress was made on the formation of a consultative forum as envisaged in the Duopoly Review White Paper to address standards and related technical issues associated with introducing more competition. An OFTEL proposal for a Network Interfaces Co-ordination Committee (NICC) through which equipment suppliers, system operators and users can stimulate work on enhanced and new interfaces, was well received. The diagram shows in outline how those with common interests will have the opportunity to develop ideas in interest groups before appointed delegates to the NICC proceed to elaborate and endorse proposals for enhanced and new interfaces. Task groups set up by the NICC and comprised of representatives of interest groups, standards bodies and others will endeavour to stimulate work on the preparation of technical specifications for those interfaces. While members of a task group may be active also in standards making fora, it is not intended that the NICC task

groups should take over responsibility for preparing standards from the established national and international bodies. Meetings of the NICC and some of its interest groups have taken place and the functional requirements for certain new interfaces are being prepared.

6.5 Following consultation with those interested in customer premises cabling, an OFTEL-led working party studied the shared use of cabling on customer premises. The results of this work were published by OFTEL in November 1992 in *The Wiring Code: Part 3 Shared cabling* (see also paragraphs 3.61 and 3.62). It is perhaps the most technically detailed document that OFTEL has produced to date, and is expected to be helpful in two ways. First, those who are technically competent and wish to plan and use shared cabling can follow the guidelines set down in Part 3. Others reading Part 3 of *The Wiring Code* are likely to recognise that sharing of cabling is not something that can be undertaken lightly, without serious risk of interference between different services when carried within one cable. Part 3 of *The Wiring Code* augments the guidance given in Part 1 – *Domestic and other simple installations* and Part 2 – *Business and other complex installations*. All three parts of *The Wiring Code* have been well received and appear to have accelerated the rate at which the opportunities brought about by the coincident easing of regulations on customer premises wiring, have been implemented to the benefit of users.

6.6 The joint request from BT and Mercury for a re-determination of the terms on which interconnection between their systems takes place has given rise to a significant amount of work for the Technical Branch (see also paragraph 2.66). While the determination will address mainly commercial matters, identification of the costs of connection and conveyance requires a good understanding of the network scenarios and relevant detail. Until the BT system is fully modernised with digital

transmission and switching equipment, the use of conventional analogue systems also needs to be taken into account. Furthermore, calls originating on one operator's system and terminating on another's may take a wide variety of routings, depending on the source, destination and availability of intermediate points of interconnection between the systems. For any one call it is relatively easy to establish from network plans the route that the call would take, locally and/or nationally, but it is far more difficult to identify the number of calls and proportion of traffic that is carried over each of the available routings. A sufficient degree of accuracy is needed in these calculations if the corresponding commercial terms are to satisfy the operators concerned and those who audit financial results by services. Coincidentally, the Technical Branch is supporting the consultancy study on accounting separation (see paragraphs 2.62 to 2.65) where network scenarios and the routing of calls need similar detailed consideration.

6.7 It is encouraging to find that the number of written enquiries and complaints being handled by OFTEL generally (see paragraphs 4.2 to 4.9), and Technical Branch in particular, has declined. There is little doubt that the availability of itemised accounts is providing better information to users of telecommunications services, so they are able to recognise the reasons for bills being more or less than expected. Publication of Codes of Practice and the briefing on common-case characteristics provided to other Branches by the Technical Branch, has also reduced the number of cases referred for expert technical advice. However, some of the cases are proving very difficult to resolve, particularly where a complainant continues to defend a position which is not consistent with available records of network usage, or where it is difficult to identify with precision the network condition under which a particular incident occurred.

6.8 Arrangements for an independent



drive-around survey to measure the quality of service of the Vodafone and Cellnet cellular radio systems (see paragraphs 2.29 and 2.30) were finalised during the year and a regular programme pursued following pilot studies to prove the quality of the test apparatus and procedures. The Technical Branch has been heavily involved in this work to ensure that the survey would accurately assess the quality of service available to the users of these systems, but further work is needed to ensure that the analyses of the results of many thousands of test calls to be made during the survey, correctly represent the performance of the systems concerned.

6.9 The work referred to in last year's OFTEL Report (paragraph 7.5) on the specification of interfaces and approval of the customer premises equipment used in conjunction with network-provided services such as Centrex and Virtual Private Networks, has not yet been brought to a conclusion. However, there appears to be increasing support for the proposal for the establishment of a minimal mandatory approval route, in conjunction with provision of information relating to voluntary conformance with published reference specifications for other characteristics of the interfaces. Technical Branch has been working to establish recognition that such a model may also prove to be useful in other situations where third party testing and approval can be confined to the essential requirements, while other important characteristics (and value added features) of an interface would be covered by voluntary

conformance with reference specifications already in the public domain. For example, a reference copy of the technical specification for the digital private network signalling system (DPNSS), held in OFTEL's Library, is being used voluntarily by a number of suppliers of PABXs, but there is currently no central registration of conformance.

6.10 The Technical Branch has been heavily involved in the preparations for expansion of numbering capacity in the UK (see paragraphs 2.54 to 2.59) by the introduction of a new 'S' digit between the prefix (0) and the ABC digits of existing geographically significant codes. For example (0)171 634 XXXX will be the new form of OFTEL's numbers in inner London. Also, in preparation for OFTEL becoming responsible for the administration of numbering capacity in the UK, a set of practical Numbering Conventions has been drafted as input to the establishment of rules that are to be followed by all those involved in the process. The Branch will become responsible for Numbering Administration (Technical), working closely with the people elsewhere in OFTEL responsible for Numbering Administration (Policy). One of the first tasks will be to establish a comprehensive database recording the current status of all significant blocks of numbers. A substantial amount of information has already been provided by the public network operators in paper format, but preparations are in hand for the transfer of this by magnetic disc to a newly created database within the OFTEL IT system.



## OFTEL's Resources

7.1 OFTEL's funding is provided by Parliament and is subject to cash limits and running costs control, but the cost is recouped from licence fees which, in the case of the larger PTOs are, or will be, broadly related to the size of the turnover of the licensed business. Where possible the figures given in this part of the Report have been extrapolated to cover OFTEL's activities for the calendar year of 1992 although, for accounting purposes, OFTEL uses the April to March financial year.

### STAFF

7.2 For the financial year ending 31 March 1993 the Director General had a ceiling of 168 posts. The corresponding figure for the previous year was 150 posts. Taking 1992 as a whole, OFTEL employed, on average, a total of 150 permanent staff. Additional casual staff were employed during the year.

7.3 The permanent staff were divided as follows:

Senior staff (Grade 7 and above including professional and technical members of staff)	29
Other professional and technical staff	9
Executive staff	48
Clerical and support staff	64
<b>TOTAL</b>	<b>150</b>

7.4 These figures include the following staff who act specifically as professional advisers:

Lawyers	3
Technical experts	9
Accountants	1
Economists	3
Statisticians	1
Information officers	3
Librarians	2
Internal auditors	2

Internal auditors and staff inspectors are shared with the Office of Fair Trading (OFT), the Office of Gas Supply (OFGAS), the Office of Water Services (OFWAT) and the Office of Electricity Regulation (OFFER).

7.5 Senior staff are shown on the organisation chart in Appendix 7.

## RESOURCE REQUIREMENTS

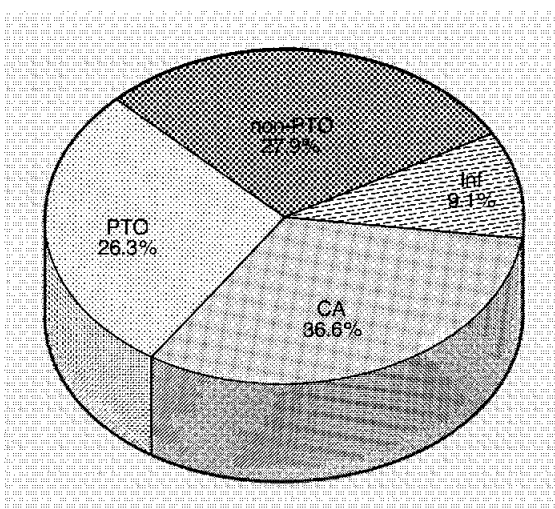
7.6 In June 1992 the Director General issued a statement explaining the policy on interconnection following the White Paper *Competition and Choice: Telecommunications policy for the 1990s*. One objective in the statement was to introduce a more transparent system for the benefit of new network competitors. It also set a target of six months or less for the time OFTEL would take when asked to determine the terms and conditions of interconnection for individual operators.

7.7 A crucial aspect of the interconnection policy is the introduction, to a timetable, of accounting separation between different BT businesses. It is proposed that the first separated accounts be prepared for the financial year 1993–94. This is a demanding timetable which is drawing heavily on existing staff resources within OFTEL to manage the project and prepare the necessary modifications to BT's licence.

7.8 OFTEL has also been engaged in implementing the Competition and Service (Utilities) Act 1992 which gives the Director General new statutory duties of laying down and enforcing standards, approving complaints handling procedures, agreeing deposit criteria and resolving disputes (see paragraphs 4.10 to 4.19) and has advised the DTI on the regulations to be made about billing dispute resolution as well as making its own plans for the necessary consultation and implementation of the other measures. All this will generate an increase in workload and need for additional staff resources, mainly at middle and junior management level in OFTEL. So far, it has been possible to fill posts by relocating staff already in OFTEL and it is not expected that the overall complement of OFTEL will increase above the agreed ceiling of 171 for 1993–94.

## BUDGET

7.9 The Director General had a cash limit of £8.063 million for the financial year ending March 1993 and a corresponding figure of £7.5 million for the previous financial year. Salary costs accounted for 43% of the total spend. In addition, during the year specialist consultants were taken on in order to undertake particular research projects providing expert support to the Director General, the Technical Directorate and Consumer and International Affairs Branch.



### The division of OFTEL's budget

7.10 The diagram shows how OFTEL's budget was divided in 1992 between the four main areas, for accounting purposes, within OFTEL:

- work related to PTO licences and competition (**PTO**)
- work related to non-PTO licences, apparatus and contractor approvals, and standards (**non-PTO**)
- work related to consumer affairs and codes of practice (**CA**)
- information and publicity (**Inf**)

7.11 The budget for the work of the six advisory committees and the TACs (see Section 8) is included in the consumer affairs (CA) sector. Salaries, overheads, common services and administrative costs have been allocated as appropriate.



# 8

## Reports of the Advisory Committees on Telecommunications

8.1 Under section 54(1) of the Act the Secretary of State was required to establish four advisory bodies for telecommunications matters affecting England, Scotland, Wales and Northern Ireland respectively (the ACTs).

8.2 The Director General was also required under section 54(4) of the Act to establish advisory bodies for telecommunications matters affecting small businesses, and for telecommunications matters affecting persons who are disabled or of pensionable age. These two committees are known as **BACT** and **DIEL** respectively.

8.3 The following Reports from these six committees have been made to the Director General as stipulated in section 54(7) of the Act.



# Report of the English Advisory Committee on Telecommunications for the year ending 31 December 1992

## THE COMMITTEE

8.4 The English Advisory Committee on Telecommunications (ENACT) was established by the Secretary of State under section 54 of the Telecommunications Act 1984. The Committee is required to report annually to the Director General of Telecommunications. Its Report is included in the Annual Report of OFTEL and is also now published separately.

## THE REGULATION OF BT'S PRICES

8.5 In January the Director General published two consultative documents, *The Regulation of BT's Prices* and *BT's Cost of Capital*, which began a thorough review of all the controls on BT's prices. In responding to these consultative documents, the Committee indicated that, whilst encouraged by the steady development of competition in telecommunications throughout the country, it was a fact that competition was still insufficient to enable regulation of BT's prices to be dispensed with. Since it was also necessary to encourage BT to seek to improve its efficiency, we concluded that price cap regulation was clearly preferable to profit limitation. However, the Commit-

tee was concerned that the pricing of telecommunications services was already very complicated and we thought that the regulation of prices should be kept as simple as possible, consistent with fair but firm treatment.

8.6 Whilst conscious of the unsatisfactory basis of the index of retail prices as a measure relevant to telecommunications, the Committee nevertheless recommended a continuation of the RPI-X formula: this was because no other index in regular use seemed sufficiently widely understood to serve as a general indicator of the rate of inflation. The X-factor could be adjusted to provide suitable incentives to efficiency. The Committee also had to recognise that the process of rebalancing charges towards a more cost-based system had led to significant increases in some years with particularly unwelcome effects on local call charges and residential customers. The Committee therefore supported the introduction of a further element within the price cap having the effect that no price in the basket of charges controlled would be able to move upwards by more than a set percentage.

8.7 When the Director General announced his proposals in June we were pleased to

find that these were generally in line with the Committee's recommendations: they were eventually accepted by BT.

## **COMPETITION AND SERVICE (UTILITIES) ACT 1992**

8.8 In March Parliament passed the Competition and Service (Utilities) Act 1992 (part of the 'Citizen's Charter' initiative) which, in amending the Telecommunications Act 1984, gave new duties to the Director General and placed new obligations upon 'designated operators'; the Secretary of State subsequently 'designated' both BT and Kingston Communications (Hull). The Act provided for the Secretary of State to make regulations concerning disputes about bills for certain telephone services. It required the designated operators both to establish procedures for dealing with complaints – such procedures to be approved by the Director General – and also to seek the agreement of the Director General to their deposit policy. The Act also provided for the Director General to set overall and individual standards of service. The Committee was consulted on the regulations proposed by the Department of Trade and Industry for disputes about bills, by BT on its complaints handling procedures and deposit policy, and by the Director General about standards of performance.

8.9 The Committee considered that the draft regulations to deal with billing disputes were clear and concise, and provided a structure which was both workable and fair. We recognised, however, that it was important that the dispute resolution procedure should be seen as a part, and indeed the final piece, of a larger process for the resolution of customers' complaints. It followed from this that the procedures (and how they work in practice) of BT and Kingston Communications for dealing with

complaints from customers would play a significant role in determining how smoothly the dispute resolution procedures would work. In this connection, the Committee was disappointed at the form of BT's consultation because, whilst the consultation document was fine as far as it went, it gave no clear indication of how the procedures would work in practice. We were somewhat reassured, from other comments received, that BT seemed to be taking the matter seriously: we hope that the long awaited improvement in BT's handling of its customers' complaints will now become evident.

8.10 The Committee welcomed the Director General's consultation on the setting of overall and individual standards, and we offered comments on those areas where we considered standards might be appropriate. We also welcomed the clear statement that the setting of standards would not be a once only affair, but would be an evolutionary process with periodic reviews.

## **INTERNATIONAL DEVELOPMENTS**

8.11 Since telecommunications is increasingly an international business rather than a purely domestic concern, the Committee continued to monitor developments on the international front, paying particular attention to developments within the European Community. The Committee noted the future introduction of both a single European emergency call number ('112'), to run in parallel with national emergency call numbers such as our own '999', and a standard international telephone access code ('00') for all European Community countries. OFTEL's Director of Consumer and International Affairs, Derek Hyde, gave the Committee an overview of the implementation of Directives relating to telecommunications services.

## **REVIEW OF '999' EMERGENCY CALL ARRANGEMENTS**

8.12 The Committee reported in 1991 that, since 1989, OFTEL had been carrying out a review of the emergency call arrangements in collaboration with the public telecommunications operators and the emergency services. The Committee accepted broadly the case put forward for a single Call Handling Agency but expressed concern that the minimum number of centres proposed – three – might not provide sufficient resilience and back-up, notwithstanding the benefits of new technology. The Committee has continued during the year to stress the importance of a full, integrated support system between centres and the need to ensure that the number of centres is fully able to provide a service at least as efficient as the current system. We are satisfied that, providing our concerns are met, the proposed Call Handling Agency should lead to an efficient and cost effective service, building on the good work which the current operators have achieved over the years. Members of the Committee were able to visit a BT operator centre in the summer. We were impressed with the dedication of the operators, and the opportunity to see modern technology in action helped to reassure the Committee that the potential Call Handling Agency was indeed a viable way of proceeding.

## **TELECOMMUNICATIONS ADVISORY COMMITTEES (TACs)**

8.13 The Committee was greatly assisted in its deliberations during the year by comments received from local TACs, especially with regard to the regulation of BT's prices. Many TACs offered comments on this consultative document. The Committee noted, however, that a significant number of TACs did not offer any views at all on this major issue and a small survey has been undertaken to learn why this was the

case so that we may see whether any lessons can be learnt for the future.

8.14 The Committee continues to be concerned at the arrangements for funding of TACs by the Department of Trade and Industry but, nevertheless, we were pleased that it was possible once again to hold a full round of regional meetings during the year to which all TAC Chairmen and Secretaries were invited.

8.15 The Competition and Service (Utilities) Act 1992 is likely to have a significant impact on the role of TACs. In particular, it is likely that local TACs will have less of a role to play in the handling of complaints by customers of BT or Kingston Communications, and it is possible that the current structure of TACs in England will need to be examined in the light of the changes taking place. The Committee will examine this matter further during 1993 when the full impact of the Citizen's Charter will be a little clearer.

## **PROVISION OF DIRECTORY INFORMATION**

8.16 The Committee studied the provision of directory information both in respect of directory services and Phone Books and expressed some concern that, whilst BT allows for two number searches when a caller telephones its directory enquiry service, most residential customers are unlikely to seek more than one number at a time. This was borne out by a survey which OFTEL had carried out but we were reassured to learn that 85% of respondents were, at least, aware that there is a charge for directory enquiries, although only about half of those who were aware of the charge were close to the correct figure when asked to estimate it. The same survey indicated that over 70% of respondents were either very or fairly satisfied with the geographic area covered by their local Phone Book and

about 75% were happy with the frequency of updating.

8.17 The Committee's consideration of BT's policy with regard to its Phone Books included the area covered by each Phone Book, the intervals at which books are published and the arrangements for distributing them. The Committee intends to consider this matter further in discussions with BT, BT having been invited to give a presentation of its future plans for Phone Books to the Committee.

### **PREMIUM RATE INFORMATION AND ENTERTAINMENT SERVICES**

8.18 Our Report for 1991 referred to the significant number of complaints about high bills resulting from calls to premium rate information and entertainment services. These services are governed by a Code of Practice administered by the Independent Committee for the Supervision of Standards of Telephone Information Services (known as ICSTIS). In July the Chairman and one of the members of ICSTIS attended a meeting with us to explore the issues. We remain concerned that ICSTIS, acting as it does primarily as a complaints body, is unable to control adequately certain elements in the provision of premium rate information and entertainment services. In the absence of any pre-vetting mechanism of such services, we believe that it would be preferable for customers to have to 'opt-in' to premium rate services: we repeat the recommendation which we made last year that such numbers should be call barred, where possible, at the exchange unless customers request to have access to them.

### **NUMBERING**

8.19 The Committee noted the postponement for 12 months of the introduction of a

10-digit numbering scheme and accepted that this delay, combined with an extended period of parallel running of the current and new schemes, was the best available compromise to meet the concerns expressed by various organisations and individuals about the cost and time needed to implement the change.

8.20 Since 1988 Mr Douglas Oram, a member of the Committee, had represented the Advisory Committees on Telecommunications (ACTs) on the Telecommunications Numbering and Addressing Board. During the year he relinquished this responsibility to a member of the Advisory Committee on Telecommunications for Small Businesses (BACT). We would like to thank him for undertaking this additional work over the past four years.

### **CUSTOMER RELATIONS**

8.21 The Committee remains concerned at the number of representations still being received by OFTEL and, during the year, we were given details of the nature of the complaints. We noted that the separate areas within BT generated significantly different numbers of representations to OFTEL, and we were informed that BT was making a major effort to improve the handling of cases in the zones with the poorest performance. We noted earlier the impact of the new powers of the Director General under the Competition and Service (Utilities) Act 1992 and we hope that the new procedures which BT is putting into place will at long last result in the company being able consistently to meet the legitimate aspirations of its customers.

8.22 Following comments from the Advisory Committee on Telecommunications for Disabled and Elderly People, the Director General asked the national ACTs to consider the current guidelines issued by the Public Telecommunications Operators



(PTOs) for the installation of public payphones in new locations. Whilst it is the case that the published guidelines offer little information to enable members of the public to assess whether or not a payphone will be installed at any particular location, the Committee agrees that, with the growth in competition in payphone services generally, the location and distribution of public payphones is a matter which should be left to the commercial judgement of the PTOs. However, the Committee does believe that there is a case for requiring the PTOs to maintain and publicise some form of appeals mechanism so that members of the public or interested organisations would be able to ask senior management to review decisions not to provide payphones in particular locations.

8.23 During the year the Committee offered comments on a draft, prepared for cable operators, of a *Model Code of Practice for Consumers*.

## MEMBERSHIP OF ENACT

8.24 A list of those who served on the Committee during the year follows this Report. During the year we were pleased to welcome Mrs Diana Banks and Mrs Anne Ballard to the Committee, and towards the end of the year Professor Michael Chisholm, who had joined the Committee in 1990, resigned due to the pressure of other commitments; we thank him for his valuable contributions during his period of service.

