





**REPORT**  
*of the*  
**DIRECTOR GENERAL**  
*of*  
**TELECOMMUNICATIONS**

for the period 1 January  
to 31 December 1989  
to the Secretary of State for  
Trade and Industry

*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



I am 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 my activities and the activities of the Monopolies and Mergers Commission (MMC) in so far as they relate to references made by me.

This report covers the period 1 January to 31 December 1989. In the first section, I comment generally on my activities during the period, with special emphasis on the issues which will be prominent in the forthcoming duopoly review. 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 to the MMC during 1989.

SIR BRYAN CARSBURG  
18 May 1990

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# TOWARDS THE DUOPOLY REVIEW

## Director General's Statement

When the Government was developing its new policies for telecommunications, in 1983 and 1984, it established a few key mileposts at which a review of major issues would or could take place. Two of these were passed in 1989 and one lies in the near future, towards the end of 1990. The first price control on British Telecommunications plc (BT)—the requirement that average price increases for certain basic services should be limited to three percentage points below the rate of inflation—ran out in 1989 on the fifth anniversary of its inception. A new price control rule was therefore required to come into effect in 1989 and did so, although, as I reported in my Annual Report for 1988, I had reached agreement with BT on the form of the new rule during 1988. This was the first of 1989's mileposts. The other main milepost of 1989 was a review of restrictions on the use of private circuits. Several complicated restrictions existed but the main one prohibited the use of private circuits to set up voice networks in competition with public telecommunications operators (PTOs). On my advice, the Secretary of State for Trade and Industry agreed that these restrictions should be removed.

1.2 The third milepost of particular interest for this Report is that of the so-called 'duopoly review'. In November 1983, the Minister of State for Information Technology made a major statement about competition policy for telecommunications in which he indicated that Mercury Communications Ltd (MCL) would be given extensive rights to compete with BT in running a fixed telephone network in the United Kingdom and that the Government did not

intend to license any other competitors to BT in this field for seven years. November 1990 is therefore the date after which further competition can be considered, and it is now clear that the Government will undertake a review of policy relating to competition at this time.

## THE DUOPOLY REVIEW

### The Case for Competition

1.3 The duopoly review will be an event of major importance for the British telecommunications industry and I shall be advising the Secretary of State on the review. Firms in the industry should be able to plan for the future with confidence, knowing as much as practicable about the conditions under which they must operate. The review provides an opportunity to establish a clear framework for the next phase of competition. Much detailed work is required before I can have a clear picture of the advice that I should give to the Secretary of State. However, I am aware that, over the next few months, many organisations and individuals will be forming representations to put to the Secretary of State. It is in the interest of all that these submissions should be as useful as possible, focusing on the appropriate issues and criteria for decisions. I therefore want to take this opportunity to give some of my own views on the criteria that are relevant and on the significance of some of the events of 1989 for the duopoly review.

1.4 In a general sense, the purpose of the review must be to strengthen the British economy and the wealth of its citizens. However, a more focused expression of the objective of the review is that it should

produce improved value for money for customers of the telecommunications industry. I believe that experience over the last few years in the United Kingdom shows clearly the power of competition to improve things for the customer. This has been manifest in significant improvements in both prices and quality of basic telecommunications services as well as in the variety of products and value added services. However, I am constantly made aware of the scope for further improvements and this makes me believe that we should approach the duopoly review with the attitude of mind of wishing to sustain and enhance competition wherever it is economically efficient.

### **The Limits to Competition**

1.5 In forming a judgement of the extent to which increases in competition can be economically efficient, we must keep in mind that, in an industry like telecommunications, although competition can frequently improve value for money for the customer, it can also decrease that value for money. The possibility that competition will reduce value for money applies mainly to the operation of telecommunications networks and arises because these networks involve economies of scale. If efficiency of operation were surely guaranteed, the existence of economies of scale would mean that it would always be cheaper to provide a given increase of service by expanding an existing network rather than establishing a new one; and a given total level of service could be provided more cheaply through one network than through two, or through two networks than through three. However, in the world as we find it, some competition between networks is likely to be desirable because monopoly suppliers do not normally operate at the greatest possible level of efficiency. Responsiveness to customers' needs is an important aspect of efficiency for decisions on competition. The gain from competition in the form of improved efficiency may well outweigh the loss of economies of scale—but it is not sure to do so. This is the main factor

which must be judged in deciding on the desired extent of competition.