## CHAIRMAN AND MEMBERS OF THE COMMITTEE

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*Chairman*

**Mr H R Hutton**

Director General, British Merchant Banking and Securities Houses Association; Director, Northern Rock Building Society; Director, Investment Management Regulatory Organisation Ltd

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*Members*

**Mrs A Ballard**

Retired General Secretary, National Federation of Women's Institutes; Chairman, Oxfordshire Healing Disability Trust; Director, Direct Mail Services Standards Board; Former Member, Cable Authority

*Member from May 1992*

**Mrs D C Banks OBE**

Chairman, South Eastern Area Conservatives; Member, Boissard Research Fund; Former Member, Hastings Health District

*Member from April 1992*

**Professor M D I Chisholm**

Professor of Geography, University of Cambridge; Professorial Fellow, St Catharine's College, Cambridge; Member, Local Government Commission for England; Former Member, Rural Development Commission; Former Member, Social Science Research Council; Former Member, Local Government Boundary Commission for England

*Retired from membership, December 1992*

**Mr S J Cooper**

Retired Company Director; Chairman, Gas Consumers' Council; Chairman, North West Region TACs

**Cllr Mrs J H Fergus MBE**

Research Consultant; Company Director; Durham County Councillor

**Cllr J D Green**

President, Winchester Children's Holiday Trust; Chairman, Council of Community Service Rural Committee, Hampshire; Chairman, South West Region TACs; Trustee, Marwell Zoological Park; Commercial Executive, Southern Tourist Board; Winchester City Councillor

**Mr D O Michel OBE**

Former Managing Director and Chairman, G L Michel & Sons Ltd; Chairman, St Giles Charity Estates; Past President, Northamptonshire Chamber of Commerce and Industry; Vice-President, Council for Voluntary Service, Northampton and County; Former Chairman, Midland Region TACs

**Mr D R Oram**

Group Purchasing Manager, Metropole Hotels (Holdings) Ltd; Fellow, Hotel Catering and Institutional Management Association; Member, Chartered Institute of Purchasing and Supply; Former Member, Telecommunications Numbering and Addressing Board

**Mr A C Squires**

Assistant Controller, Information Technology, The Rank Organisation plc; Director of External Affairs, Telecommunications Managers Association Ltd



# Report of the Scottish Advisory Committee on Telecommunications for the year ending 31 December 1992

## MEMBERSHIP

8.25 It is with great regret that we have to record the death on 26 December of Mr Jack Watson from Oban, a member since the Committee's inception in 1984. Jack, who earlier in the year had been reappointed to the Committee for a further term, was also a member of the Post Office Users' Council for Scotland, to which body he was appointed in 1977, and he chaired the Post and Telecommunications Advisory Committees for Argyll and Bute. Jack was a very active member and committed himself to the task before him with great enthusiasm – his presence will be sorely missed. He is survived by his wife, Jean, and family, to whom the members of the Committee extend their deepest sympathy.

8.26 The only other significant change in membership which occurred during the year was the retirement in September of Mrs Iris McGowran after some fifteen years total service to the work of SACOT and to that of the Post Office Users' Council for Scotland, to which she was appointed in 1977. During her membership of both bodies Iris gave most willingly of her time

and energy to help promote the interests of users of telecommunications and postal services in Scotland, and her distinguished service in this area was duly recognised last year when she was awarded the MBE in the New Year's Honours List.

8.27 Finally we are especially pleased to be able to intimate that our Chairman, Mr Willie Begg, has accepted reappointment for a further term. A list giving the Chairman's biographical details as well as those for each of our members appears at the end of this Report.

## WORK OF THE COMMITTEE

8.28 The Committee held four meetings during the year – in March, June, September and December. Meetings were held in Edinburgh (three), and Glasgow. The meeting in Glasgow (September) was kindly hosted by staff of BT's Procurement and Development Division which has responsibility for the company's systems and software engineering requirements, and was followed by a short tour of the Division and a demonstration of projects currently being undertaken in this area of BT's work.

8.29 At each of our meetings we welcomed the following guests:

- in March, Mr Bill Wigglesworth, Director General of OFTEL and Mr Peter Culham, OFTEL's Economic Adviser;
- in June, Mr Fod Barnes, OFTEL's Consumer Policy Adviser;
- in September, Mr Mike Gray, Section Manager with responsibility for software development, BT's Procurement and Development Division;
- in December, Mr Russell Lee, Planning Manager, BT Worldwide Networks (North).

8.30 Among the main items considered by the Committee during the year under report were the following:

- BT's disconnection policy
- line/apparatus fault procedures
- '999' calls: caller confidentiality
- disputed accounts: payment of telephone bills
- progress on BT's exchange modernisation programme
- premium rated services (Chatlines, etc)

8.31 In addition the Committee was consulted about the following OFTEL discussion papers:

- public payphones: PTO guidelines
- cable operators: *Model Code of Practice*
- Competition and Service (Utilities) Act 1992, including:
  - dispute resolution procedures
  - individual and overall standards for performance
  - BT's complaint handling procedures and deposit policy.

## THE REGULATION OF BT'S PRICES

8.32 In January the then Director General of Telecommunications, Sir Bryan Carsberg, issued a consultative document announcing a major review of all the controls on BT's prices in anticipation of the expiry of the present controls in July 1993. Currently the prices of BT's main services are subject to a price cap of 6.25 percentage points below the Retail Prices Index (RPI-6.25%) and this is a condition of BT's licence. In his foreword to the consultative document the Director General expressed the view that, as long as BT continued to hold a dominant position in the UK telecommunications market, further price controls would be necessary. He therefore proposed that a new price-capping formula be introduced on the expiry of the present controls, to run for a four year period ending on 31 July 1997. The apparently early start to the review process was made necessary by the fact that if no agreement with BT on prices could be reached then the Director General would have to consider referring the matter to the Monopolies and Mergers Commission for a final resolution before the expiry of the present price controls.

8.33 We considered the consultative document at our March meeting, which was attended by the then Deputy Director General and OFTEL's Economic Adviser, and noted the view that further price controls would be desirable since:

- (a) Price capping would help to control BT's continuing position of dominance in the marketplace;
- (b) It was better to control BT's prices in this way than risk removing efficiency incentives by controlling profits;
- (c) The current state of the market demonstrated a need for continued regulatory stability.

8.34 In discussion we expressed the view that care would need to be taken to ensure that undue pressure was not applied to BT whereby prices were capped to such an extent that new competitors would have difficulty in matching these prices and, in consequence, would find it more difficult to gain a foothold in the telecommunications market. However, we concluded that the proposals and recommendations contained in the consultative document were generally acceptable and this view was shared by the other Advisory Committees who were included in the consultative process.

8.35 Subsequently, as readers of this Report will be aware, agreement was reached with BT in August on a new price cap of RPI-7.5%, to take effect from 1 August 1993, and, as noted above, this formula will apply for a period of four years. We firmly believe that continued regulatory stability is the key to ensuring that new entrants to the telecommunications market have a clear opportunity to become established and to grow, and we trust that the new price-capping arrangements will be seen to be helping to achieve this.

## **COMPETITION AND SERVICE (UTILITIES) ACT 1992**

8.36 This Act received Royal Assent in March and, as envisaged in our Report for last year, amends the Telecommunications Act 1984 to give the Director General of Telecommunications greater powers in relation to designated operators (BT and Kingston Communications), in respect of residential customers and business customers served by a single exchange line. Specifically the Act enables the Director General to:

- set guaranteed service standards for individual customers (with the consent of the Secretary of State) and to require compensation if these standards are not met;

- set, monitor and enforce overall performance standards and ensure that operators publish their achievements against these standards;
- ensure that operators have satisfactory procedures for handling complaints, and that these are publicised;
- resolve disputes between operators and their customers over guaranteed service standards and certain terms of supply.

8.37 The Act also includes a power for the Secretary of State to make regulations for the Director General to determine disputes over the accuracy of telephone bills.

### **Billing disputes regulations**

8.38 Section 6 of the Competition and Service (Utilities) Act defines a billing dispute as a dispute between a designated operator (only BT in Scotland) and a customer concerning the amount of the charge which the operator is entitled to recover from the customer for the provision of any relevant service. In simple terms this means that a customer who decides to contest the charges on his telephone bill – because, for example, the customer feels that the charges do not accurately reflect the use of his telephone – will be deemed to be in dispute with the operator concerned. The procedures for dealing with such disputes, which will be administered by OFTEL, have to be made in regulations by the Secretary of State, and all dispute resolution procedures will be subject to the supervision of the Council on Tribunals and will be statutory arbitrations to which the Arbitration Acts will apply. The determinations in all cases will be final and enforceable.

8.39 In August the Department of Trade and Industry (DTI) issued a consultation document on its proposed regulations to establish the determination of billing disputes under the Act, and we were con-

sulted by OFTEL on the draft regulations and in respect of the administrative procedures which OFTEL proposes to put in place. At the end of the day it is OFTEL's intention that although the procedures will require a degree of formality, in practice they will be as informal as possible.

8.40 Having carefully studied the DTI consultation document we have identified a number of areas which, we feel, require further consideration and therefore it is difficult for us to formulate a definitive view on the draft regulations at this stage. In particular we would seek to clarify the precise role of our Secretariat, and of the local Telecommunications Advisory Committees, in the matter of handling customer complaints when the dispute resolution procedures are introduced. In the final analysis it is to be hoped that the incidence of Scottish customers of BT who may be forced to seek recourse to dispute resolution will be small, given that BT itself will wish – and is already attempting – to adopt a more flexible approach to customer disputes in order to try to avoid becoming involved in a procedure which ultimately must have considerable resource implications in view of the extra staff input which will be required on dispute resolution casework.

### **BT's complaint handling procedures and deposit policy**

8.41 As noted above, the Competition and Service (Utilities) Act requires BT as a designated operator to publicise procedures for dealing with customer complaints, and to publicise information setting out the company's deposit criteria. It is in this connection that we were consulted by BT in August on draft leaflets covering both these areas in advance of a formal submission to the Director General seeking his approval on the leaflets later in the year. We have since provided comments to OFTEL highlighting those aspects of the draft leaflets

which in our view require further attention. Essentially we consider that the leaflets convey good intentions on BT's part, and, if staff are trained to the point where all complaints are handled in the manner proposed, there should be no problem. However, as we have observed in the past, the attitude of some junior members of BT staff when dealing with customer complaints can often leave much to be desired, and we will therefore continue to be unstinting in our efforts to ensure that managers strive to improve the situation. We cannot emphasise too strongly that proper training of the customer-interfacing staff involved is the key to good customer relations and customer satisfaction, and we earnestly hope that the policy advocated within the draft leaflets is firmly adhered to in practice. Needless to say, we will be monitoring the situation closely.

### **Individual and overall performance standards**

8.42 Sections 27A and 27B of the Telecommunications Act 1984, which came into being by virtue of the Competition and Service (Utilities) Act, give the Director General powers to set individual and overall standards of service for BT and Kingston Communications when providing relevant services. In October we were consulted by OFTEL about various aspects of these new provisions and submitted initial views to the Director General the following month. Further consideration was given to this topic at our December meeting and developments in relation to the standards to be set, including the making of relevant regulations and determinations necessary for this purpose, are now awaited.

### **MERCURY COMMUNICATIONS LTD**

8.43 Mercury has continued to expand its business in Scotland during the year, adding to its network infrastructure and

customer base by, among other things, opening additional fibre-optic cable routes between Glasgow and Aberdeen and between Scotland and England (via Northern Ireland). Local cable facilities in Glasgow, Edinburgh, Aberdeen and Perth were also improved and extended.

8.44 The growth in Mercury's customer base can be attributed in part to an encouraging increase in the number of smaller and medium-sized customers using Mercury's indirect service. In addition, following agreement with Edinburgh's cable TV operator, United Artists (see paragraph 8.52), telephony service is being provided to a substantial number of customers in that franchise area.

8.45 Finally, Mercury's announcement of its intention to relocate its Scottish headquarters to a new £6.5 million purpose-designed facility at Strathclyde Business Park was welcomed as being seen to represent a demonstration of the company's long-term commitment to Scotland and its optimistic expectation of continued growth. We shall monitor this expected growth and provide relevant information on the company's development in our Reports for 1993 and beyond.

## **OTHER MATTERS**

### **'999' calls: Caller confidentiality**

8.46 At our March meeting we discussed the matter of the identity of callers to the '999' service being passed on to the emergency authorities, more specifically the police, in situations involving the anonymous reporting by a member of the public of actual or suspected criminal activity. Our discussion had been generated by the experience of a Committee member who had telephoned the police (via the '999' service) to report some suspicious activity in the vicinity of his home, and when doing so he had specifically indicated that he

wished to remain anonymous. However, within a fairly short period of time after the call a uniformed policeman had appeared at the member's home to obtain more information about the incident which he had reported.

8.47 As a result of exchange modernisation and the increasing availability of calling line identification (CLI) we consider that there is a risk that, if the confidentiality of an anonymous caller cannot be respected, responsible members of the public will be less inclined to co-operate in future with the police in matters involving, for example, theft or gratuitous violence, where a caller's decision to report such matters might be conditional upon his or her desire to secure anonymity if requested.

8.48 We do of course accept that the '999' service was not designed to provide a facility for the public to pass confidential information to the police, and appreciate that there are other published numbers available on which callers can report criminal activity and remain anonymous to the police. Equally we recognise that the police are concerned to ensure that their response to, for example, life-threatening situations is not inhibited by an absence of information about the origin of '999' calls made anonymously or otherwise, and we can understand that they will wish to use any technology, such as CLI, which may help them solve a crime and/or to prevent a crime taking place. Nevertheless we do feel that the police need to be very careful not to misuse CLI to the point where community-minded members of the public will cease to attempt to pass anonymous information to the police, in the knowledge that, if CLI is available from their home exchange, unless they call from a public payphone they will not be able to conceal their identity.

8.49 At the time of writing a dialogue has been established with Strathclyde Police in order that our concerns in this matter may



be given due consideration, and further developments are awaited.

### **BT's disconnection policy/payment of disputed accounts**

8.50 During the year under review, as in previous years, we have dealt with many cases involving customers who wish to dispute their telephone bills but are concerned about the consequences of non-payment of the bill while it is in dispute. BT's customer contract stipulates that the company can disconnect a customer's telephone if a bill is not paid within 28 days of issue. We strongly believe that the problem for most customers faced with disconnection in such circumstances is their basic lack of knowledge of payment procedures in respect of disputed accounts, since in the majority of cases customers tend to withhold payment of the whole account rather than just the disputed portion. This, of course, invariably results in disconnection of service.

8.51 In future, under new arrangements agreed with OFTEL following the introduction of the Competition and Service (Utilities) Act 1992 (see paragraph 8.36), a customer will not be disconnected for non-payment of a telephone bill where some charges are being disputed, **provided that** those, non-disputed charges have been paid. However, this is where difficulties can often arise. Many customers pay their telephone bills at a Post Office, but the commercial contract between BT and the Post Office is such that the latter is not allowed to accept partial payment on telephone bills, mainly because the electronic processing of bill payments makes no provision for this, although the Post Office has confirmed that it could process partial payments if permitted by BT to do so. Accordingly we have adopted a policy of advising customers who contact us in respect of disputed account difficulties always to inform the manager of their local

BT office that they wish to pay the undisputed portion of the bill, and to obtain the manager's confirmation that such partial payment can be made at the nearest BT Phone Shop, since this is invariably the simplest way to make partial payment against a bill without running the risk of disconnection. However, we still hear of instances where BT accounts staff are advising customers in dispute that failure to pay the **whole** bill will result in disconnection of service. This, of course, is quite wrong and we shall continue to monitor the situation closely so as to ensure that such instances are brought quickly to the attention of BT managers so that accounts staff can be reminded of the correct procedure.

### **United Artists Communications: Launch of cable service**

8.52 One of the newest entrants to the telecommunications market in Scotland is United Artists Communications who have been awarded the franchise to cable Edinburgh for telephony service (in conjunction with Mercury) and multi-channel television. Work on the project started in February and the first customers were connected in May, which month also saw the opening of the company's technical and administrative headquarters in Edinburgh. Special guests at the opening ceremony, which was attended by our Chairman, included the wife and family of the late John Logie Baird.

8.53 The advent of cable brings a welcome new competitor to the telecommunications market and offers greater choice to consumers. United Artists is planning to invest over £70 million in building the Edinburgh cable network over the next four years, and at the time of writing the company has laid 165 km of cable in north-west Edinburgh, passing 17,500 homes. Cable laying has also begun in the west end of the city centre and central Edinburgh will be added to the

network during 1993. It is anticipated that the network will be complete by 1997, providing cable TV and telephone access to all 186,000 homes and 15,000 businesses within the city boundaries. Further developments will be highlighted in next year's Report.

### **Payphone service**

8.54 Once again we are able to report that BT's performance in this area has continued to improve to the extent that in Scotland over 96% of payphones are working at any given time, this in spite of increasing difficulties in maintaining a reliable payphone service due to theft, fraud and vandalism. The number of BT payphones in Scotland (at 31 December 1992) now stands at 9,087, an increase of nearly 4% over the figure shown for 1991. Mercury has also continued to expand its payphone network and payphones can now be found at various public locations including airports and railway stations in most Scottish towns and cities.

### **BT's new Malicious Calls Bureau**

8.55 In August the Secretary and one of our members attended the official opening of this bureau in Dundee which initially was set up to deal with complaints from the north and east of Scotland but now handles malicious call cases from across the whole of Scotland. The bureau, which is one of 13 such bureaux in the UK, was opened by Mr Jack Bowman, Chief Constable of Tayside Police.

## **TELECOMMUNICATIONS ADVISORY COMMITTEES (TACs)**

8.56 These committees are independent, voluntary bodies whose function it is to liaise with PTO (in the main, BT) manage-

ment at local level, and to represent the interests of users of telecommunications services and equipment in their area. As can be seen from the biographical details of SACOT members listed at the end of this Report, many of the members are either Chairmen or members of the TAC in their home area, and this provides a valuable opportunity for SACOT to obtain first-hand information about local issues as well as giving TACs an insight into the various issues concerning national policy which SACOT is required to consider from time to time. In addition the SACOT Secretary, who, among other things, has an interest in ensuring that TACs continue to be effective in the area for which they have responsibility, attends selected TAC meetings by invitation, and during the year under review the following TACs were visited:

- Argyll and Bute
- Central Scotland
- Dumfries and District
- Fife
- Galloway (Newton Stewart)
- Highland
- Lothian and District
- Tayside
- Western Isles

8.57 So far as attempts to expand the present TAC network in Scotland are concerned, we are particularly pleased to be able to report that after considerable discussion at local level involving the close co-operation of BT and concerned individuals within the community, a TAC has now been established in Shetland. The first formal meeting of this committee, which was attended by the SACOT Secretary, was held in October, and its establishment brings the total number of TACs in Scotland to 15.

## **CONTACT WITH OTHER ORGANISATIONS**

8.58 During the year we continued to maintain close contact with senior manage-

ment in BT and Mercury. We also succeeded in forging links with new and potential competitors in the field of telecommunications, in particular United Artists (see paragraph 8.52). Contact with OFTEL and the other Advisory Committees on Telecommunications was also maintained through attendance by the Chairman and/or Secretary at meetings and exchange of correspondence. In addition the Chairman and/or Secretary held meetings with representatives of Scottish Enterprise, Scottish Power, Strathclyde Police and the CAB network. Finally, the Committee was represented by the Secretary at the 16th National Consumer Congress which was held at the University of Leicester from 2-9 March 1992.

## COMPLAINTS AND OTHER REPRESENTATIONS

8.59 A summary of representations received during the year under report in respect of telephone service in Scotland is given at the end of this Report. Due to a change earlier in the year in the categories by which complaints are recorded, it has not been possible to give comparative figures for 1991, although an *overall* figure for the previous year is shown for information. As in previous years, we would like to record our thanks to the staff of BT and Mercury in Scotland, and of OFTEL in London, for their help in enabling the Secretariat to deal with these representations as efficiently as possible.

### Summary of representations received during 1992 (written and telephoned)

#### Category of complaint

Disputed accounts	955
Billing matters (others)	516
Fault repair service	121
Provision of service	174
Payphones	16
Operator services	34
Quality of service	66
Compensation scheme	61
Telephone books	48
Customer confidentiality	12
Uninvited calls	8
Arbitration	16
Price changes	18
Charges	241
Deposits	122
Miscellaneous	191
<b>TOTAL</b>	<b>2599 (3341*)</b>

\* 1991 total

## CHAIRMAN AND MEMBERS OF THE COMMITTEE

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*Chairman*

**Mr W K Begg OBE**

Chairman, Begg, Cousland Holdings Ltd; Chairman and Managing Director of Begg, Cousland & Co Ltd

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*Members*

**Mrs J M Dickson**

Deputy Officer of a residential home for the elderly, Perth

**Lady Forbes of Craigievar**

Member, Post Office Users' Council for Scotland; Chairman, Newton Stewart Post and Telecommunications Advisory Committees

**Mr D A Gardner**

Retired hotelier; Director/Broadcaster, Moray Firth Radio, Inverness; Chairman, Tourism Services Scotland Ltd; Director, Jersey Independent Radio (Jersey, CI); Chairman, Highland Telecommunications Advisory Committee; Member, Highland Post Office Advisory Committee

**Mrs C J Jones BSc ARSM**

Oil exploration geoscientist; Member of Executive of VGES (Voluntary Groups, East Sutherland); Member, Highland Post and Telecommunications Advisory Committees; Vice-Chairman of the Petroleum Exploration Society of Great Britain

**Mrs I E McGowran MBE**

Member, Post Office Users' Council for Scotland; Chairman, Central Post and Telecommunications Advisory Committees; Director, Central Scotland Chamber of Commerce and Editor of Chamber Bulletin; Member, Falkirk Inner Wheel Club

*Retired from membership, September 1992*

**Mr P Michie**

Consultant in Total Quality Management and Quality Assurance; Former BT Customer Service Manager; Member, Aberdeen and District Post and Telecommunications Advisory Committees

**Mr J Purvis CBE MA(Hons)**

International business consultant and farmer; Chairman, Economic Affairs Committee, Scottish Conservative Party; former MEP, Mid-Scotland and Fife; Member, Fife Post and Telecommunications Advisory Committees

**Mrs K Scott DA**

Bureau Manager, Citizens' Advice Bureau, Dundee; Member, Policy and Resources Committee, Citizens' Advice Scotland; Secretary, Tayside Post and Telecommunications Advisory Committees

**Mr J G Watson MBE JP MBIM**

Business counsellor; Member, Post Office Users' Council for Scotland; Chairman, Argyll and Bute Post and Telecommunications Advisory Committees; Scottish Panel Member, Gas Consumer Council; Member of Justices Committee for Argyll and Bute (until 26 December 1992)

**Professor H Williams**

Professor of Business Computing, Management Science Department, University of Strathclyde; Member, Glasgow Post and Telecommunications Advisory Committees

**Mr P Wilson JP**

Former BT Customer Service Manager (retired); former Councillor and past Convenor, Lothian Regional Council; various other public appointments; Justice of the Peace and Magistrate, City of Edinburgh; Chairman, Lothian and District Post and Telecommunications Advisory Committees; Member, Post Office Users' Council for Scotland

**Mr E Young MA**

Member, Post Office Users' Council for Scotland; Chairman, Western Isles Post and Telecommunications Advisory Committees

*Secretariat*

**Mr R L L King**

Secretary

**Miss A M Logan**

Assistant Secretary

**Miss A Anderson**

Administrative Assistant



# Report of the Welsh Advisory Committee on Telecommunications for the year ending 31 December 1992

## INTRODUCTION

8.60 The Welsh Advisory Committee on Telecommunications (WACT) is a statutory body which exists to advise the Director General of Telecommunications on all matters affecting users and potential users of telecommunications services and equipment in Wales. In addition it acts as a representative of consumer interests in telecommunications generally within the Principality.

8.61 This Report is being published in English and Welsh separately from the Director General's Report to the Secretary of State (in which it also appears) so as to inform a wider audience of the Committee's activities.

## THE COMMITTEE

8.62 The Committee met for normal business on four occasions during the year – in March at Cardiff when the meeting was addressed by Mr Bill Wigglesworth, then Deputy Director General, and Mr Peter Culham of OFTEL on the regulation of BT's prices; in June at Bangor when the meeting was addressed by Mr Geraint Jones BT's

National Manager for Wales and Mr John Buttle of BT's Worldwide Networks Division on the network in Wales and what was planned for the future; in September at Carmarthen; and in December at Cardiff when Mr Derek Hyde of OFTEL addressed the meeting on the consultative document on individual and overall standards for performance under the Competition and Service (Utilities) Act 1992.

8.63 In addition the Committee attended a very useful training session at BT's Coryton offices and Stadium House in Cardiff where the computerised systems for handling enquiries and directory enquiries were demonstrated. It also attended a presentation by NERA consultants on telecommunications in Wales at Llandudno in June 1992.

8.64 The Annual Conference of the Committee, with representatives from the Telecommunications Advisory Committees (TACs), was held in Carmarthen in September. The guest speakers were Mr Roy Doughty who is Marketing Director of Mercury PCN Ltd and who updated us on his company's plans up to the expected launch next year and beyond. Mr Arthur Orbell, Technical Director of OFTEL, gave a useful exposition of the switched network

in layman's terms to enlighten the less technical and Mr Fod Barnes of OFTEL covered several topical issues during his talk, including the implementation of the Competition and Service (Utilities) Act, OFTEL's joint study with BT on the integrity of the local telephone network, the introduction of calling line identification, the National Numbering Code change and generic call charging.

8.65 The speeches were followed by a lively question and answer session with the audience. Questioners particularly wished to know when Mercury PCN and its competitors were likely to start offering service in Wales and whether this type of mobile communications technology would give users greater call security than existing radio-based mobile services.

8.66 Mrs Rosemary Hayes, Councillor Les Owen and Mr Mick Thomas OBE retired from the Committee in May at the expiration of their terms of office. The Committee wishes to place on record its deep appreciation of the valuable work which these members have done over a number of years on behalf of the people of Wales.

8.67 In September Mr Terry Lynch relinquished the Chairmanship of the Committee to devote his energies full time to his post as one of the full time Chairmen of the Independent Tribunal Service. The Committee owes a great deal to his ability, his cheerful humour and knowledge of telecommunications, acquired over some years and he will be sadly missed. The Committee extends its best wishes to him in his present post.

8.68 In October, the Secretary of State for Trade and Industry appointed Professor Mike Tedd, one of the Committee's present members, to be Chairman. His appointment was warmly welcomed at the December meeting and all look forward to working with him.

8.69 The Secretary of State for Trade and Industry appointed to the Committee three new members, Mr John Bannon, Miss Gwyneth Williams and Professor John O'Reilly.

8.70 During the year the Secretary and Assistant Secretary have had meetings with BT staff to discuss matters of mutual interest and concern.

8.71 The Committee has maintained close contact with the other National Advisory Committees, with other consumer bodies in Wales and with the TACs. In March the Chairman and Secretary attended the *Communications Networking 'Towards 2000'* conference in Belfast.

8.72 In September the Secretary attended the annual meeting of the Welsh Consumer Bodies in Cardiff.

8.73 As part of its work in making users of telecommunications services in Wales more aware of what is available the Secretary has appeared on radio and television in response to questions involving the emergency call arrangements. Unfortunately, only a very minimal amount was transmitted and much remains to be done to correct misapprehensions that remain.

## **TELECOMMUNICATIONS INFRASTRUCTURE IN WALES**

8.74 In last year's Report we stated that the economic and social well being of the people of Wales depends, to some degree, on the extent and quality of telecommunications services. One of the Committee's concerns was that existing services should be, and remain, comparable with those available in other parts of the United Kingdom which means that the necessary capital expenditure should be incurred by the public telecommunications operators (PTOs) so as to ensure that the improvements which will emerge in the next

few years are available in Wales as elsewhere.

8.75 As far as existing services are concerned, the Mercury network has only been installed in the Swansea and Cardiff areas so, although they provide some indirect services elsewhere in Wales, effectively BT remains a monopoly provider of services in most parts of the country. Although BT's services are generally of a high standard, there are areas where the standards of service are below those available elsewhere. This matter is touched on in the next section.

8.76 Future services and standards are the major areas of concern. In the past the benefits of competition have been slow to reach rural areas and it is important that, where necessary, the relevant infrastructure is laid down in good time. Once disadvantaged it can take a long time to catch up. Wales does not benefit from the EC regional aid arrangements for telecommunications (STAR) and, for that reason, is at a disadvantage compared to Northern Ireland and also to the Highlands and Islands of northern Scotland which have benefited from separate funding.

8.77 The Committee was pleased to learn that BT intends to complete the upgrading of their exchanges (in most cases this means that they will become digital) by the end of 1995, ahead of the date fixed by the Director General of Telecommunications. BT has also stated that, where customers wish to take advantage of the integrated services digital network (ISDN), they will be supplied without having to wait for other customers to request the service. This is greatly welcomed by the Committee.

## **EMERGENCY CALL ARRANGEMENTS**

8.78 Despite the Secretary providing written briefing for both press and television, personally appearing on TV and giving

radio broadcasts, there is still widespread concern in Wales over the proposal to centralise '999' services in a Call Handling Agency. As previously, much of this concern has related to the knowledge which the operator would have of local geography and, in some areas, of the Welsh language.

8.79 Since the function of the operator is to connect the caller to the emergency service, it is only necessary to establish where the call is coming from. Local knowledge is needed by the emergency service providers.

8.80 Because identification of the appropriate emergency service involves knowing where the call is coming from, the service will be more reliable when all exchanges are digitalised and calling line identification (CLI) is available. Since the provision of digital exchanges is proceeding somewhat more slowly in Wales, problems identifying the source of calls in Wales may well continue longer than elsewhere.

8.81 It seems that any new national centre will include operators who can respond in the Welsh language.

8.82 Concern exists amongst the public over two other aspects. Firstly, if Newport is the centre for Wales, will sufficient Welsh speaking operators be available; and, secondly, will the reduced number of operators concentrating on stressful work full time be able to cope?

## **BT REORGANISATION**

8.83 Although the reorganisation has settled down well, there is still some confusion as subscribers in the Marches have WACT's telephone number appearing on their bills rather than OFTEL's. This has been drawn to BT's attention but, unfortunately, not in time to effect the change with the new style bills.



8.84 Some concern has been expressed that the top management for residential customers in Wales is now centred in Exeter but in practice no difficulties have arisen through this. Much of the credit for this must lie with Lionel Lewis and his team who have made great efforts to deal with, and resolve, all complaints that are brought to their attention.

## REPRESENTATIONS

8.85 The number of representations received about PTOs' services is given overleaf.

8.86 It is interesting to note the overall reduction in representations. This is seen most dramatically in written complaints which have fallen by over 50%. It is most welcome and is a direct reflection of BT's new policy of trying to deal with queries/complaints in-house. A direct comparison with last year is not possible in every case, as the categories have been changed this year. The rise in the telephone queries is explained by two main reasons. A good number of problems are resolved by telephone where the need is urgent and cannot await a letter and also there is an increasing number of calls that are not for this office but for various parts of BT. This is particularly true in the *Miscellaneous* heading.

8.87 We would like to record our thanks to BT's staff in Wales and to OFTEL in London for the help we have received to enable us to deal with these representations as efficiently as possible.

## TELECOMMUNICATION ADVISORY COMMITTEES (TACS)

8.88 We are pleased that the Wrexham TAC has been resurrected but regret that the Mid and South Glamorgan TACs appear to be floundering due to lack of

adequate finance. The practice of holding regional meetings of Chairmen and Secretaries of TACs continues.

## BT IN WALES

8.89 We are pleased to record BT's continuing generous support to the life and events in Wales despite the difficult financial climate. Of particular note is the support for the National Eisteddfod, arts, education, sports, community conservation and the environment and the Welsh Press and Broadcasting Awards.

## BT'S DEVELOPING BI-LINGUAL POLICY IN WALES

8.90 BT continues to recognise the importance of the Welsh language and its position in everyday life in Wales. Their policy is that any customer wishing to conduct business with BT in Welsh should be able to do so. We understand that customers will be offered the new bills in either Welsh or English form, although the initial bill will be in English.

## MERCURY COMMUNICATIONS LTD

8.91 Since 1989 business customers from Bristol to Swansea have been able to access the Mercury network. In August 1991 the Cardiff cable scheme was installed to enable access for customers in key business areas within the city centre. Mercury tells us that this service will be extended in South Wales over the next three years with the landing of an international cable near Swansea and that businesses throughout Wales can be provided with a comprehensive range of systems and equipment. Residential customers can also access Mercury in a number of exchange code areas in Wales.

## Summary of representations received during 1992

<i>Nature of representation</i>	<i>Written</i>		<i>Telephoned</i>	
	1992	1991	1992	1991
Disputed accounts	105	413	215	338
Billing matters	105	181*	279	413*
Fault repair service	19	26	73	35
Provision of service	16	21	66	22
Payphones	7	12	17	9
Operator services	7	15§	12	37§
Quality of service	28	47#	15	31#
Compensation scheme	11	15	17	12
Telephone books	3	11@	21	27@
Customer confidentiality	2		4	
Uninvited calls	7		14	
Arbitration	—		2	
Price changes	2	3	8	2
Charges	46	^	93	^
Miscellaneous	28	33	477	64
<b>TOTAL</b>	<b>386</b>	<b>817~</b>	<b>1313</b>	<b>1102~</b>
<b>OVERALL TOTAL</b>	<b>1699</b>	<b>1919</b>		

### Notes:

\* Including charges

§ Including directory services

# Other standards of service

@ Including Yellow Pages

^ See under 'Billing matters'

~ The following categories are no longer shown separately (the 1991 figures are given in brackets):

Deposits 27 (73); Wiring 9 (12); International services 1 (2); Text transmission 1 (-); Voice value added services 1 (9); Apparatus 1 (16).

## CHAIRMAN AND MEMBERS OF THE COMMITTEE

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*Chairman*

**Professor M D Tedd MA CEng MBCS**

Vice Principal University of Wales, Aberystwyth; Professor of Computer Science, University College of Wales, Aberystwyth

*Chairman of the Committee from 1 October 1992*



**Mr T D Lynch LLB**

Solicitor; Chairman, Social Security Appeal Tribunals and Disability Appeal Tribunals; Chairman, Shaw Homes Housing Association

*Resigned from Chairmanship, September 1992*



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*Members*

**Mr J Bannon**

Owner of John Bannon Properties, Commercial Investment and Redevelopments; Owner of Soft Furnishing Business with three retail outlets; Vice President, Abergavenny Chamber of Trade; Chairman, Llanfapley Cricket Club; Vice President and Cricket Secretary, King Henry VIII Old Boys Association

**Mrs P J Blackwell**

Organiser, WRVS Welfare for Elderly, Powys; Member, Brecknock and Radnor Community Health Council

**Mr D R Dutton**

Member, Post Office Users' Council for Wales

**Mr G S Hall**

Company Director; Member, Post Office Users' Council for Wales; Member, Cardiff and District Post and Telecommunications Advisory Committees

**Mrs R R Hayes JP**

Organiser, WRVS Country Cars; Member, Post Office Users' Council for Wales; Member, Pembrokeshire Post and Telecommunications Advisory Committees; Saundersfoot Harbour Commissioner; Chairman, South Pembrokeshire District Council; Member, Saundersfoot Community Council; Member, Pembrokeshire Community Health Council

*Retired from membership, May 1992*

**Mr J C Maynard BSc CEng MBCS**

Information Technology Manager, Welsh Water plc

**Mr L C Murphy JP**

Member, National Association of Local Councils, Welsh Committee; Member, Post Office Users' Council for Wales

**Professor J J O'Reilly BTech PhD CEng FIEE CPhys FInstP BMIEEE**

Director of School of Electronic Engineering Science Bangor; Member, DTI/SERC Information Technology, Advisory Board; Chairman, Communications and Distribution Systems

*Member from September 1992*

**Cllr L G Owen**

Local Authority Councillor; Manager, Holyhead Unemployed Workers' Advice Centre; Secretary, Holyhead Trades Council; Member, Management Committee, Holyhead Opportunities Trust

*Retired from membership, May 1992*

**Mr M L Thomas OBE MA (Oxon)**

Solicitor; Clerk to the Neath Harbour Commissioners; Member, Post Office Users' Council for Wales

*Retired from membership, May 1992*

**Miss G M Williams FRMA**

Finance Officer, Royal National Eisteddfod of Wales; South Wales Branch President of the Chartered Institute of Management Accountants; Membership Secretary of the Cambrian Archaeological Association

*Secretariat*

**Mr G J Mackenzie**

Secretary

**Mrs G M Rich**

Assistant Secretary



# Report of the Northern Ireland Advisory Committee on Telecommunications for the year ending 31 December 1992

## INTRODUCTION

8.92 The Committee met on five occasions during what proved to be an extremely busy year. Meetings were held in January, April, June, September and December.

8.93 The Committee was pleased to host visits to its meetings in Northern Ireland by Sir Bryan Carsberg, then Director General of Telecommunications, Mr Derek Hyde, Director of Consumer and International Affairs, Mr Fod Barnes and Mr Norman Brice, Head of Consumer Representation – all from OFTEL – and Mrs Sue Harrison, Department of Trade and Industry. Sir Bryan was the keynote speaker at the Committee's highly successful *Communications Networking 'Towards 2000'* conference on Tuesday 3 March in the Dunadry Inn, Antrim. Other speakers included Mr Doug Riley, Chief Executive, BT Northern Ireland, Mr J Mackay, Operations Director, Royal Mail, Mr Peter Burleigh, Regional Director, Mercury Communications Ltd and Mr F Toledano, DGXIII of the European Commission.

8.94 The Committee continued to maintain a close contact with BT and established a relationship with Mercury following the

extension of its services to Northern Ireland in October.

8.95 Two new members were appointed to the Committee in September following the resignations of Mr O Craig, Mrs E P Glover and Mr W J Whitley. The Committee was subsequently saddened by the death of Mrs Glover in December.

## WORK OF THE COMMITTEE

8.96 A substantial amount of the Committee's time was devoted to detailed examinations of consultative papers and discussion documents from OFTEL on developments within the rapidly changing telecommunications industry. The Committee prepared a number of submissions to ensure that the views of Northern Ireland were reflected in decisions taken by OFTEL.

8.97 The February meeting concentrated on the proposal to establish Call Handling Agencies in the United Kingdom to process emergency calls and also the Competition and Service (Utilities) Bill which had been circulated to members.

8.98 The Committee held its meeting at Telephone House where members were able to examine the existing procedures for handling emergency calls and to consider how the problems currently being experienced by operators could impact on the proposed alternative structures.

8.99 The study strengthened the view of members that a Call Handling Agency (CHA) should be established in Northern Ireland as an integral part of the proposed United Kingdom network.

8.100 The Committee, in a subsequent submission to OFTEL in July, formally advised that a CHA be established in Northern Ireland and that BT should be able to tender to continue to provide this service. Concern about this issue was expressed again at the December meeting of the Committee and it was recommended that pressure be intensified on OFTEL to ensure the location of a CHA in Northern Ireland.

8.101 A submission on the ICSTIS *Code of Practice for Premium Rate Information and Entertainment Services* consultative document was agreed. It made a series of recommendations on child services, cost messages, the separation of prefix numbers and interactive entertainment services.

8.102 A submission to OFTEL on the consultative document on the regulation of BT's prices was also completed. The Committee supported steps to provide greater information on BT's pricing structure to customers. OFTEL's commitment to the promotion of competition and to measures to encourage continued improvements in efficiency was supported by members.

8.103 Other recommendations included support for the continuation of price controls after July 1993 to maintain consumer protection, the encouragement of competition, the promotion of quality, the publica-

tion of BT accounts on a current cost basis, and the continuation of the RPI system as the basis for price controls.

8.104 Committee members examined BT's profits and agreed that these should be seen in the perspective of the total investment policy of the company throughout the United Kingdom.

8.105 The Committee noted that BT had invested extensively in its Northern Ireland services in terms of new digital exchanges and the STAR programme which involved a fibre optic cable network and provided customers with access to high technology services (see paragraph 8.138).

8.106 In Northern Ireland 79.74 per cent of customers are now on digital or digitally enhanced exchanges.

8.107 Copies of BT's credit vetting procedure and OFTEL's directory enquiry service summary paper were circulated to members for consideration. On the subject of BT's directory enquiry service, members agreed at the April meeting that where a number had been changed by BT or a new number given but not yet included in directory, or where there was an ex-directory line, no charge should be made when an enquiry is requested.

8.108 The Committee agreed that Mr Alan Kerr should be its representative at the National Consumer Congress on 2-9 March 1992 in Leicester.

8.109 The decision to end Chatline services was welcomed by the Committee. Members suggested that the tape-recording facility should be used, on a wider basis, in dispute resolution.

8.110 Mr Barnes provided the Committee with information about the latest consumer protection initiatives in telecommunications contained in the Competition and Service (Utilities) Act 1992.

8.111 The ensuing discussion concentrated on the implications of the new policy for the Northern Ireland Advisory Committee (NIACT) and Telecommunications Advisory Committees (TACs) in the Province. This produced a recommendation that initiatives be taken to strengthen the relationship with TACs throughout Northern Ireland.

8.112 The Committee was informed by the Secretariat that a new TAC had been formed in Coleraine and that the TACs in Cookstown, Craigavon and Omagh were meeting regularly.

8.113 The PTO guidelines for public payphones were examined in detail by the Committee at its June meeting. It was agreed that the guidelines on the relocation, replacement and removal of payphones should be strengthened and that an appeal procedure should be introduced to take greater account of social need. Members suggested that greater consideration should be given to assist disabled people using payphones.

8.114 A discussion of the cable operators' *Model Code of Practice for Consumers* produced recommendations in support of the provision for greater information about advisory bodies, that complaints be referred to NIACT, that a timescale for the resolution of complaints should be included, and that the amount set for arbitration claims should be increased.