1.6 Another way of approaching the consideration of the desirable extent of competition is to consider the relative strength of competition obtained as the number of competitors in the market place is varied. When competition is introduced into a situation that has previously been a total monopoly, the effect of inertia on the part of customers and other considerations may create difficulties for a new entrant to the market. The time required for such competition to reach its potential may be considerable. In this situation, one competitor to the original monopolist may be viable whereas if two were established, neither of them would be viable, or at least both would provide relatively narrowly-based competition. I do not necessarily imply that one competitor to BT has been shown to be the best arrangement for the UK, but I do suggest that the viability of differing levels of competition is an open question that needs to be assessed as part of the duopoly review.

### **Rebalancing of Prices**

1.7 I have long recognised that the development of competition would increase pressures for different prices to be brought into line with costs. Some of this rebalancing has already taken place. At the date of BT's privatisation, its prices for long distance calls were significantly above cost and long distance calls could be said to be providing a substantial cross-subsidy to local call charges and exchange line rentals. In 1986, local call charges were increased significantly in relation to long distance call charges. BT also gave an undertaking to the Government at the time of privatisation that it would limit increases in exchange line rentals to two percentage points above the rate of inflation although it did not use the headroom provided by this agreement in 1987 and 1988. This limitation was continued as part of the agreement I reached with BT on the extension of price control

arrangements in 1988. However, the broad accounting numbers which are available to me indicate that the costs which vary according to the amount of usage of the telephone network—and which set the cost base for call charges—are continuing to fall relative to other costs. If prices are to be fully aligned with costs, the rebalancing so far undertaken or agreed may not be sufficient.

1.8 Clear arguments exist to support the case for rebalancing. If BT charges prices in excess of costs for some aspects of its business, there is little it can do to avoid substantial loss of this business to a competitor. Furthermore, charging artificially high prices for long distance telephone calls is undesirable in itself. This practice would discourage customers from making full economic use of the telephone network and would also put an unnecessary burden on businesses which are heavy users of long distance telephony. The general advantages to the economy which can come from encouraging these businesses will work to the benefit of all telephone customers and others, through their acquisition of other goods and services.

1.9 However, some important concerns point in a different direction. It is necessary to ensure that BT does not carry rebalancing to the point at which some prices are so low that they are unfair to its competitors. This point needs particularly careful attention given the difficult issues involved in the costing of telephone networks. Furthermore, BT still has an effective monopoly over almost the whole of the market for provision of exchange lines to residential customers. I shall have to make sure that any increases in exchange line rentals are fair to customers and, in particular, that they are consistent with satisfactory improvements in BT's efficiency.

#### **Importance of Social Obligations**

1.10 Another consideration in the rebalancing of prices concerns the social aspects. Telephones are a lifeline to some people;

and to people on low incomes, the level of the exchange line rental may be critical to their ability to afford a telephone.

1.11 I should regard it as highly undesirable if tariffs were changed in such a way that fewer people could afford a telephone, especially because that would diminish the value of the whole UK network, depending as it does on its provision of facilities for communicating with most members of the population. The provision of a special tariff for 'low users' of the telephone—perhaps a continuation and extension of present arrangements—may well be a good answer to this concern. I would expect to see such tariffs used to give people the opportunity, through limiting their use of the telephone, to restrict their telephone bills to levels which are comparable to those incurred by such people today.

1.12 A requirement to provide service under a low user tariff may put a social obligation on BT in the sense that it would call for behaviour which differs from the self-interested behaviour of a profit-minded firm. A case may exist for requiring BT's competitors to contribute to the cost of such a social obligation. However, before a judgement can be made on this issue, the level of the cost involved must be assessed. Clear thinking will be required about the way to measure this cost. Traditional accounting methods for allocating cost are of little help. The measurement that must be made is of the extent to which the social obligation causes BT to incur higher costs than it otherwise would, making an allowance for increases in revenues generated by the addition to the network of the customers concerned. This may be a small amount, for example, if the low user tariff is based on the incremental cost of serving the customers concerned.

## **THE DEVELOPMENT OF COMPETITION**

### **The Fixed Link Duopoly**

1.13 I now turn to review some of the events of 1989 in terms of their contribution to the

development of competitive markets in telecommunications. MCL occupies a key place in the provision of competition because it is the only competitor to BT in operating fixed public networks. The implications of the relationship between BT and MCL, for the effectiveness of competition, are therefore very great. A key part of this relationship is in the implementation of the interconnection agreement between the two companies. This followed a determination made by me in October 1985 and, as I have noted in previous Annual Reports, the agreement has been the subject of a good deal of disputation over such matters as the interpretation of the rules governing charges by BT to MCL, the making of connections in good time, and congestion experienced by MCL's customers. At the end of 1988, a further dispute was in progress about arrangements for providing access to the MCL network, over BT lines, for customers who lived at some distance from the nearest point of the MCL network.