8.115 Concern was expressed by the Committee over the accuracy of metering equipment and the procedures of operators for handling complaints.

8.116 Following a number of complaints arising from the use of premium rate services, the Committee recommended that greater publicity should be given by BT to its call barring service. The Committee approved and published a press release recommending that BT give greater publicity to its call barring service.

8.117 Mr Derek Hyde discussed with members at the September meeting the implementation of the Competition and Service (Utilities) Act 1992. The Committee recommended that the section dealing with the Director General's powers in regard to single line business users should be extended to cover small firms with two lines or more.

8.118 Mr Hyde also briefly discussed OFTEL's proposals for amending BT's licence under the Telecommunications Act 1984 following the price control review. The Committee agreed to support OFTEL's licence amendment proposals but recommended that a decline in the quality of service should be the trigger for a review of the price cap.

8.119 Members felt that consideration should be given to a reduction of the telephone line installation charge in the case of sheltered housing where a large number of lines to the one building were involved.

8.120 A submission was also prepared following a discussion on the consultative document on billing disputes. A Committee member, Mr J D Thompson, a Solicitor and Notary Public, offered his services as an arbitrator in Northern Ireland.

8.121 The Committee, in addition, responded to a consultative paper from BT on complaints handling and deposits, the response being sent to OFTEL.

8.122 Details of the Committee's planned *Worldwide Network - A Conference on Communications* on 24 March 1993 were discussed by members who were informed that the speakers would include Mr Fernando Toledano, European Commission DGXIII. Ulster Television plc would also be providing a satellite demonstration.

8.123 The Committee approved a suggestion by the Chairman that a senior representative from Hutchison Communications

be invited to a future meeting to inform the Committee on the company's plans to extend its Rabbit PCN service to the Province.

8.124 Mr Norman Brice assisted the Committee on the implications of the Competition and Service (Utilities) Act 1992 and a submission was agreed by members. Its recommendations included tighter guidelines on installation dates, the repair of line faults, provisions for special category and business users, efficient and effective handling of complaints; more sensitive handling of disconnections; and improved compensation payments.

8.125 A presentation by Mr Doug Riley, Chief Executive BT Northern Ireland, on the digital exchange modernisation and the Enniskillen Customer Service Centre was made to the Committee.

## 1992 CONFERENCE

8.126 An excellent conference *Communications Networking 'Towards 2000'* was held at The Dunadry Inn, Dunadry on Tuesday 3 March 1992. The Director General of OFTEL, Sir Bryan Carsberg gave a very interesting talk on the topics affecting OFTEL and how he saw the market for a competitive telecommunications industry developing over the next decade.

8.127 Mr Doug Riley gave a very spirited talk on BT's commitment and investment in Northern Ireland over recent years. He also set out their plans to increase the penetration of digital exchanges over the next few years.

8.128 This was followed by a speech from Mr Peter Burleigh of Mercury, who outlined the timetable for the connection of Mercury's fibre optical network to Northern Ireland. He also gave an overview of the services which Mercury would be offer-

ing to industrial and commercial users in the Province.

8.129 The Chairman of the Committee, Mr J L C Thompson, gave a short resume of the activities of the Committee over the preceding year and outlined some of the topics which were currently being considered by the Committee. He encouraged the participants to bring to the Committee any items of concern or difficulties which members of the community were having with their telecommunications.

8.130 Other participants included Professor Fabian Monds, of the University of Ulster's Faculty of Informatics. The conference also considered mail services and was addressed by Mr Tom Corrigan, Chairman, Post Office Users' National Council and Mr Jim Eccles, Chairman of the Post Office Users' Council for Northern Ireland:

## REPRESENTATIONS ABOUT TELEPHONE SERVICES

8.131 The Committee's Secretariat continued to deal with a substantial number of direct calls for assistance during the year. These were dealt with either by the Secretariat or referred by them to the appropriate authority for action.

8.132 Throughout the year under review, close liaison was maintained with BT staff in the Province, who were particularly helpful in responding to queries and complaints which had been referred to the Committee. Members look forward to establishing a close relationship with Mercury.

8.133 NIACT continues to be grateful for the very considerable guidance and assistance which it has received from the Secretariat. Without this, the task of the Northern Ireland Committee would have been much more difficult.



8.134 Written representations about telephone services received in the period 1 January to 31 December 1992 were as detailed below.

**Summary of representations received (including telephone representations)**

Category	1992
Disputed accounts	158
Billing matters	54
Fault repair	9
Provision of service	9
Payphones	5
Operator service	1
Quality of service	27
Compensation	3
Telephone books	6
Customer confidentiality	—
Unsolicited calls	1
Charges	21
Miscellaneous	20
<b>TOTAL</b>	<b>314</b>

**BT NETWORK MODERNISATION**

8.135 Network modernisation continued during 1992, with a further 24,700 customers transferred to modern digital exchanges. Small exchange modernisation is being accelerated, with several of these units replaced during the year.

8.136 Fifty-nine per cent of customers in Northern Ireland are now connected to digital exchanges. A further twenty-one per cent of customers are connected to electronic systems with enhanced capability.

8.137 These improvements have contributed to a significant reduction in the level of faults and considerably improved the quality of service. This is confirmed both by BT internal measurement and customer satisfaction surveys carried out for BT, by external market research agencies.

8.138 With the completion of the STAR (Special Telecommunications Action for Regional development) project, the Province has a communications infrastructure as good as, if not better than, exists anywhere else in Europe. Based on optical fibre technology, this high capacity network provides high speed, high quality highways, allowing the transmission and processing of every kind of telecommunications that can be anticipated in Northern Ireland for the foreseeable future.

**DIRECTORIES**

8.139 The BT Northern Ireland Yellow Pages was published in October. Preparations were made for the publication of the following Community Directories:

- North Down and Ards (edition 3)
- East Belfast (edition 1)
- Mid Ulster (edition 3)

Distribution has been scheduled to take place early 1993.

**PAYPHONES**

8.140 During 1992 the Northern Ireland public payphone population grew to 2533, an increase of 4% on the previous year. Call boxes with the modern housing, which are replacing the old (red) kiosks, now represent 74% of Northern Ireland's public telephones. Serviceability was 97% as at 31 December 1992.

**OPERATOR SERVICES**

8.141 Directory and operator assistance services in Northern Ireland continue to achieve top performance ratings in the national external customer satisfaction measures (see paragraph 8.137) BT confirmed this position by coming first in the

UK on the customer satisfaction measures in December with an outturn of 98%.

8.142 Over 12 million directory enquiry and 4.5 million operator assistance calls from Northern Ireland customers were handled during the past year.

## SALES AND BILLING

8.143 A significant step forward in customer service was taken by BT on 1 April 1992 with the introduction of extended hours. The '150' service is now available to customers from 8 am to 6 pm, Monday to Saturday. In terms of customer satisfaction measures BT topped the polls in December (see paragraph 8.137). During the year BT dealt with over 900,000 customer enquiries.

8.144 An integrated customer contact handling system became fully operational during the year. This has greatly enhanced the ability to process complaints and enquiries promptly and efficiently. A further improvement was a new and clearer bill format which had just been introduced at the end of the year.

8.145 Itemised billing is now available on 426,000 customers' lines – approximately 74% of the total. Around 35% of BT customers who could have itemisation have asked for itemised calls to be shown on their bills.

## PROVISION OF SERVICE

8.146 Growth in telephone service continued at a healthy rate with an increase of almost 4.5% over the previous year.

### Summary of BT's performance statistics for Northern Ireland

	1988	1989	1990	1991	1992
Number of telephone kiosks	2037	2183	2280	2435	2533
Number of vandalism attacks	1500	1350	1250	1250	1300
Network faults per exchange connection (%)	0.14	0.12	0.12	0.112	0.113
Faults cleared by end of next working day (%)	95	96	97	99	99
Customer orders completed within 2 weeks (%)	90	90	93	95	94.5
Working exchange connections - increase over previous years (%)	4.6	4.0	3.0	4.0	4.4
Number of exchange connections as at 31 December	507,560	527,946	545,317	567,725	573,678

Source: BT

## REPAIR SERVICE

8.147 The repair service dealt with 123,000 faults which reflected the continuing improvement in quality and reliability as the figure represented a reduction in faults of 7% on the previous year. In overall terms 99% of faults were cleared by the end of the next working day with 90% of business customers' faults cleared in five working hours and 91% of residential customers' faults in nine working hours.

## MERCURY COMMUNICATIONS LTD

8.148 Mercury brought its all-digital telecommunications network to Northern Ireland and launched its service in October 1992.

8.149 The Mercury service is provided via two fibre optic cables linking Scotland, Northern Ireland and England. These cables run from Troon in Scotland to Whitehead, on to Belfast and then out of

the Province to Blackpool from Ballywater via the Isle of Man.

8.150 The initial coverage included much of the Greater Belfast area, which represents 60% of the Northern Ireland population. By the end of the year, Mercury's coverage in Northern Ireland had been extended to a number of new areas and service is now available to an increasing number of business and residential users. Areas now served include the following: Antrim, Ballyclare, Ballymena, Banbridge, Bangor, Belfast, Cookstown, Downpatrick, Dungannon, Kircubbin, Larne, Lisburn, Magherafelt, Portadown and Saintfield.

8.151 The Stormont Estate was one of the first customers to award Mercury a contract to supply a significant proportion of their substantial telecommunications operations. The order forms the first phase of a modernisation programme of the Northern Ireland Civil Service telephone network.

8.152 In the future, according to the company, Mercury plans to install a number of Mercurycard public payphones in the Greater Belfast area.

## CHAIRMAN AND MEMBERS OF THE COMMITTEE

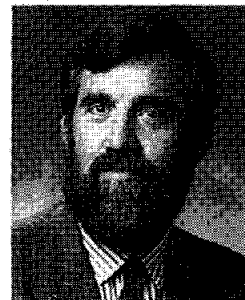
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### *Chairman*

#### **Mr J L C Thompson BA BBS**

Company Director; Past President, Belfast Junior Chamber of Commerce; Past Convenor of the Transport Group, General Consumer Council for Northern Ireland; Vice President and Chairman of the Finance Committee, Royal Ulster Agricultural Society; Member of the Advisory Committee, Royal Agricultural Society of the Commonwealth

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### *Members*

#### **Mr F C Barter**

Past Chairman of the Liquid Petroleum Gas Technical Committee, IDA; Past Member, IDAG Committee (NI); Member of the Post Office Users' Council for Northern Ireland

#### **Mr W Carruthers OBE**

Managing Director, European Components Corporation

#### **Mrs M Jefferson MBE**

Member, James Butcher Housing Association; Local Government Staff Commissioner; Member of the Post Office Users' Council for Northern Ireland

#### **Mr J A Kerr**

Telephone Supervisor, Royal Group of Hospitals, Belfast

#### **Mr J O McDonald MBE KHS MSc FSCA JP**

Chief Officer, Labour Relations Agency; Member of the Post Office Users' Council for Northern Ireland

#### **Mrs O M Marshall**

Past Deputy Chairman, General Consumer Council for Northern Ireland; Vice Chairman, Jordanstown Schools; Chairman, Friends of Windsor House – Psychiatric Unit, Belfast City Hospital; Committee Member, 'Cruse' Bereavement Counselling Organisation; Member of the Post Office Users' Council for Northern Ireland

#### **Mr G E Mills BSc**

Building Society Manager; Deputy Chairman, General Consumer Council for Northern Ireland; Member of Standing Committee, Convocation of Queens University; Member of European Movement (NI Council); Member of the Post Office Users' Council for Northern Ireland

**Mrs M Noble**

Panel Member, Social Security Appeal Tribunals NI; Panel Member, Industrial Tribunal; Past Counsellor, Ulster Girl Guides Trefoil Guild; Past Public Relations Officer, Ulster Girl Guides; Past Divisional Commissioner, Ulster Girl Guides

**Mr J D Thompson MA ACI Arb DL**

Solicitor and Notary Public; HM Coroner for South Down; Part-time Chairman, Medical, Social Security and Disability Appeal Tribunals; Chairman, Southern Health and Social Services Board; Vice Chairman, National Appeal Panel; Member, Historic Buildings Council; Patron, Newry Hospice; Member of the Post Office Users' Council for Northern Ireland

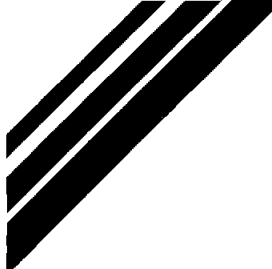
*Secretariat*

**Mr R T Jordan OBE JP**

Secretary

**Mrs V McCrory**

Assistant Secretary



# Report of the Advisory Committee on Telecommunications for Disabled and Elderly People (DIEL) for the year ending 31 December 1992

8.153 The Committee met five times during the year. We were pleased to welcome four new members—David Dunsmuir, Wally Harbert, Dr Eleanor Steiner and Jack Vernon in the course of the year. During the same period we lost the services of Geoff Busby, who, regrettably, had to resign owing to changes in his other commitments. We would like to record our thanks to him for his contribution to the work of the Committee during his period as a member. A full list of the membership of the Committee, as at 31 December 1992, follows this Report.

8.154 The year under review was marked by two major consultative exercises which occupied much of our attention. They covered many of the areas of continuing concern which we had described in our previous annual Report.

## **Future controls over BT's prices**

8.155 The first was the review undertaken by the Director General of Telecommunications of the existing rules which control changes in BT's main telephone charges. A consultative document was published entitled *The Regulation of*

*BT's Prices* in which public views and comments were sought on what form future controls over BT's prices should take after the existing rules cease to operate in July 1993.

8.156 In our response to this document we commented on a number of aspects concerning the regulation of BT's prices which we considered to be of particular relevance to the needs of disabled and elderly people. These are summarised below.

## **Price cap regulation**

8.157 We agreed with OFTEL's overall premise that price controls should be continued and that price cap regulation was preferable to direct controls over BT's profits. These could be seen to act as a disincentive to the company seeking productivity and efficiency improvements. However, we could only reluctantly agree with OFTEL that the Retail Prices Index (RPI) was probably the most practical index for price controls simply because it is the only measure which is widely understood by the general public. We were sympathetic to the criticisms expressed by the National Consumer Council (NCC), and others, about the RPI. We felt that a

detailed study should be made of all other potentially appropriate indices first.

### **Rental of hardwired telephones**

8.158 We agreed with OFTEL that the rental of hardwired telephones should be made subject to price control. In this connection, we welcomed the decision of BT, earlier in the year, to reduce the rental charge for these telephones following discussions with OFTEL. However, we were not satisfied that this went far enough and we recommended that BT should be required to convert all remaining hardwired telephone installations in homes within five years. We took this view because we believed that any savings in rental charges enjoyed by customers with these antiquated installations, many of whom were likely to be elderly people, were more than cancelled out by the fact that they were being denied access to telephone handsets of their own choice and the ability to make use of modern network services.

### **Quality of service provisions**

8.159 We were sympathetic to the view that the price control arrangements should take account of quality of service measures. Some of BT's disabled and elderly customers require a higher than normal standard of service. For example, profoundly deaf and speech impaired users of text telephones, as well as hearing impaired people, require very clear and silent lines in order to transmit and receive messages or to hear properly. We believed that the cost to BT of providing these different standards of service should be taken into account in setting the price controls.

### **Telephone line connection charges**

8.160 As far as line connection charges are concerned we believed there should be a

facility introduced whereby new customers should be able, if they wish, to spread the payment of these charges over two years (ie eight quarterly bills). We believed that it is in BT's interests to promote the highest possible level of telephone penetration in the UK and that incentives such as this would remove a major barrier which prevents many people on low fixed incomes from having their own telephone service.

8.161 We were pleased to note that BT decided voluntarily to introduce a staged payment option for new customers – customers moving into properties without telephone lines. This took effect from August 1992, albeit over a shorter time scale of one year (see also paragraph 8.173).

### **Rebalancing of prices and the Median Residential Bill**

8.162 We agreed that the Median Residential Bill has an important role to play in rebalancing telephone charges and that it should be incorporated into the new price control arrangements. If further rebalancing of telephone charges is necessary – and we have doubts about this – it should be carried out gradually in order to reduce the impact on those tied to low, fixed incomes.

### **The low user tariff (Supportline)**

8.163 Although we gave BT's new low user scheme Supportline a cautious welcome when it was introduced in September 1991 (see our Report for 1991) we subsequently concluded it was failing to meet its objective. It had become clear from the letters and enquiries which we received from elderly and disabled people that there were many on limited incomes whose telephone usage just puts them outside the limits of Supportline. They would clearly benefit from a relatively modest extension of the range of the scheme.

8.164 As a result, we recommended that Supportline should be extended to include all customers who fall within the lowest quartile of BT's residential customers. We estimated this would bring at least another two million customers within the scope of the scheme. In doing so it would double the number of customers who could benefit from it.

8.165 We also felt it was not right for BT to refuse to accept applications to register for Supportline from any residential customer with incoming calls only service.

### **Financial support for the provision of services for deaf people**

8.166 We have always believed that equality of access to the telephone network should be an integral part of the universal service obligation and that the provision of special services or facilities for disabled people should **not** be dependent on goodwill and charity. It follows from this that we felt most strongly that the funding of the national relay service (Typetalk) and other specially developed services or facilities which make it possible for deaf and other disabled people to gain equal access to the network should be made a licence obligation for BT and all other public telephone companies.

8.167 We also felt that all the telephone companies should be required to meet some of the costs of providing deaf and other disabled people who require them with text telephones so as to reduce the effective cost to users of such equipment (typically £200 or more) to something more akin to the cost of a modern, conventional facility telephone.

8.168 In the same way, we considered that all the telephone companies should be required to make contributions towards rebate schemes designed to reduce the

actual cost of making calls by their deaf text telephone users to a level more equivalent to that paid by other telephone users. BT already funded one such scheme for its deaf customers, but through charitable donations to the RNID (which manages Typetalk), and the need for such schemes arose from the fact that deaf people using text telephones take typically six to eight times as long to conduct a telephone 'conversation' as those with the ability to hear and speak.

8.169 Finally we considered that any condition placed in the licence of BT and those of its competitors to fund special services for deaf people should incorporate provisions through which the obligation could be extended to include other situations which might come to light in the future where other disabled people might require special equipment or services developed to enable them to use the telephone networks.

8.170 We were pleased that the Director General of Telecommunications felt able to accept most of our recommendations, and that subsequently he was able to obtain BT's agreement to several modifications to its licence designed to put these into effect.

8.171 We were especially pleased to see BT's universal service obligation extended to ensure the future funding and expansion of Typetalk.

8.172 We were disappointed, though, that no parallel obligations were to be placed in the licences of the other telephone companies to provide funding. However, we were assured that this was unnecessary as sufficient provisions already existed in BT's licence for the company to impose charges on other operators whose customers might require connection to Typetalk. This would have the effect of requiring them to contribute funds indirectly towards the costs of the relay service.

8.173 We were pleased to see the payment of line connection charges by instalments



as an alternative (see paragraphs 8.160 and 8.161) made an obligatory commitment, although we recognised that BT had already made a decision to introduce such a facility. However, the number of instalments and the period over which they could be paid was shorter than we had advocated. We also noted that the change to BT's licence required it to reduce its maximum connection charge for a single telephone line by more than 35%. Taken together, these two provisions will do much to ensure that anyone who needs a telephone, but could not previously afford the cost of taking out the service, will now be able to do so.

8.174 We were also pleased that the Director General was able to agree with BT a significant extension of the Supportline low users scheme in accordance with our recommendations. The extension of qualifying usage from 120 units a quarter to 240 units will have the effect of bringing within the range of the scheme all the lowest quartile of BT's residential customers and it will be adjusted in future years according to changes in the calling pattern of this quartile of customers. In addition, customers who request an incoming calls only service (rather than have it enforced by BT because of outstanding previous bills) will become eligible for registration under the scheme. We look forward to the introduction of these changes in 1993.

## **COMPETITION AND SERVICE (UTILITIES) ACT 1992**

8.175 The Competition and Service (Utilities) Act passed during the year was a further step in the implementation of the Government's 'Citizen's Charter' initiative. It gave the Director General of Telecommunications new duties in regard to the individual and overall standards of performance of both BT and Kingston Communications (Hull) and the resolution of customers' billing disputes with either company. The Act also placed new obliga-

tions on both telephone companies about their services to particular customers.

8.176 The Act requires that public consultations should be carried out before its provisions were implemented and that the two telephone companies should themselves carry out public consultations before submitting their complaints handling procedures and deposits policies to the Director General for approval. These consultations took place towards the end of the year. We submitted our views on several aspects which we considered to be extremely important in meeting the special needs of many elderly or disabled customers.

8.177 We were concerned that the scope of the new powers under the Act should include text telephone services for deaf or speech impaired people. The Act referred to voice telephony services only. We wanted to be assured that this would include text services where they are substituted for voice telephony.

8.178 We felt that there should be provisions for a ready means of access to the operators' complaints handling procedures for disabled text telephone users and that standards should be set about the level and form of access.