*1.14* Overall, 1989 has been a year of good progress in these matters. BT and MCL reached an agreement about charges, after OFTEL had given some guidance. Arrangements for monitoring congestion seem to be enabling major problems to be avoided. MCL's orders for the provision of 'extended ingress' facilities—the provision of access to customers at a distance from MCL's network—have all been met and I am not currently aware of any delays in BT's fulfilment of requests made by MCL under the interconnection agreement. I do, however, continue to get a number of complaints about difficulties of a detailed nature. Some complaints concern the experiences of customers who wish to have MCL service but find some difficulty in obtaining efficient connection of MCL lines to their equipment, where connection has to be made by BT as the contractual maintainer of the equipment. On investigation, these cases do not turn out to be clear cut. However, I want to make sure that everything possible is

done to secure fair competition between BT and MCL and this means that I need to take active steps to establish whether or not significant difficulties are arising over and above those that are reported to me. I therefore announced, at the end of 1989, my intention to arrange a special study to establish the extent and nature of any matters that could impair the fairness of competition.

### **Competition in Mobile Networks**

*1.15* We have, at present, competition between two firms in the operation of mobile networks, as well as in the operation of fixed networks. I refer to the competition between Cellnet (Telecom Securicor Cellular Radio Ltd), a company controlled by BT, and Racal-Vodafone Ltd. The market for cellular mobile radio telephone services has shown a remarkable growth rate and the number of customers on the two networks was about 900,000 at the end of 1989, as the networks approached the fifth anniversary of the start of their operations. Furthermore, accounting evidence suggested that these networks were becoming highly profitable.

### **Personal Communications Networks (PCNs)**

*1.16* Duopolistic competition is not always sufficiently active to avoid the need for price control or other forms of regulation. Furthermore, additional competition is highly desirable if the market is large enough to sustain it, and economies of scale are not so large as to make it excessively expensive; and competition is greatly to be preferred over regulation. These considerations led me to advise the Secretary of State, during 1989, to press ahead with the licensing of additional competition in the provision of mobile services. The Secretary of State decided to issue additional licences to provide service on frequencies in the 1.7 to 1.9 GHz band and he asked me to advise him on whether there should be two or three competitors and on who should be given the licences. I gave my advice at the end of

November and the names of three successful licensees were announced soon afterwards.

*1.17* The detailed work of assessing the applications for these licences, which became known as Personal Communications Networks licences, increased the enthusiasm that my staff and I felt about the potential of mobile services. The applicants submitted some admirable business plans. They presented an exciting concept of the telephone network of the future, a network in which the telephone sets will be carried in people's pockets and handbags, so that communication is to the person rather than to a place where the person spends some of his or her time. Furthermore, the concept calls for small, low-powered, handsets, used in small cells in such a manner that a very large number of customers could be accommodated on the network with a satisfactory quality of service. This produced the prospect that the number of customers of mobile networks might reach 5 to 10 million by the end of the present decade and prices might come down to a similar level to those for the fixed networks.

*1.18* The implication is that competition between mobile networks and fixed networks will strengthen and become an important dimension of our whole competitive regime. The balance of prices on mobile networks will challenge the balance of prices on fixed networks; and some customers may decide to rely on the mobile phone for all their communications needs, dispensing with fixed service. The large element of personal control over the mobile phone is likely to increase its attractiveness—it will be much easier to avoid use by others when the person liable for the bill is not present—and other add-on services, such as voice messaging, will enhance its market appeal.

*1.19* The award of a PCN licence to a consortium which includes MCL brings it to a position of greater similarity to that of BT which has been providing mobile services,

through a cellular network, since 1985. Some commentators have noted the exclusion of BT from the list of new licensees and have concluded that BT was being excluded from the provision of PCN-type services. In fact, BT has not been excluded from these services and is fully able to provide such services through the mobile licence in the name of Cellnet in which it has majority ownership, as is Racal-Vodafone through its mobile licence.

### **Telepoint Services**

*1.20* At the beginning of 1989, decisions were also announced by the Secretary of State on the award of four licences for the provision of telepoint services. These services primarily involve the use of a small portable radio telephone to make outgoing calls in the vicinity of base stations located at convenient points, such as railways stations and shopping centres, around the country. BT and MCL are members of different telepoint consortia. Telepoint services represent another exciting development for a market segment that is different from that of the fully mobile telephone. I shall want to see the regulatory framework give every encouragement to telepoint operators so that they have full opportunity to develop their businesses within their proper market segment. Telepoint services, like mobile services, will develop in a way that will affect the whole competitive market place for telecommunications. They are likely to develop various service enhancements, such as the incorporation of radiopaging devices for receiving messages, and the use of the handset as a cordless telephone at home or in the office. As with mobile services, the success of telepoint may well depend on its ability to provide extensive coverage at an early date.