8.179 We stressed the importance of the telephone companies advising their customers of their rights in presentations which were accessible to all customers and expressed in clear and straightforward language. It follows from this that customers' rights should be available on audio tape, or in large print for blind and visually impaired customers. We also considered there was no valid reason why new customers should not be informed of their rights when they receive their service contracts.

8.180 We pointed out that some disabled people have need of different standards of service from the generality of residential customers. We believed that provisions

should be made for this in devising standards of performance. Here, we have in mind the particular needs of profoundly deaf and hearing impaired people. They require silent lines if they are to transmit and receive messages in text or to hear speech satisfactorily.

*8.181* We were not satisfied with the guidelines published by BT, and other telephone companies, about their provision of public payphones. As a result we recommended that any standard set for payphone siting should have both geographic and demographic criteria built into it to enable the public in general, and those without their own telephones in particular, to be given clearer advice.

*8.182* In connection with BT's billing procedures, we recommended that special attention needs to be paid to the provision of braille and large print bills for blind and visually impaired people in establishing any standards on the timing of bills and follow-up action on outstanding bills.

*8.183* BT is required by law to send out its standard bill to all customers and a further copy in the special format requested follows several days later (having been produced by the RNIB under an arrangement BT has made with that organisation). Our concern is that BT's follow-up procedure in these cases should commence from the date of despatch of the latter, rather than the former. This fact should be taken into account when devising relevant standards. In the same way, in those cases where BT provides a service of reading the bill over the telephone to a blind person who is unable to read braille, the customer should not be disadvantaged if there is any delay in contacting the customer after the bill has been raised.

*8.184* We considered that Kingston Communications (Hull) should be subject to similar standards and that the standards applying to both companies should

preclude the disconnection of the telephone service of any customer who has made it known to the company that he or she is, through blindness, unable to read the bill without all reasonable attempts having been made to contact the customer by telephone first.

*8.185* In our last annual Report, we commented upon changes which BT was making to its policy on requiring deposits from new customers. Our concern here was that some elderly or disabled customers might still be required to provide deposits because BT was unable to arrive at a satisfactory credit rating for them. We were pleased to note the Act specified that, except in specified circumstances, deposits should not be sought from anyone who is disabled. Further it is a condition in the Act that BT and Kingston Communications (Hull) should agree their deposits policies with the Director General of Telecommunications and publicise them to customers.

*8.186* In accordance with the requirements of the Act, BT issued a consultation document setting out its revised deposits policy seeking public views. We were not satisfied with the way in which BT proposed to determine disability – by reference primarily to those customers who happened to be registered under the Chronically Sick and Disabled Persons Act. We pointed out that comparatively few disabled people are in fact registered under this or any of the other Disability Acts all of which tend to describe 'disability' in slightly different terms. For this reason we believe it would be more appropriate to enable disabled people to self-certify themselves in much the same way as they did in registering for BT's free directory enquiry service, rather than having to rely on incomplete local registers.

*8.187* At the time that this Report was being prepared, the outcome of the public consultations was still being considered and decisions were believed to be immi-

ment. We hope that all our comments and recommendations will be taken into account in the final formulation of standards and procedures, in accordance with the provisions of the Act. We look forward with interest to further news during our next reporting period.

## **OTHER MATTERS**

*8.188* In our last Report we had expressed our dissatisfaction with the registration criteria for BT's free priority fault repair service to those chronically sick and seriously disabled people who require constant access to a working telephone. We are disappointed to report little progress in this area. As this Report was being prepared, BT was conducting an internal re-evaluation of this service in the wake of the company's agreement with OFTEL on the new controls over its prices due to come into effect during 1993. We look forward to receiving BT's proposals to improve this service early in our next reporting period.

*8.189* Another matter which has been the subject of discussions has been the ability of relatives of elderly people, in care, to contact them by telephone. We have sought the views of interested parties on this issue. There seems to be genuine grounds for concern that there is still a wide variation in access to telephones for people in residential and nursing homes. We intend to pursue this matter further in the coming year.

*8.190* In the early part of the year, several members of the Committee paid a visit to BT's special Directory Enquiries Bureaux at Hillsborough, Sheffield. They handle all enquiries from blind and other disabled people who are registered with the company for free directory enquiries. We were impressed by the overall organisation of the service and the personal commitment of the staff in providing disabled people

with a courteous and efficient service. In this connection we welcomed the subsequent decision by BT to extend the free directory enquiry service to deaf users of text telephones.

*8.191* The Chairman and one of the Secretaries attended the official opening of the Typetalk national relay service in Liverpool in June. We were pleased to see this much needed service for deaf and speech impaired people successfully launched at last (see also other comments elsewhere in this Report).

*8.192* We continued to maintain regular contacts with OFTEL and the public telecommunications operators. We had a most interesting meeting with the Chairman and some of the members of the Directing Committee of BT's Action for Disabled Customers unit (BTADC) in which we exchanged views on a number of general issues of policy regarding BT and its disabled customers. The Committee's Secretariat continued to hold twice annual meetings with BTADC to discuss in detail the ongoing development and refinement of the company's services to satisfy the needs of its disabled or elderly customers. The Committee also met the Manager of Mercury's Special Needs Programme. We were pleased to learn of the steps Mercury had been taking to improve and modify the features of its public payphones to benefit disabled people and, in conjunction with telephone manufacturers, to see that more Mercury compatible telephones which could be used by hearing impaired people were available in high street shops.

*8.193* We also kept in touch with the Director General's Working Group for the Hearing Impaired (WGHI). Its Chairman attended one of our meetings and we welcomed the insights which he gave us on several technical issues.

*8.194* As in previous years, we continued to seek opportunities to raise public aware-

ness of our role and activities. Our information pack on telephone services and facilities for disabled and elderly people continues to be in demand from care organisations and members of the public. It is intended to bring out a new edition of the

pack in 1993. With the growing use of text telephones amongst deaf and other disabled people, we have also produced a brief guide to the use of these telecommunication aids. Copies of both these publications are available from OFTEL.

## CHAIRMAN AND MEMBERS OF THE COMMITTEE

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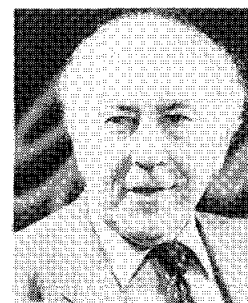
### *Chairman*

#### **Mr D Hobman CBE**

Former Director, Age Concern, England; Executive Secretary, Charities Effectiveness Review Trust; Conciliator, Sheltered Housing Advisory and Conciliation Service; Adviser, Nuffield Foundation; Counsellor, Helen Hamlyn Foundation.

*Retired from Chairmanship, December 1992*

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### *Members*

#### **Mrs S Barrows MBE**

Chairman, Friends of Brookwood Hospital; Member, North West Surrey Community Health Council (until August 1992)

#### **Mr G Busby**

Project Director, IT Support for Disabled People; Associate Director, The Computability Centre

*Retired from membership, May 1992*

#### **Mr D R L Dunsmuir**

Director, Disability Scotland

*Member from January 1992*

#### **Mr M C Godfrey**

Manager, Friends of The Royal Botanic Gardens, Kew

#### **Mr W Harbert OBE**

Director of UK Operations, Help the Aged

*Member from January 1992*

#### **Mr D Hyslop**

Director, Breakthrough Trust

#### **Mr C M Low**

Director, Disability Resource Team; Vice-Chairman, Royal National Institute for the Blind

**Mr M C Martin OBE**

Chief Scientist, Royal National Institute for Deaf People

**Dr E C Midwinter OBE**

Former Director, Centre for Policy on Ageing; Chairman, London Regional Passengers' Committee; Member, The Prince of Wales Advisory Group on Disability

**Mrs S A Porter**

Principal Social Services Officer, West Glamorgan County Council

**Dr E M Steiner**


General Practitioner; Medical Tribunal Member, Disability Appeal Tribunals

*Member from April 1992*

**Mr B J Vernon**

Former Member, Executive Committee, National Federation of the Blind

*Member from February 1992*



# Report of the Advisory Committee on Telecommunications for Small Businesses (BACT) for the year ending 31 December 1992

8.195 The Committee met on four occasions during the year. One member, Mr George Thorpe, came to the end of his period of office during the course of the year and we would like to thank him for his contributions to the work of the Committee since its inception. We also welcomed two new members to the Committee – Miss Joy Allan and Mrs Margaret Seymour. A full list of the membership as at 31 December appears after this Report.

8.196 The Committee offered views and comments to the Director General and others on a number of important issues during the year.

## THE REGULATION OF BT'S PRICES

8.197 In January the Director General issued a consultative document *The Regulation of BT's Prices* which sought views on the appropriate regulation to be applied to the prices for BT's main services from August 1993, when the present price control expires. The Committee agreed that price controls should be continued and that a price control based on the continuation of an RPI price cap was preferred. We

recommended that no service included within the overall basket of controls should be allowed to rise beyond a specified level and we strongly advised that the price cap on exchange line rentals for multi-line businesses be reduced from RPI+5 to RPI+2 which currently applies to residential and single-line business customers. It was noted that, particularly with the increasing use of fax machines, many small businesses would have the need for at least two lines.

8.198 In June the Director General announced his proposed new controls on BT's prices and the Committee was pleased that, in general, the proposals were in accordance with its views. We were particularly gratified that the Director General accepted the case for limiting exchange line rentals, including those for multi-line businesses, to RPI+2.

## USE OF FAX MACHINES

8.199 The Director General sought the Committee's advice concerning unsuccessful voice calls to numbers where a fax machine 'responds'. Customers can attach a multitude of different devices to their telephone lines, without having to tell the

PTOs, and the chances of getting through to a machine, rather than a person, are increasing. However, given the structure and nature of the networks, it was not the fault of the PTOs but was a consequence of the liberalisation of telecommunications and, in particular, telecommunications apparatus. In considering a number of potential solutions, the Committee came to the conclusion that, on the evidence available, the problem – although undoubtedly irritating to callers – was a relatively small one. On the other hand, the potential solutions would be significantly expensive with current technology and, to be effective, were likely to involve changes within the network. The costs of such changes would be liable to fall ultimately on telephone customers in general. We considered that the costs implicit in possible technical solutions far outweighed the benefits to be gained and recommended instead that more publicity should be directed at businesses, particularly small businesses, to make them more aware of the problem.

8.200 In its Report last year, the Committee indicated some concern about the security of faxes and an informative meeting was held with representatives of the British Facsimile Industry Consultative Committee (BFICC), who provided some useful guidance notes recommending best practice for fax users. We raised the possibility of fax machines incorporating an answerback facility for those who wished to ensure greater security and BFICC agreed to raise this with its members. The Committee will continue to watch developments in this area.

## **DISCUSSIONS WITH BT**

8.201 Our Report for 1991 indicated that we had held a meeting with BT to discuss a number of issues. These included the problems resulting from the failure to provide a changed number announcement when, during BT's modernisation programme, an

exchange number has to be changed. BT told us that, generally speaking, it was its policy to provide changed number announcements and it subsequently assured us that, in any rare case where an announcement could not be provided, then customers should be informed. It was with concern that, during the year, a further instance of the non-availability of the changed number announcement occurred in Scotland and customers were left to find out for themselves, after the changeover of numbers, that the expected announcement was not available. This was raised with BT who regretted that the normal procedures had not been adhered to and advised that a further guidance note would be issued emphasising the need to write to affected customers on the rare occasions when calls cannot be routed to announcements. We trust that this problem will not be repeated in 1993.

## **COMPETITION AND SERVICE (UTILITIES) ACT 1992**

8.202 In March Parliament passed the Competition and Service (Utilities) Act 1992 which, in amending the Telecommunications Act 1984, gave new duties to the Director General and placed new obligations upon 'designated operators'; the Secretary of State subsequently designated both BT and Kingston Communications (Hull). The Act provided power for the Secretary of State to make regulations for disputes about bills for certain telephone services. It also required the designated operators to establish procedures for dealing with complaints, such procedures to be approved by the Director General; and for the designated operators to seek the agreement of the Director General to their deposit policies. Another provision required the Director General to set overall and individual standards of service for certain customers of the designated operators.



8.203 Whilst welcoming the principles of the new provisions in the Telecommunications Act 1984, we were concerned that the new provisions only extended to single-line businesses and multi-line businesses would not benefit directly. The Committee was consulted on the regulations proposed by the Department of Trade and Industry for disputes about bills, by BT on its complaint handling procedures and deposit policy, and by the Director General about standards of performance.

8.204 As far as single-line businesses are concerned, the Committee was generally content with the draft regulations to deal with billing disputes. With regard to BT's complaint handling procedures, we were pleased to see that BT apparently did intend that all of its customers should benefit from improved procedures and not just those customers who came within the new provisions of the Act. In responding to the Director General's consultation on the setting of overall and individual standards, the Committee indicated that it understood that, in practice, it would not be possible for the designated operators to discriminate against multi-line users *vis-a-vis* single-line businesses in respect of overall standards. We nevertheless would welcome an assurance that suitable mechanisms will be put in place to ensure that the standards of service experienced by multi-line businesses are made subject to similar monitoring as for residential and single-line businesses and that such businesses should have access to commensurate levels of compensation in respect of shortcomings in the individual standards of service they receive.

8.205 The Committee also offered comments on a number of areas where it considered standards would be appropriate. We particularly supported the provision of a recognised individual standard in regard to the circumstances in which designated operators may exercise their power to disconnect service to customers

and we indicated the need for an overall standard in respect of line quality as this is a crucial factor to many businesses, in particular those that use exchange lines for fax and other data transmissions.

## CABLE OPERATORS

8.206 During the year a meeting was held with the Director General of the Cable Television Association, Richard Woollam, who provided an informative and interesting presentation relating to the developments in the cable industry, with particular regard to the provision of telephony services. The Committee agreed with his view, however, that the present inability of customers to transfer a telephone number from one PTO to another was a major bar to competition in the local loop and this is just one aspect of a range of numbering issues which we are watching with considerable interest (see next section). The Committee also commented separately on a draft cable operators' *Model Code of Practice for Consumers*.

## NUMBERING

8.207 The Committee continued to watch the developments relating to telephone numbering. The postponement of the National Code Change (NCC) until Easter 1995 was noted and, as already mentioned, a close eye is being kept on developments towards portable numbering. The Committee has stressed that the timing and form of publicity given to the NCC is crucial to the well being of the business community. We were also pleased that one of our members, Mr Richard Furey, took over during the year as the representative for the Advisory Committees on Telecommunications on the Telecommunications Numbering and Addressing Board (TNAB).

## **PUBLICITY AND PUBLICATIONS**

8.208 The Committee has continued to issue a regular, brief newsletter *Business-Line* as a means of disseminating relevant topical information about telephone matters to small businesses. Topics covered included chargecards, suspect fax directories and BT's new bill format. With regard to the latter we welcomed the development of a new, easier to read style of bill. However, our view is that most businesses would prefer to receive an invoice type statement and it is regretted that the new bill does not cater for this. The Committee has urged BT to introduce such a change

when it next revises the format. We have also been working, in conjunction with OFTEL, on producing an up to date introductory guide to fax, telex and other data communication services for small businesses which it is planned to publish early in 1993.

8.209 The Committee welcomes any enquiries and comments from small businesses about their telecommunications needs and problems. We also welcome any suggestions for relevant topics which could be included in future editions of *Business-Line* which is available, free of charge, from OFTEL.

## CHAIRMAN AND MEMBERS OF THE COMMITTEE

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### *Chairman*

#### **Mr M J Ashton LIM, AIMF**

Chairman and Managing Director, Snell and Prideaux Ltd (Metal Finishers); Past Chairman, Metal Finishing Association; Previous Member, The Council of Birmingham Chamber of Industry and Commerce; Former Director, Task Undertakings Ltd (The Prince's Trust); Past President, British Junior Chambers of Commerce

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### *Members*

#### **Miss J R Allan**

Managing Director, Erwood Hotels Ltd; Vice President, Harrogate Chamber of Trade and Commerce; Member, British Hospitality Association

*Member from February 1992*

#### **Mrs J A Barden**

Chairman and Managing Director, Barville Productions Ltd (Print Finishing and Mail House); Non-Executive Member, Yorkshire Regional Health Authority

#### **Mr S H Bennett**

Managing Director, Louis Bennett & Co Ltd (Glass Merchants); Member, Independent Tribunal Service; Council Member, Hull and District Chamber of Trade; Business Adviser, The Prince's Youth Business Trust; Chairman, Hull Area Telecommunications Advisory Committee

#### **Mr R W Frenzel**

Businessman, running several locally-based companies involved in retailing and property development

#### **Mr P A Frymann BA CText FTI**

Textile Machinery Divisional Manager, Geoffrey E MacPherson Ltd (Suppliers to the Textile Industry); Chairman, Nottinghamshire Telecommunications Advisory Committee; Member, Nottinghamshire Post Office Advisory Committee

#### **Mr R Furey CEng FIEE**

Managing Director, Systems Solutions Ltd (Manufacturers of Automatic Testing Equipment); Committee Member, and past Chairman, Northern Ireland Business Club; Member, Telecommunications Numbering and Addressing Board

**Mr M Jordan AWCB MBIM MInstM**

Managing Director, Cornish Stairways Ltd (Design and Manufacture of Feature Staircases); Vice-Chairman, Devon and Cornwall TEC; Member, TSW Business Advisory Board; Industrialist on Board of Governors, Cornwall College

**Mr S A Mayo CEng MIEE FBIM FInstD**

Managing Director, Concourse Electronics; Chairman, S M Consultants (Consulting Engineers, Manufacturing Agents, Sales Agents and International Distributors); Chartered Engineering and Management Consultant; National Councillor and National Executive, Union of Independent Companies (UIC); UIC Member, EUROPMI (European Group for SMEs, Brussels)

**Mrs P G Parker**

Managing Director, AEC Ltd (Project Procurement, specialising in Middle East and West Africa); Transport Projects Consultancy Co; Letting and Purchasing Property Co; Chairman, local primary school and grant-maintained secondary school; Committee Member, Conservative Transport Group

**Mrs M R Seymour FInstD MBIM MISPE**

Managing Director, Seymour Swimming Pool Engineers (Installers and Design Consultants); Director, local enterprise company; Scottish Member, Government Advisory Committee on Women's Issues

*Member from February 1992*

**Mr M E G Taylor FCIT**

Chairman, Eric R Taylor Group (Investment Company); Director, Multiface Ltd (Express Parcels Company); Member, Landscape Advisory Committee; Member, Standing Advisory Committee for Trunk Road Assessment; Member, Road Haulage Association

**Mr G Thorpe**

Consultant, Viscount Consultancy Bureau, dealing with small businesses and the problems faced by such businesses

*Retired from membership, July 1992*



# Appendices





# 1

## Representations about PTO licensing and related issues for the period 1 January to 31 December 1992

<b>BT</b>	
Tariffs and charges	117
Installation, maintenance, ownership of wiring and equipment	80
Emergency services	264
Apparatus	13
Anti-competitive practices	88
Other§	159
<b>Mercury</b>	44
<b>Kingston Communications (Hull)</b>	7
<b>Radiopaging/mobile radio</b>	
Paging	87
Cellular radio	1205
Band III PMR	3
Telepoint	5
Other#	77
<b>Cable</b>	56
<b>Satellite services</b>	3
<b>TOTAL</b>	<b>2208</b>

**Notes:**

§ This category includes representations received about the Duopoly Review/licence modifications, numbering, directory enquiry services, quality of service and other miscellaneous topics.

# This category includes representations received on issues reported in the press which do not fit into the other mobile categories above.



# 2

## Representations about PTO services received by OFTEL and ENACT for the period 1 January to 31 December 1992

<i>Subject</i>	
Disputed accounts	5,617
Charges, billing	9,382
Provision of service	2,565
Deposits and reminders	1,327
Standards of service	1,564
Fault repair service	1,585
Compensation Scheme	965
Operator services	226
Payphones	347
Caller thinks OFTEL is BT*	4,797
Unable to pay bill*	1,666
BT value added network*	733
Telephone books*	704
Apparatus*	499
Customer confidentiality*	328
Uninvited calls*	192
Wiring*	153
Telephone selling*	170
Other matters	8,318
<b>TOTAL</b>	<b>41,026</b>

With the introduction of OFTEL's new computer system in late 1991 some recategorisation of representations took place and some of the above figures may not, therefore, be strictly comparable with figures shown in previous Annual Reports (see also paragraphs 4.2 to 4.9).

Categories marked with an asterisk (\*) were previously not shown separately but included in the *Other matters* category.

The *Other matters* figure shown here includes representations, mainly by telephone, that were transferred to specialist desks in OFTEL (eg relating to mobile telephones) and enquiries meant for other bodies (eg OFT) mistakenly made to OFTEL.





# 3

## A selection of information on the UK telecommunications industry as a background to the Report

### 1 AWARENESS OF OFTEL

#### 1.1 Percentage of people who have heard of OFTEL 1985–1992 Great Britain

	<i>Percentages</i>
August 1985	9
August 1986	12
August 1987	13
August 1988	30
August 1989	29
August 1990	31
August 1991	35
August 1992	51

*Source:* 1985–1988 NOP (Market Research) face-to-face Random Omnibus Surveys (size of base sample varies from year to year); 1989–1992 RSGB

## 2 TELEPHONE PENETRATION RATES

### 2.1 Percentage of households with a telephone

1972, 1980–1991 Great Britain

	<i>Percentages</i>
1972	42
1980	72
1981	75
1982	76
1983	77
1984	78
1985	81
1986	83
1987	83
1988	85
1989	87
1990	88
1991	88

*Source: OPCS – General Household Survey*

## 3 BT's EXCHANGE CONNECTIONS AND CALLS

### 3.1 BT's exchange connections in service by type of subscriber

1980–1992 United Kingdom

<i>Year (at 31 March)</i>	<i>Total exchange connections (000s)</i>	<i>Residential customers (000s)</i>	<i>Business customers (000s)</i>
1980	17,353	13,937	3,416
1981	18,174	14,671	3,503
1982	18,727	15,159	3,568
1983	19,186	15,546	3,640
1984	19,812	16,044	3,768
1985	20,528	16,596	3,932
1986	21,261	17,120	4,141
1987	21,908	17,549	4,359
1988*	22,664	18,106	4,558
1989*	23,740	18,703	5,307
1990*	24,797	19,246	5,551
1991*	25,368	19,573	5,795
1992	25,595	19,729	5,866

**Note:**  
\* Revised figures

*Source: BT*

### 3.2 BT's public and private rented payphones in service

1980, 1984, 1986–1992 United Kingdom

<i>Year (at 31 March)</i>	<i>Public payphones (000s)</i>	<i>Private rented payphones (000s)</i>
1980	77	286
1984	77	286
1986	77	296
1987	78	306
1988	—	—
1989	86	358
1990	90	286
1991	96	260
1992	104	239

**Note:**

The private payphone market was liberalised in April 1988. Information available from other sources suggest that the total installed base at 31 March 1992 was of the order of 590,000, implying that BT's share of the installed base had fallen to around 40%.

Source: BT

### 3.3 The number, and annual percentage growth, of effective BT telephone calls by type

1980–1992 United Kingdom

<i>Year (ending 31 March)</i>	<i>Inland</i>		<i>International</i>	
	<i>Total (millions)</i>	<i>% growth over previous year</i>	<i>Total (millions)</i>	<i>% growth over previous year</i>
1980	19,857	6	106	22
1981	20,175	2	117	13
1982	20,806	3	132	14
1983	21,403	3	148	11
1984*	22,686	6	173	12
1985	n/a	8	n/a	14
1986	n/a	7	n/a	11
1987	n/a	7	n/a	11
1988	n/a	8	n/a	14
1989	26,582§	11	n/a	13
1990	28,529§	10	n/a	13
1991	28,887§	4	n/a	6
1992	30,414§	1	485§	4

**Notes:**

\* The 1984 figure is the basis of percentage increases in call volumes in subsequent years.

§ These figures are OFTEL estimates and are not consistent with the percentage growths as BT base their estimates on call minutes rather than numbers of calls.

n/a not available

Source: BT

## 4 BT's ITEMISED BILLING PROGRAMME

### 4.1 Availability of itemised billing to BT's customers 1989-1992

Year and quarter	Position as at end of quarter:					
	No. of exchanges*	No. of working lines*	Penetration			
			National (%)	London & SE England (%)	Central & SW England & Wales (%)	North of England, N.Ire & Scotland (%)
<b>1989</b>						
first	105	0.9	3.8	6.3	2.3	3.6
second	416	1.9	7.9	10.9	4.8	9.0
third	n/a	3.1	12.4	15.7	8.3	14.2
fourth	1202	5.6	22.4	24.4	18.8	24.8
<b>1990</b>						
first	1796	9.4	37.0	36.7	32.1	43.0
second	n/a	11.3	44.4	44.4	37.4	52.6
third	n/a	31.4	51.9	57.4	40.6	60.5
fourth	n/a	17.7	68.0	80.0	57.6	70.1
<b>1991</b>						
first	n/a	19.2	73.9	86.3	64.0	72.0
second	n/a	19.7	75.5	88.7	67.6	73.9
third	n/a	20.1	76.8	84.8§	67.0§	75.3
fourth	4193	20.6	78.6	87.0	68.1	77.1
<b>1992</b>						
first	n/a	21.3	80.7	88.8	70.5	79.4
second	n/a	21.9	82.7	90.2	72.6	81.9
third	n/a	22.5	84.3	90.9	74.8	84.0
fourth	n/a	23.3	86.5	92.2	76.1	87.4

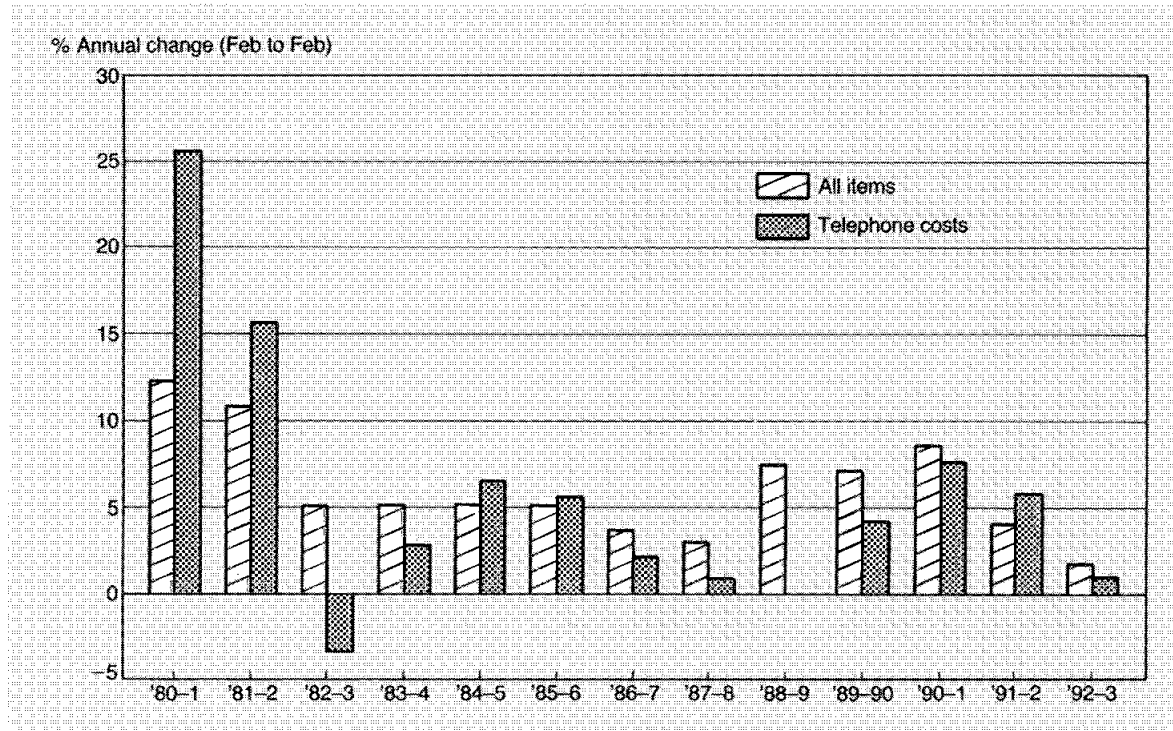
**Notes:**  
\* Number of exchanges and number of working lines where itemised billing is available.  
§ As from 1 July 1991 the boundaries for these territories were expanded.  
n/a not available

Source: BT

## 5 BT's PRICES

### 5.1 Annual percentage change in the Retail Prices Index for all items and the telephone costs components

1981–1993 United Kingdom



## 5.2 Summary of BT price changes controlled by its licence (Condition 24 & 24A) 1984-1992

	Nov'84	Nov'85	Nov'86	Nov'87	Nov'88	Sep'89	Sep'90/ Apr'91	Sep'91	Jan'93†
	%	%	%	%	%	%	%	%	%
Change in RPI									
in base period	+5.1	+7.0	+2.5	+4.2	+4.6	+8.3	+9.8	+5.8	3.88
RPI minus X*	+2.1	+4.0	-0.5	+1.2	+1.6	+3.8	+5.3	-0.4	-2.37
Permitted increase**	+2.1	+4.1	-0.1	+1.3	+2.8	+3.8	+5.5	-0.2	-0.95‡
Changes in price of exchange line rental:§									
domestic	+7.1	+8.5	+3.7	0.0	0.0	+10.0	+11.6	+7.8	+5.9
business	+6.8	+8.8	+3.9	0.0 <sup>Ⓞ</sup>	0.0	+10.1	+11.8	+7.7	+5.9
Change in the effective price of:									
Local calls									
peak	+6.8	+6.4	+18.9	0.0	0.0	0.0	-4.5	+3.5	0.0
standard	+6.8	+6.4	+6.4	0.0	0.0	+4.3	-4.5	+4.7	0.0
cheap	+6.8	+6.4	-3.6	0.0	0.0	+3.7	+10.1	+4.6	0.0
National 'a'									
peak	+6.8	+6.4	+1.6	0.0	0.0	0.0	-8.8	0.0	0.0
standard	+6.8	+18.3	+1.1	0.0	0.0	0.0	-9.0	0.0	0.0
cheap	+23.1	+6.4	+2.7	0.0	0.0	+3.6	+6.0	+4.9	0.0
National 'b1'~									
peak	-10.3	-14.0	-12.0~	0.0	0.0	0.0~	-9.9	0.0	0.0
standard	-10.2	-13.8	-12.0~	0.0	0.0	0.0~	-10.0	0.0	0.0
cheap	+6.8	+6.4	-12.0~	0.0	0.0	0.0~	+7.1	+4.9	0.0
National 'b'~									
peak	-14.0	-6.2	-16.0~	0.0	0.0	0.0~	-10.2	0.0	0.0
standard	-13.9	-4.9	-17.0~	0.0	0.0	0.0~	-10.1	0.0	0.0
cheap	+6.8	+6.4	-6.2~	0.0	0.0	0.0~	+7.0	+4.9	0.0
International calls	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-9.6	-0.7
Weighted average	+2.0	+3.7	-0.3	0.0	0.0	+3.2*	+5.3	+2.1	+1.5
Overall weighted average†	+2.0	+3.7	-0.3	0.0	0.0	+3.2	+5.3	-0.73	-0.1

### Notes:

† Although announced in December 1992, these changes were not due to come into effect until January 1993. They do not meet the full reduction required under the formula for the control year 1992/93.

\* 1984-1988, RPI minus 3; 1989-1991, RPI minus 4.5; September 1991, RPI minus 6.25

\*\* After allowing for carry-over of unused allowances from previous years.

‡ An adjustment of 1.15 was made to compensate BT for lower than expected revenue following the introduction of charges.

§ Exchange line with a basic telephone instrument in November 1984; exchange line excluding telephone instrument thereafter.

Ⓞ No increase in standard business line rental, but rental for low loss exchange lines increased.

~ In 1986, and again in 1989, routes were transferred from 'b' to 'b1'. Allowances were made for this in computing the weighted average.

# The total weighted average increase for the year was 3.5% due to a reduction in the number of concessionary days.

! Includes optional packages and standard unit discount fees from September 1991.

n/a not available

Source: OFTEL

**5.3 Summary of BT private circuit price changes controlled by its licence  
(Condition 24A)  
1989–92**

	<i>Sept 1989</i> %	<i>Sept 1990</i> %	<i>Dec 1991</i> %	<i>Jan 1993§</i> %
Change in RPI in base period	8.3	9.8	5.8	3.9
RPI*	11.3	9.8	5.8	3.9
Permitted increase†	11.3	9.8	7.8	4.3
Change in the price of private circuits:				
Megastream connection	2.9	-2.2	-15.7	-5.9
rental	21.7	-3.7	-0.1	-2.6
Kilostream connection	0.0	9.3	9.8	0.0
rental	0.0	-2.0	-1.7	0.0
Analogue connection	13.8	14.7	28.1	3.9
rental	11.9	11.1	10.6	3.8
International	n/a	n/a	0.0	2.4
Weighted average	11.3	7.6	7.4	2.0

**Notes:**

§ These changes were announced in December 1992 but were not due to come into effect until 1 January 1993.

\* The price constraint for the first year was the increase in RPI over 16 months

† After allowing for carry-over of unused allowances from previous years

Source: OFTEL.



## 6 BT's QUALITY OF SERVICE FIGURES

### 6.1 Network reliability

1983-1992

Year to 31 March	Local calls failed*	National calls failed*	Customer premises equipment and network faults per line per annum	Network only faults per per annum
	%	%	%	%
1983	2.7	5.9	0.55	n/a
1984	2.4	5.1	0.54	n/a
1985	2.0	4.4	0.53†	n/a
1986	1.7	4.1	0.48	0.20
1987 Mar§	2.2	5.4	0.54	0.25
1987 Sep§	2.2	4.3	0.43	0.20
1988 Mar§	1.9	3.6	n/a	0.22
1988 Sep§	1.7	3.5	n/a	0.19
1989 Mar§	1.4	2.4	n/a	0.21
1989 Sep§	1.1	1.7	n/a	0.17
1990 Mar§	1.0	1.2	n/a	0.25
1990 Sep§	0.6	0.7	n/a	0.16
Oct'90-Mar'91#	0.54	0.82	n/a	0.19
Apr'91-Sep'91#	0.34	0.52	n/a	0.16‡
Oct'91-Mar'92#	0.26	0.38	n/a	0.18‡
Apr'92-Sep'92#	0.20	0.28	n/a	0.16‡

**Notes:**

- \* Failed because of defective equipment or congestion
- † Change in the definition from 'fault reports' to 'faults'.
- § Figures for 1987-1990 are for the months of March and September only and cover daytime only. Figures for the year to 31 March are not available.
- # Figures from October 1990 refer to the six month period up to March or September and cover daytime and evening.
- ‡ Definition changed to 'Customer reported network faults per line per annum'.
- n/a Comparable figures are not available.

Source: BT



## 6.2 Fault repair service 1983-1992

Year to 31 March	Percentage of faults cleared:			
	By end of next working day*	Within two working days*		
1983	85.1	n/a		
1984	85.7	n/a		
1985	89.9	n/a		
1986	87.1	n/a		
1987 Mar§	n/a	73.9		
1987 Sep§	n/a	86.5		
1988 Mar§	n/a	90.2		
1988 Sep	n/a	91.6		
1989 Mar§	80.8	94.6		
1989 Sep§	86.3	96.2		
1990 Mar§	77.5	90.1		
1990 Sep§	91.4	97.9		
	<i>Business†</i>	<i>Residential†</i>	<i>Business‡</i>	<i>Residential‡</i>
Oct'90-Mar'91#	86.3	81.5	95.6	
Apr'91-Sep'91#	87.2	85.9	99.3	98.3
Oct'91-Mar'92#	87.9	85.8	99.4	98.6
Apr'92-Sep'92#	83.0	81.7	98.7	98.0

### Notes:

- \* Basis for calculation changed in 1987 from end of next working day to within two working days.
- § Figures for 1987 onwards are for the months of March and September only.
- † From October 1990 this category became 'Percentage of business faults cleared within 5 working hours' and 'Percentage of residential faults cleared within 9 working hours'.
- ‡ From September 1991 onwards this category was split into business and residential. From April 1991 the definition was changed to 'Percentage of faults cleared within two working days or by successful appointment'.
- # From October 1990 onwards the statistics refer to the six month period rather than just March or September.
- n/a Not available

Source: BT

### 6.3 Operator service and directory enquiries 1983-1992

Year to 31 March	Operator calls answered in 15 secs %	Directory enquiries.*	
		answered in 25 secs %	answered in 15 secs %
1983	86.8	82.5	n/a
1984	86.0	80.5	n/a
1985	84.6	80.0	n/a
1986	85.6	83.7	74.0
1987 Mar§	83.5	n/a	77.0
1987 Sep§	79.4	n/a	75.1
1988 Mar§	86.7	n/a	81.2
1988 Sep§	80.5	n/a	81.3
1989 Mar§	86.1	n/a	85.1
1989 Sep§	80.6	n/a	82.6
1990 Mar§	87.7	n/a	86.4
1990 Sep§	85.1	n/a	86.0
Oct'90-Mar'91#	88.8	n/a	89.4
Apr'91-Sep'91#	90.1	n/a	94.1
Oct'91-Mar'92#	94.0	n/a	92.8
Apr'92-Sep'92#	91.4	n/a	83.7

**Notes:**  
\* Basis changed from 25 to 15 seconds in 1987. Comparable figure for 1986 is included.  
§ Figures for 1987 onwards are for the months of March and September only.  
# From October 1990 onwards the figures relate to a six month period.  
n/a not available

## 7 MERCURY'S QUALITY OF SERVICE

### 7.1 Availability of service

1987-1992

Year and quarter	Average availability of all circuits:		Circuits with availability more than 99.5%:	
	Mercury faults only* %	All outages %	Mercury faults only* %	All outages %
1987				
fourth	99.9	99.7	96.9	94.7
1988				
first	99.9	99.9	96.8	94.9
second	99.9	99.8	98.3	97.1
third	99.9	99.8	98.0	94.1
fourth	99.9	99.8	98.5	94.5
1989				
first	99.9	99.9	98.4	96.6
second	99.9	99.8	96.6	90.8
third	99.9	99.8	97.1	90.6
fourth	99.9	99.8	96.7	93.9
1990				
first	99.9	99.8	96.3	93.0
second	99.9	99.8	96.9	92.2
third	99.9	99.8	96.2	91.6
fourth	99.9	99.8	95.9	93.9
1991				
first	99.9	99.8	97.2	95.5
second	99.9	99.8	97.9	96.2
third	99.9	99.6	98.5	93.9
fourth	99.9	99.8	96.0	94.5
1992				
first	99.82	99.75	96.83	95.59
second	99.90	99.85	97.35	95.06
third	99.91	99.89	97.24	96.07
fourth	99.98	99.96	98.88	98.10

**Notes:**  
Table shows availability of each directly-connected customer circuit.  
\* Excluding planned outages (normally arranged to minimise the effect on customers) and those due to other administrations.  
Source: Mercury

**7.2 Incidence of faults and service restoration time  
1988-1992**

Year and quarter	Faults per line*	Faults per circuit§	Faults attended within 4 hours	Faults attended within:		
				4 hours	6 hours	48 hours
	%	%	%	%	%	%
<b>1988</b>						
first	0.038	0.038	86.5	n/a	79.7	96.9
second	0.038	0.028	84.2	n/a	81.9	98.4
third	0.028	0.026	88.1	n/a	83.4	98.9
fourth	0.029	0.019	90.4	n/a	78.8	98.0
<b>1989</b>						
first	0.032	0.022	—#	n/a	78.4	97.3
second	0.029	0.018	—#	n/a	73.7	96.6
third	0.027	0.019	—#	n/a	76.5	96.3
fourth	0.020	0.015	81.5	n/a	75.1	95.3
<b>1990</b>						
first	0.023	0.014	79.8	67.5	n/a	94.8
second	0.019	0.012	82.0	66.6	n/a	95.2
third	0.018	0.014	77.9	62.9	n/a	93.2
fourth	0.017	0.012	81.7	60.5	n/a	91.8
<b>1991</b>						
first	0.019	0.014	80.3	62.4	n/a	95.1
second	0.016	0.013	76.7	63.7	n/a	93.8
third	0.016	0.011	78.8	64.5	n/a	93.3
fourth	0.016	0.010	77.5	66.5	n/a	93.6
<b>1992</b>						
first	0.013	0.007	78.98	64.42	n/a	90.64
second	0.012	0.008	78.81	65.83	n/a	91.41
third	0.010	0.005	77.72	68.12	n/a	93.55
fourth	0.007	0.002	76.60	71.71	n/a	95.23

**Notes:**

- 1 The figures previously published for faults attended and service restoration were based on samples. These have been recalculated.
  - 2 Mercury 2100 switched telephone service, national and international leased services and Mercury 2110 Centrex services except where otherwise indicated.
- \* Direct switched 2100 service.  
 § National private leased.  
 # Data not consistent with other periods.  
 n/a not available

Source: Mercury

### 7.3 Directory enquiries service 1989-1992

<i>Year and quarter</i>	<i>Percentage answered in 15 secs*</i>
1989	
first	83.4
second	85.2
third	78.8
fourth	82.7
1990	
first	97.0
second	93.7
third	85.7
fourth	79.3
1991	
first	83.7
second	96.6
third	92.6
fourth	92.6
1992	
first	65.5
second	46.8
third	51.3
fourth	55.6

**Note:**  
\* Of all calls answered, percentage of calls which were answered within 15 seconds.

Source: Mercury

### 7.4 Provision of service 1990-1992

<i>Year and quarter</i>	<i>Installations completed on time* %</i>
1990	
first	66.0
second	74.7
third	79.0
fourth	81.3
1991	
first	78.5
second	83.9
third	84.4
fourth	83.4
1992	
first	83.6
second	86.3
third	79.5
fourth	81.4

**Note:**  
\* Direct services combined

Source: Mercury

## 7.5 Test call failure rate 1990-1991

<i>Year and quarter</i>	<i>Test call failure %</i>
1990	
first	2.8
second	2.9
third	3.4
fourth	2.3
1991	
first	2.6
second	1.9
third	2.0
fourth	2.4
1992	
first	n/a*
second	n/a
third	n/a
fourth	n/a

**Note:**  
 Test call program is designed to be reflective of business customer calling patterns and is performed throughout the day/week during high traffic periods.  
 \* The publication of this performance measure has been suspended pending the outcome of discussions between OFTEL and Mercury on the method of assessment.

*Source:* Mercury

## 7.6 Payphones 1991-1992

<i>Year and quarter</i>	<i>Overall service availability %</i>
1991	
first	99.5
second	97.9
third	98.3
fourth	98.6
1992	
first	99.48
second	98.98
third	98.91
fourth	99.39

*Source:* Mercury



## 8 TELEX AND FACSIMILE SERVICE

### 8.1 Number of telex exchange connections (BT only)

1980–1992 United Kingdom

<i>Year at 31 March</i>	<i>Number of exchange connections (000s)</i>
1980	85.8
1981	87.9
1982	90.4
1983	90.6
1984	92.9
1985	97.0
1986	104.3
1987	111.5
1988	116.2
1989	111.1
1990	98.6
1991	62.1
1992	63.5

Source: BT

### 8.2 Estimated numbers of facsimile terminals

1986–1992 United Kingdom

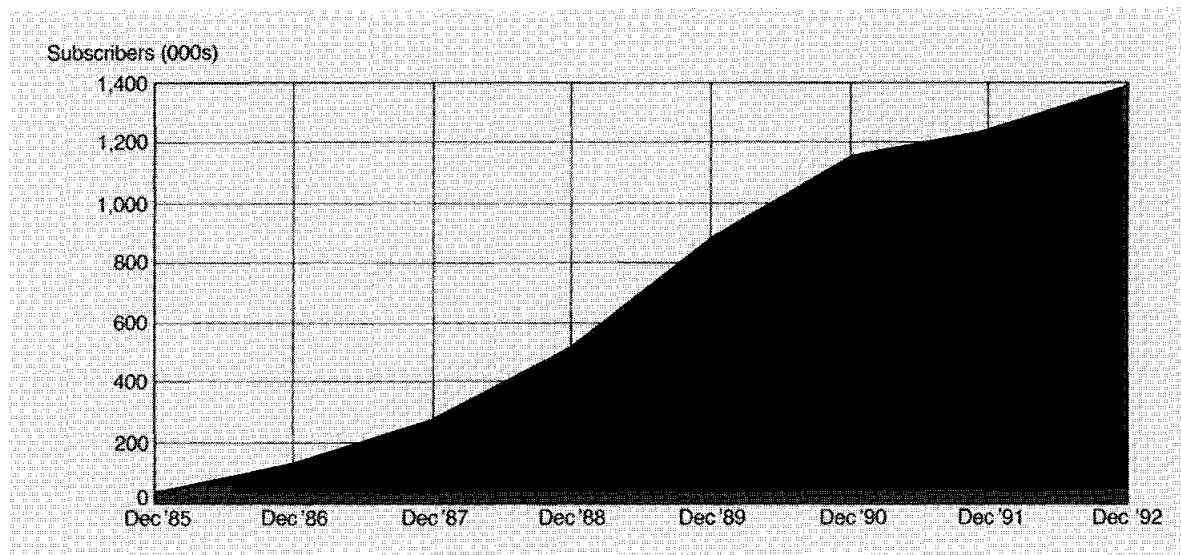
	<i>Number (000s)</i>
December 1986	86
December 1987	173
December 1988	370
December 1989	556
December 1990	750
December 1991	900
December 1992	1005

Source: British Facsimile Industry Consultative Committee (BFICC)

## 9 MOBILE SERVICES

### 9.1 Estimated number of cellular radio subscribers

1985–1992 United Kingdom



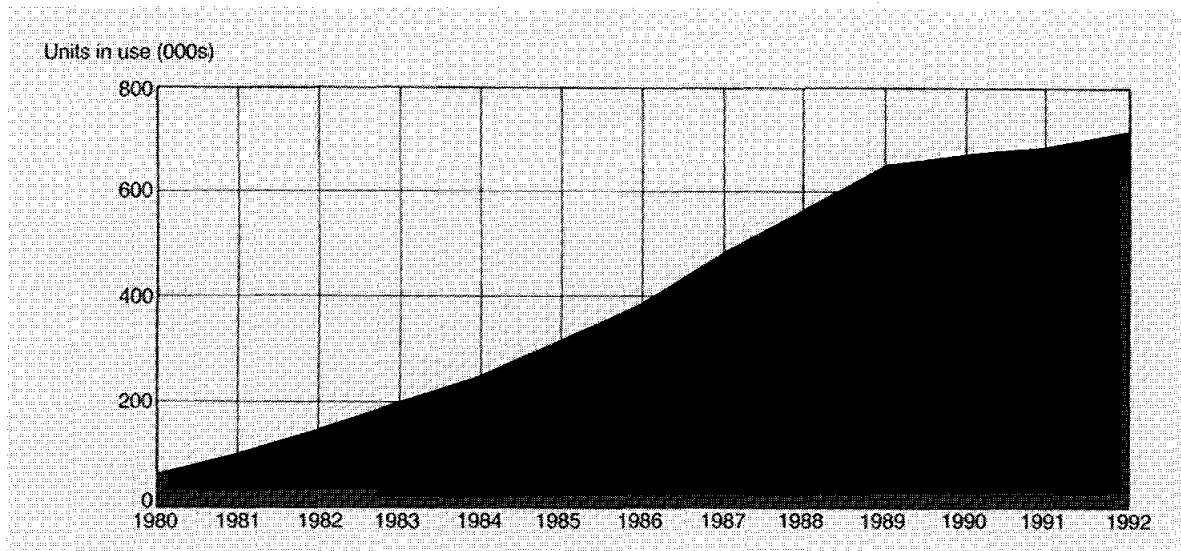
**Note:**

Cellular radio services commenced in January 1985.

Source: CIT Research and other sources. 1991 and 1992 figures from *Financial Times Telecom Markets*

### 9.2 Estimated number of wide area radiopagers in use

1980–1992 United Kingdom



Source: CIT Research and other sources. 1991 and 1992 figures from *Financial Times Telecom Markets*



## 10 TELEGRAPH AND TELECOMMUNICATIONS EQUIPMENT INDUSTRY DATA

### 10.1 Proportion of new PABXs and key systems supplied by BT (based on number of extension lines supplied) by size of system 1980-1991

<i>Year to 31 March</i>	<i>Small systems %</i>	<i>Medium systems %</i>	<i>Large systems %</i>	<i>Total systems %</i>
1980-1981	99	87	0	83
1981-1982	100	92	0	81
1982-1983	97	85	1	74
1983-1984	95	80	17	76
1984-1985	95	75	48	75
1985-1986	84	63	52	69
1986-1987	78	50	37	58
1987*	68	43	38	52
1988*§	65	45	37	51
1989*	59	43	37	47
1990*	50	35	38	40
1991*	45	35	33	38

**Notes:**  
 Small systems - up to 16 lines  
 Medium systems - 17 to 500 lines  
 Large systems - over 500 lines  
 \* Figures for the years from 1987 onwards are January to December figures  
 § Revised figures

**Sources:**  
 1981-1985: The Monopolies and Mergers Commission, British Telecommunications plc and Mitel Corporation, a report on the proposed merger, HMSO 1986 (Cmnd 9715)  
 1986-1991: MZA Consultants

**10.2 Proportion of new telephones and telephone answering machines supplied by BT  
(ex manufacturers' deliveries)  
1984-1991**

<i>Year to 31 March</i>	<i>Telephones</i> %	<i>Telephone answering machines</i> %
1984-1985	83	n/a
1985-1986	79	25
1986-1987	66	25
1987*	54	25
1988*	51	30
1989*	50	40
1990*	54§	43§
1991*	53	29

**Notes:**

\* Figures for the years 1987 onwards are January to December figures as data for the year to 31 March are no longer available

§ Amended figures

n/a not available

Source: MZA Consultants

## 11 MERCURY GROWTH STATISTICS

### 11.1 Mercury capital investment and network growth 1984–1992

	<i>Cumulative capital investment*</i> (£m)	<i>Towns with one or more Mercury nodes</i> §	<i>Mercury access areas</i> †
March 1984	10	—	—
March 1985	90	6	—
March 1986	140	25	—
March 1987	295	38	66
March 1988	498	51	103
March 1989	785	67	118
December 1989	n/a	76	231#
March 1990	1082	85	231
September 1990	n/a	85	258
March 1991	1427	85	278
September 1991	1633	85	300
March 1992	1869	90	n/a
September 1992	2060	90	350

**Notes:**

\* Includes expansion of the network, customer installations and investment in joint venture businesses.

§ A node is a point of access for directly connected Mercury customers. Mercury's licence determined that service should be provided to 19 locations by November 1989.

† Mercury access areas are national code areas in which choice of Mercury network routing is available from BT exchange lines.

# Increase reflects extension of interconnect arrangements to provide full local extended ingress.

n/a not available

Source: Mercury

**11.2 Mercury traffic volume\***  
1987-1992

	<i>Volume</i> (millions)
March 1987	0.05
March 1988	0.3
March 1989	1.3
September 1989	2.1
March 1990	2.9
September 1990	3.7
March 1991	5.2
September 1991	6.4§
March 1992	8.2
September 1992	9.6

**Notes:**  
 \* Telephone call volume (outgoing paid PSTN calls) per working day  
 § Revised figure  
 Source: Mercury

**11.3 Ordered PSTN lines\* by type of Mercury service**  
1987-1992

	<i>Numbers of lines:</i>		
	2100§ (000s)	2200# (000s)	2300† (000s)
March 1987	5	2	—
March 1988	26	12	6
March 1989	58	52	15
December 1989	89	100	28
March 1990	98	128	35
September 1990	119	201	53
March 1991‡	127	264	90
September 1991‡	142	364	139
March 1992	161	421	200
September 1992	173	479	243

**Notes:**  
 \* Cumulative numbers of lines (including some not installed by date shown)  
 § Directly connected service for larger businesses  
 # Directly connected service for small and medium sized businesses  
 † Indirectly connected service for single line residential and small business customers  
 ‡ Some revised figures  
 Source: Mercury

## 11.4 Mercury payphones 1989-1992

	<i>Number of payphones*</i>
March 1989	200
March 1990	600
September 1990	3200
March 1991	4495
September 1991	4697
March 1992	4598§
September 1992	4444

**Notes:**

- \* Cumulative installations
- § Payphone numbers reduced as part of Mercury's repositioning programme, taking them out of private sites and putting them on the streets.

**Source:** Mercury



# 4

## Non-PTO licences issued during 1992 under the Telecommunications Act 1984

<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Renewal of temporary licence granted to Cognito Group Ltd to run telecommunication systems for the provision of mobile radio data services	6 months	6/1
Licence granted to Infowave Ltd to run telecommunication systems for the provision of radiopaging services	25 years	14/1
Licence granted to Birmingham Cable Ltd to run broadcast relay systems in the area of Birmingham and Solihull for the provision of all types of broadcast service	To 31/1/98	20/1
Licence granted to Cable and Satellite Television Holdings Ltd to run broadcast relay systems in the area of Swansea, Neath and Port Talbot for the provision of all types of broadcast service	To 30/9/96	20/1
Licence granted to Cambridge Cable Ltd to run broadcast relay systems for the provision of all types of broadcast service	To 31/3/97	20/1
Licence granted to City Centre Communications Ltd to run broadcast relay systems in the area of North West London for the provision of all types of broadcast service	To 31/8/96	20/1
Licence granted to East London Telecommunications Ltd to run broadcast relay systems in the area of Tower Hamlets and Newham for the provision of all types of broadcast service	To 31/12/94	20/1
Licence granted to East London Telecommunications Ltd to run broadcast relay systems in the area of Waltham Forest for the provision of all types of broadcast service	To 30/11/94	20/1

<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Licence granted to East London Telecommunications Ltd to run broadcast relay systems in the area of Greater London East for the provision of all types of broadcast service	To 31/12/96	20/1
Licence granted to General Cable Ltd to run broadcast relay systems in the area of Bradford for the provision of all types of broadcast service	To 28/2/97	20/1
Licence granted to Middlesex Cable Ltd to run broadcast relay systems for the provision of all types of broadcast service	To 31/3/97	20/1
Licence granted to Scotcable (Motherwell) Ltd to run broadcast relay systems for the provision of all types of broadcast service	To 30/11/96	20/1
Licence granted to Scotcable (Cumbernauld) Ltd to run broadcast relay systems for the provision of all types of broadcast service	To 30/11/94	20/1
Licence granted to Sheffield Cable Media Ltd to run broadcast relay systems in the area of Sheffield for the provision of all types of broadcast service	To 31/12/95	20/1
Licence granted to Videotron London Ltd to run broadcast relay systems in the area of Greenwich and Lewisham for the provision of all types of broadcast service	To 31/12/95	20/1
Licence granted to Videotron London Ltd to run broadcast relay systems in the area of Lambeth and Southwark for the provision of all types of broadcast service	To 31/12/95	20/1
Licence granted to Videotron London Ltd to run broadcast relay systems in the area of Wandsworth for the provision of all types of broadcast service	To 31/12/95	20/1
Licence granted to Videotron Harrow Ltd to run broadcast relay systems in the area of Harrow for the provision of all types of broadcast service	To 31/1/95	20/1
Licence granted to Millbay Marina Village Management Co Ltd to run cable systems passing no more than 1,000 premises for the provision of all types of broadcast service	3 years	23/1
Licence granted to Valiant House (Management) Ltd to run cable systems passing no more than 1,000 premises for the provision of all types of broadcast service	3 years	23/1

<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Renewal of temporary licence granted to Radionet Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services within that area bounded by the M25 motorway	6 months	24/1
Renewal of temporary licence granted to Zycall Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services within the East Midlands	6 months	24/1
Renewal of temporary licence granted to National Mobile Radio Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services within that area bounded by the M25 motorway	6 months	24/1
Renewal of temporary licence granted to National Mobile Radio Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services in the Manchester and Merseyside areas	6 months	24/1
Renewal of temporary licence granted to National Mobile Radio Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services in the Birmingham, Rugby, Great Malvern and surrounding areas	6 months	24/1
Renewal of temporary licence granted to National Mobile Radio Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services in the Edinburgh, Glasgow and Aberdeen areas	6 months	24/1
Renewal of temporary licence granted to RT Radiophones Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services in Lincoln-shire, Humberside and Yorkshire	6 months	24/1
Renewal of temporary licence granted to Trunked Radio Networks Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services within that area bounded by the M25 motorway	6 months	24/1
Renewal of temporary licence granted to Mercantile Radio Services Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services within that area bounded by the M25 motorway	6 months	24/1
Renewal of temporary licence granted to Motorola-Storno Airtime Services Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services within that area bounded by the M25 motorway	6 months	24/1



<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Renewal of temporary licence granted to London Band III Network Co Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services within that area bounded by the M25 motorway	6 months	24/1
Temporary licence granted to Trunked Radio Networks Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services in Kent (Medway towns)	6 months	29/1
Temporary licence granted to Codercom (Cooper-Warner) Ltd to run a telecommunications system for the provision of private mobile radio telecommunication services	12 months	1/2
Licence granted to Meteor Communications (Europe) Ltd to run telecommunication systems for the conveyance of data messages using meteor reflection techniques for telecontrol and telemetry	12 years	14/2
Licence granted to Ram Mobile Data Ltd to run telecommunication systems for the provision of radio data services	25 years	18/2
Licence granted to Paknet Ltd to run telecommunication systems for the provision of radio data services	25 years	18/2
Licence granted to Cognito Group Ltd to run telecommunication systems for the provision of radio data services	25 years	18/2
Licence granted to Hutchison Mobile Data (UK) Ltd to run telecommunication systems for the provision of radio data services	25 years	18/2
Renewal of temporary licence granted to Kingston Communications (Hull) Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services in the Humberside area	6 months	13/3
Renewal of temporary licence granted to Wessex Radio Networks Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services in the Southampton and Portsmouth areas	6 months	18/3
Licence granted to National Band Three Ltd to run nationwide telecommunication systems for the provision of private mobile radio telecommunication services	25 years	6/4

<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Renewal of temporary licence granted to London Radio Networks Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services within that area bounded by the M25 motorway	6 months	8/5
Licence granted to The Brighton Marina Company Ltd to run cable systems passing no more than 1,000 premises for the provision of all types of broadcast services	To 24/10/93	12/5
Renewal of temporary licence granted to Hutchison Personal Communications Ltd to run telecommunication systems for the provision of short range radio telecommunication services	6 months	19/5
Temporary licence granted to Vodafone Ltd to run a radio fixed link between Newry, Ulster and Dundalk in the Republic of Ireland	6 months	22/5
Licence granted to DICE Ltd to run telecommunication systems for the provision of radio data services	25 years	4/6
Licence granted to Microcell Links Ltd to run telecommunication systems providing microwave fixed links to mobile network operators and other business customers	25 years	5/6
Renewal of temporary licence granted to Air Call Communications Ltd to run a telecommunication system for the provision of private mobile radio telecommunication services	6 months	19/6
Licence granted to Hutchison Paging (UK) Ltd to run telecommunication systems for the provision of radiopaging services	25 years	30/6
Temporary licence granted to Normcall Communications Ltd to run a telecommunication system for the provision of private mobile radio telecommunication services	1 year	8/7
Licence granted to R T Radiophones Ltd to run telecommunication systems for the provision of mobile radio telecommunication services within Lincolnshire, Humberside and Yorkshire	25 years	24/7
Licence granted to London Radio Networks Ltd to run telecommunication systems for the provision of mobile radio telecommunication services within that area bounded by the M25 motorway	25 years	24/7

<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Licence granted to Trunked Radio Networks Ltd to run telecommunication systems for the provision of mobile radio telecommunication services within (1) the area bounded by the M25 motorway and (2) the London Airports	25 years	24/7
Licence granted to Trunked Radio Networks Ltd to run telecommunication systems for the provision of mobile radio telecommunication services within (1) Kent (being the Medway towns of Maidstone, Canterbury and Ashford and the areas surrounding those towns) and (2) Sussex (being the towns of East Grinstead, Crowborough, Haywards Heath and Horsham and the areas surrounding those towns)	25 years	24/7
Licence granted to Mercantile Radio Services Ltd to run telecommunication systems for the provision of mobile radio telecommunication services within that area bounded by the M25 motorway	25 years	24/7
Licence granted to Radionet Ltd to run telecommunication systems for the provision of mobile radio telecommunication services within that area bounded by the M25 motorway	25 years	24/7
Licence granted to WRN Ltd to run telecommunication systems for the provision of mobile radio telecommunication services in the Southampton and Portsmouth areas	25 years	24/7
Licence granted to Zycall Ltd to run telecommunication systems for the provision of mobile radio telecommunication services within the East Midlands	25 years	24/7
Licence granted to Motorola Ltd to run telecommunication systems for the provision of mobile radio telecommunication services within the Edinburgh, Glasgow and Aberdeen areas	25 years	24/7
Licence granted to Motorola Ltd to run telecommunication systems for the provision of mobile radio telecommunication services within the Manchester and Merseyside areas	25 years	24/7
Licence granted to Motorola Ltd to run telecommunication systems for the provision of mobile radio telecommunication services within that area bounded by the M25 motorway	25 years	24/7
Licence granted to Motorola Ltd to run telecommunication systems for the provision of mobile radio telecommunication services within the Birmingham, Rugby, Great Malvern and surrounding areas	25 years	24/7

<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Licence granted to Key Radio Networks Ltd to run telecommunication systems for the provision of mobile radio telecommunication services within the Guildford neighbourhood	25 years	29/7
Licence granted to United Artists Communications (London South) plc to run broadcast relay systems for the provision of all types of broadcast service	To 31/12/95	31/7
Licence granted to Millicom Satellite TV Services (UK) Ltd to run cable systems passing no more than 1,000 premises for the provision of all types of broadcast services	To 30/8/94	31/7
Licence granted to Metro Cable TV Ltd to run cable systems in the areas of Dover, Deal and Folkestone for the conveyance of all types of entertainment services	(a)	4/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Leicester for the conveyance of all types of entertainment services	(a)	4/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Hatfield for the conveyance of all types of entertainment services	(a)	4/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Hastings for the conveyance of all types of entertainment services	(a)	4/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Eastbourne for the conveyance of all types of entertainment services	(a)	4/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Bristol for the conveyance of all types of entertainment services	(a)	4/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Basildon for the conveyance of all types of entertainment services	(a)	4/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Ashford (Kent) for the conveyance of all types of entertainment services	(a)	4/8
Licence granted to Metro Cable TV Ltd to run cable systems in the areas of Newbridge & Bargoed and Penybryn for the conveyance of all types of entertainment services	(a)	4/8

<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Maidstone for the conveyance of all types of entertainment services	(a)	4/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Blaenavon for the conveyance of all types of entertainment services	(a)	5/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Pembroke Dock for conveyance of all types of entertainment services	(a)	5/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Resolven for the conveyance of all types of entertainment services	(a)	5/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Canterbury for the conveyance of all types of entertainment services	(a)	5/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Welwyn Garden City for the conveyance of all types of entertainment services	(a)	5/8
Licence granted to Metro Cable TV Ltd to run cable systems in the areas of Rhondda and Pontypridd for the conveyance of all types of entertainment services	(a)	5/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Reading for the conveyance of all types of entertainment services	(a)	5/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Oxford for the conveyance of all types of entertainment services	(a)	5/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Merthyr Tydfil for the conveyance of all types of entertainment services	(a)	5/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Swansea & Pontardawe for the conveyance of all types of entertainment services	(a)	5/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Ammanford for the conveyance of all types of entertainment services	(a)	6/8

<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Cwmgors for the conveyance of all types of entertainment services	(a)	6/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of the Afan Valley for the conveyance of all types of entertainment services	(a)	6/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Glyn-Neath for the conveyance of all types of entertainment services	(a)	6/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Cadoxton for the conveyance of all types of entertainment services	(a)	6/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Northampton for the conveyance of all types of entertainment services	(a)	6/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Rochdale for the conveyance of all types of entertainment services	(a)	6/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Ebbw Vale for the conveyance of all types of entertainment services	(a)	6/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Tunbridge Wells for the conveyance of all types of entertainment services	(a)	6/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Tonbridge for the conveyance of all types of entertainment services	(a)	6/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Brecon for the conveyance of all types of entertainment services	(a)	6/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Haverfordwest for conveyance of all types of entertainment services	(a)	6/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Abergavenny for the conveyance of all types of entertainment services	(a)	6/8

<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Rhymney for the conveyance of all types of entertainment services	(a)	6/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Neyland for the conveyance of all types of entertainment services	(a)	6/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Lewes for the conveyance of all types of entertainment services	(a)	6/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Maesteg for the conveyance of all types of entertainment services	(a)	6/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Blackpool for the conveyance of all types of entertainment services	(a)	6/8
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Bridgend (Llangeinor) for the conveyance of all types of entertainment services	(a)	6/8
Licence granted to Stort Valley Cable Ltd to run cable systems for the conveyance of all types of entertainment services	10 months	28/8
Class licence to run branch systems to provide telecommunication services	25 years	1/9
Revision of Class licence for the running of self provided telecommunication systems	25 years	1/9
Licence granted to Kinshine Cablevision Ltd to run cable systems in the area of Nottingham for the conveyance of all types of entertainment services	(a)	23/9
Licence granted to Kinshine Cablevision Ltd to run cable systems in the area of Stoke-on-Trent for the conveyance of all types of entertainment services	(a)	23/9
Licence granted to Kinshine Cablevision Ltd to run cable systems in the area of Rotherham for the conveyance of all types of entertainment services	(a)	23/9
Licence granted to Kinshine Cablevision Ltd to run cable systems in the area of Mansfield for the conveyance of all types of entertainment services	(a)	23/9

<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Licence granted to Giantlift Ltd to run cable systems in the areas of Billingham and Stockton for the conveyance of all types of entertainment services	(a)	23/9
Licence granted to Giantlift Ltd to run cable systems in the area of Hartlepool for the conveyance of all types of entertainment services	(a)	23/9
Licence granted to Giantlift Ltd to run cable systems in the area of Middlesbrough for the conveyance of all types of entertainment services	(a)	23/9
Licence granted to Giantlift Ltd to run cable systems in the area of Burnley for the conveyance of all types of entertainment services	(a)	23/9
Licence granted to Giantlift Ltd to run cable systems in the area of Newcastle for the conveyance of all types of entertainment services	(a)	23/9
Licence granted to Giantlift Ltd to run cable systems in the area of Gateshead for the conveyance of all types of entertainment services	(a)	23/9
Licence granted to Giantlift Ltd to run cable systems in the area of Norwich for the conveyance of all types of entertainment services	(a)	23/9
Licence granted to Giantlift Ltd to run cable systems in the area of Plymouth for the conveyance of all types of entertainment services	(a)	23/9
Licence granted to ACC Long Distance Ltd to run telecommunication systems for the provision of International Simple Resale Services	7 years	25/9
Licence granted to IISS – Numbering Worldwide Ltd to run telecommunication systems for the provision of International Simple Resale Services	10 years	25/9
Licence granted to Cognito Group Ltd for the running of telecommunication systems for the provision of radio data services	25 years	12/10
Renewal of licence granted to Hutchison Personal Communications Ltd to run telecommunication systems for the provision of short range radio telecommunication services	6 months	19/11



<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Renewal of licence granted to Vodafone Ltd to run a radio fixed link between Newry and Dundalk	10 years	22/11
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Carmarthen for the conveyance of all types of entertainment services	(a)	15/12
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Milford Haven for the conveyance of all types of entertainment services	(a)	15/12
Licence granted to Metro Cable TV Ltd to run cable systems in the area of Stevenage for the conveyance of all types of entertainment services	(a)	15/12
Renewal of temporary licence granted to Air Call Communications Ltd to run a telecommunication system for the provision of private mobile radio services	6 months	19/12
Licence granted to National Transcommunications Ltd to run telecommunication systems	10 years	30/12
Class licence to run cable systems providing no more satellite channels than the number of satellite channels provided by the systems on 31 December 1990	10 years	31/12

**Note:**

(a) Licence remains in force, subject to the possibility of revocation in accordance with Schedule 2, for the period during which there remains in force, in respect of the provision, in the Area outlined on the map in the Appendix to Annex A, of telecommunication services authorised in sub-paragraphs 1(b) and 1(c) of Schedule 3 a licence granted under Section 4 of the Cable and Broadcasting Act 1984 or under Part II of the Broadcasting Act 1990 or a licence having that effect and assigned to the Licensee.



# 5

## OFTEL publications in 1992

The following publications were issued by OFTEL (unless otherwise stated). They are available free of charge except where a price is given. All OFTEL publications can be obtained from OFTEL's Library (tel: 071-634 8764/5). The OFTEL reference number is shown in brackets where appropriate.

### GENERAL

The Regulation of BT's Prices. *A Consultative Document*

Future Controls on British Telecom's Prices. *A Statement by the Director General of Telecommunications* (10/92)

Policy on Separation and Interconnection. *A Statement by the Director General of Telecommunications* (9/92)

Telephone Numbering: The National Code Change. *A Statement by the Director General of Telecommunications* (17/92)

Telephone Numbering: Changes in Five Major Cities. *A Statement by the Director General of Telecommunications*

UK National Code Change - Customer Premises Equipment Implications. *A Report for OFTEL by Ovum Ltd* £11.00

Local Network Integrity. *A Statement by the Director General of Telecommunications* (18/92)

A Guide to Cellular Radio. *Amended reprint* (5/92)

Does Your Business Need a New Telephone System? *Amended reprint* (6/92)

OFTEL Working Paper number 4: Responses to OFTEL's Consultative Document on the future regulation of BT's prices

Text Terminals for Deaf People and How to Use Them

## **CONSUMER**

A Consumer Guide to Telephones and Services. *Updated edition* (8/92)

Telephone Service in 1992. *A Report by the Director General of Telecommunications* (23/92)

Competition and Service (Utilities) Act 1992: Individual and overall standards for performance. *A Consultative Document*

Stopping Unsolicited Sales Calls. *OFTEL Information Sheet no 4*

Report of the English Advisory Committee on Telecommunications (ENACT) for 1991 (15/92)

Report of the Scottish Advisory Committee on Telecommunications (SACOT) for 1991 (14/92)

Report of the Welsh Advisory Committee on Telecommunications (WACT) for 1991

Report of the Northern Ireland Committee on Telecommunications (NIACT) for 1991 (13/92)

Report of the Advisory Committee on Telecommunications for Disabled and Elderly People (DIEL) for 1991 (16/92)

Report of the Advisory Committee on Telecommunications for Small Businesses (BACT) for 1991 (12/92)

Licence granted by the Secretary of State for Trade and Industry to British Telecommunications plc under section 7 of the Telecommunications Act 1984. *Revised edition* Published by HMSO (ISBN 0-11-514982-1) £12.00

Licence granted by the Secretary of State for Trade and Industry to Mercury Communications Ltd under section 7 of the Telecommunications Act 1984. *Revised edition* Published by HMSO (ISBN 0-11-514983-X) £12.00

## **TECHNICAL**

The Wiring Code. Part 3 – Shared cabling (21/92)

Technical Basis for Crosstalk Data Contained in Part 3 of OFTEL's *The Wiring Code*

The Wiring Code. Part 2 – Business and other complex installations. *Revised reprint*

Explanatory Guide to the Self-Provision Licence (SPL) and the Telecommunication Services Licence (TSL)

Network Interfaces Co-ordination Committee

Quality Assessment Guide for the Application of ISO 9002:1987 (BS 5750:Part 2:1987) for the Registration of Maintainers of Approved Call Routing Apparatus (Large and Small) and Serially Connected Equipment

Approval Requirements for Payphones Connected to Public Switched Telephone Networks (OTR:002)

Specification for the Quality of Service Survey of the Cellular Telephone Networks £20.00

**Updates** (a series of technical fact sheets)

Revised Approvals Requirements for Private Payphones Connected to Public Switched Telephone Networks (SA58) (1/92)

Customer Premises Wiring (SA59) (22/92)

## **STATISTICS**

International Comparisons of Telephone Charges. *Statistical Note no 1*

Monitoring the Telephone Bill of a 'Typical' Residential Customer. *Statistical Note no 2*

## **NEWSLETTERS**

**OFTEL News** Quarterly newsletter

**Newsline** Series of news and information sheets sent to local Telecommunications Advisory Committees (TACs)

**BusinessLine** Series of news and information sheets sent to those with an interest in small businesses (on behalf of BACT)

*OFTEL News and the Update series are circulated, free of charge, through OFTEL's mailing list. Telephone OFTEL's Press Office (tel: 071-634 8754) for more details and to be added to the list.*



# 6

## **Directions to the Director General under section 94 of the Telecommunications Act 1984 to implement EC legislation**

The Directions set out below were made on 17 December 1992.

### **The Open Network Provision (ISDN) Direction 1992**

WHEREAS the Council of the European Community, having regard to Council Directive 90/387/EEC of 28 June 1990 on the establishment of the internal market for telecommunications services through the implementation of Open Network Provision has adopted a Recommendation on the provision of harmonised Integrated Services Digital Network ('ISDN') access arrangements and a minimum set of ISDN offerings in accordance with ONP principles ('the Recommendation');

AND WHEREAS section 94 of the Telecommunications Act 1984, together with section 106(4)(b), provides for the Secretary of State to give directions to a person to whom the said section 94 applies where it appears to the Secretary of State to be requisite or expedient to do so in order to attain, or facilitate the attainment of, any object the attainment of which is, in his opinion, requisite or expedient in view of Her Majesty's Government in the United Kingdom being party to an international agreement;

AND WHEREAS the Secretary of State has consulted the Director in accordance with the said section 94:

AND WHEREAS the Secretary of State considers it requisite or expedient to give the following directions;

NOW THEREFORE, in exercise of his powers under the said section 94 and of all other powers enabling him in that behalf, the Secretary of State HEREBY DIRECTS the Director—

- (a) to collect and make publicly available statistical information showing achieved performance in relation to delivery periods, repair times and quality of service indicators of ISDN in accordance with point 8 of the Recommendation, initially to cover the period 1 January to 31 December 1994 and annually thereafter;

- (b) to collect the necessary information and prepare annual summary reports covering the availability of ISDN offerings, including level of penetration, in accordance with point 16 of the Recommendation, initially to cover the period 1 January to 31 December 1993, and to send a copy of each summary report to the Commission of the European Communities no later than five months after the end of the calendar year to which it relates;
- (c) to collect the information concerning ISDN offerings specified in point 3 of the Recommendation and as further specified in point 4 and Annex III thereof, and to keep available and submit to the Commission of the European Communities on request that information and the information in point 8 of the Recommendation in accordance with point 17 thereof; and
- (d) to establish simple procedures for users of ISDN offerings to invoke with regard to any difficulties encountered in relation to the application of the Recommendation, accordance with point 18 thereof.

2 Words and phrases in this Direction shall, unless the context otherwise requires, have the same meaning as in the Act.

3 This Direction may be referred to as the Open Network Provision (ISDN) Direction 1992 and shall come into force on 1 January 1993.

(signed) E J Leigh  
Parliamentary Under-Secretary of State  
Department of Trade and Industry  
17 December 1992

### **The Open Network Provision (PSDS) Direction 1992**

WHEREAS the Council of the European Community, having regard to Council Directive 90/387/EEC of 28 June 1990 on the establishment of the internal market for telecommunications services through the implementation of Open Network Provision has adopted a Recommendation on the harmonised provision of a minimum set of Packet Switched Data Services ('PSDS') in accordance with ONP principles ('the Recommendation');

AND WHEREAS section 94 of the Telecommunications Act 1984, together with section 106(4)(b), provides for the Secretary of State to give directions to a person to whom the said section 94 applies where it appears to the Secretary of State to be requisite or expedient to do so in order to attain, or facilitate the attainment of, any object the attainment of which is, in his opinion, requisite or expedient in view of Her Majesty's Government in the United Kingdom being party to an international agreement;

AND WHEREAS the Secretary of State has consulted the Director in accordance with the said section 94:

AND WHEREAS the Secretary of State considers it requisite or expedient to give the following directions;

NOW THEREFORE, in exercise of his powers under the said section 94 and of all other powers enabling him in that behalf, the Secretary of State HEREBY DIRECTS the Director—

- (a) to collect and make publicly available statistical information showing achieved performance in relation to quality of service indicators for PSDS in accordance with point 7 of the Recommendation, initially to cover the period 1 January to 31 December 1993 and annually thereafter;
- (b) to collect the necessary information and prepare annual summary reports covering the availability of PSDSs, in accordance with point 11 of the Recommendation, initially to cover the period 1 January to 31 December 1993, and to send a copy of each summary report to the Commission of the European Communities no later than five months after the end of the calendar year to which it relates;
- (c) to collect the information concerning PSDSs specified in point 3 of the Recommendation and as further specified in point 4 and Annex II thereof, and to keep available and submit to the Commission of the European Communities on request that information and the information in point 7 of the Recommendation in accordance with point 12 thereof; and
- (d) to establish simple procedures for users of PSDSs to invoke in the event of any difficulties encountered in relation to the application of the Recommendation, in accordance with point 13 thereof.

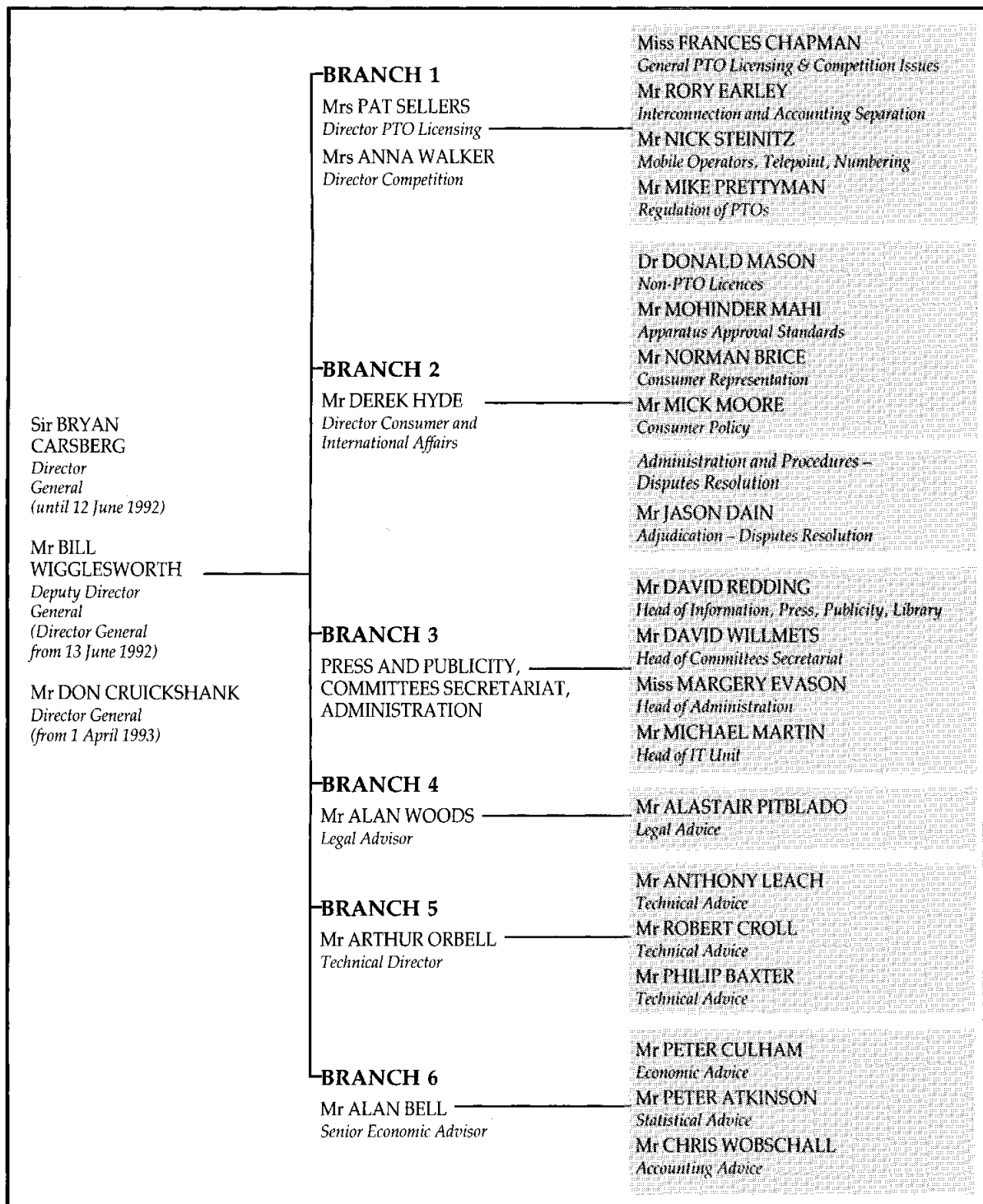
2 Words and phrases in this Direction shall, unless the context otherwise requires, have the same meaning as in the Act.

3 This Direction may be referred to as the Open Network Provision (PSDS) Direction 1992 and shall come into force on 1 January 1993.

(signed) E J Leigh  
Parliamentary Under-Secretary of State  
Department of Trade and Industry  
17 December 1992

# 7

## OFTEL organisation chart (as at 31 December 1992)

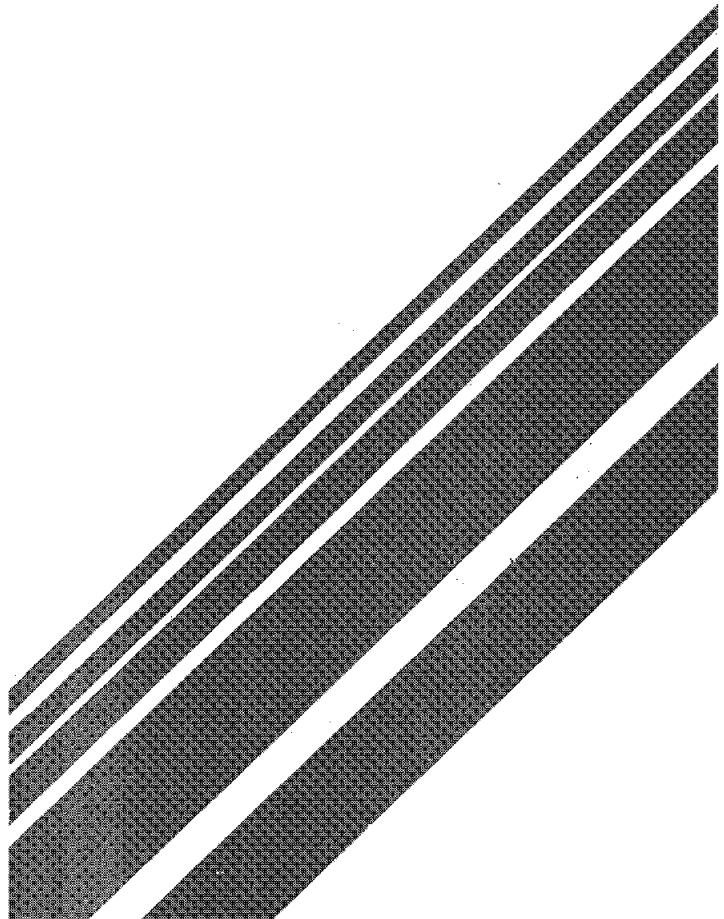












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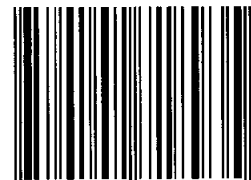
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