### **The Role of Cable Television Companies**

*1.21* Cable television is another important part of the telecommunications industry. Cable companies are permitted to provide



voice telephony services on condition that they have an agreement either with BT or MCL and to the extent that an area of operation has been designated in a determination made by me. In making such a determination, I am instructed by the cable companies' licences to have regard to the effect on the development of the cable companies' businesses and also on the extent of any undue prejudice to the ability of others—which means BT or MCL at the present time—to provide services in the area. By the end of 1989, three cable companies had satisfied the conditions and were providing telecommunications services as well as television services. They were still in the embryonic stages of development with no more than 1,000 or so customers among them.

1.22 However, the key development of 1989, as regards cable television, was the clear demonstration of its potential as a force in telecommunications competition for the future. After a slow start in the earlier years, interest in the award of cable franchises accelerated, partly because of recognition by investors from North America of the potential of this line of business. If the Cable Authority awards all the franchises advertised during 1989, about two-thirds of the homes in the country will be within a franchise area; and if those who have expressed an interest in providing local telecommunications services continue to wish to do so, and are allowed to do so, the extent of local competition will increase sharply.

1.23 It seems clear that cable television companies are leading contenders to provide competition at the local level and that a key issue for the duopoly review is the extent to which they will be allowed to do so and the extent to which BT and MCL, which are not at present permitted to provide cable programme services under their main licences, will be allowed to carry such services. I will confine myself to two firm statements at the present time. First, joint provision of television and telecommunications services

is likely to be cheaper than separate provision where cable is used as a medium and it is also likely to be conducive to the development of innovative services. Such joint provision should therefore be allowed at some time, by cable companies, or other operators, or both. Secondly, careful economic assessment is needed of the extent to which local competition can be effective in providing better value for money for customers of television and telecommunications services: any arrangements under which BT, MCL and others should be permitted to provide services should be designed to secure this amount of competition.

### **Service and Technology**

1.24 In looking at the future development of technology in the telecommunications industry we must not lose sight of the fact that most users are unlikely to care whether or not their telephone call uses PCN, cellular, cable or fixed-link technology. Most important to users are factors such as cost, reliability, convenience and quality of the call. For this reason I hope to see the telecommunications industry increasingly being led by considerations of serving the customer. New developments should be used to meet needs of importance to customers rather than requiring users to adjust to new technologies with no obvious benefit from doing so. This is an important consideration when I look at the licensing of telecommunication operators. As far as possible I would hope to make sure that the form and content of licences do not create barriers to meeting customers' needs, even if they are formally written in terms of the use of a particular type of technology.

### **Liberalisation of Private Circuits**

1.25 As I mentioned at the beginning of this statement, 1989 was the year chosen by the Government, in 1984, for a major review of the way in which private circuits could be used. At first, the use of private circuits was subject to extensive restrictions. People were not permitted to rent private circuits

from BT or MCL and use them to set up competing voice networks. Furthermore, although private circuits could be used to set up private systems, including systems connected to the switched public networks, the permitted configurations were subject to complex restrictions. All of these restrictions were put in place because of a perception that it was necessary to limit the amount of activity that could bypass the switched public networks.

1.26 In 1984, BT's prices for private circuits were low in relation to cost, while the prices of switched long distance telephone calls were high in relation to cost, generating a surplus that was used to subsidise local service. This pricing structure would give an uneconomic incentive for the use of private circuits to bypass the switched public networks over long distances and to set up competing switched networks. The effect of these activities would be to deprive BT of part of the source of cross-subsidy for local service, perhaps very rapidly. This would make it necessary to put up the prices of local service quickly. While the need for rebalancing of prices was accepted, it was thought preferable that it should be spread over a considerable period of time. The five year minimum restriction on the uses of private circuits was established to allow time for this price rebalancing.

1.27 I conducted an investigation, including public consultation, in 1989 to assess the case for further liberalisation of the use of private circuits. I approached that investigation with a predisposition towards further liberalisation. It seemed to me that the complexity of the previous arrangements was a serious disadvantage because it created a high regulatory cost. Users needed to employ experts and undertake considerable study to be aware of what they were permitted to do. There is, or should be, a principle that simple regulation is to be preferred over complex regulation in order to avoid this kind of cost, the most unfor-

unate effect of which is often that people are discouraged from doing things that would be most worthwhile.

1.28 My investigation indicated that liberalisation of the use of private circuits would now cause little loss to BT and MCL from uneconomic bypass of the switched public networks and the consultative exercise showed a strong body of user opinion in favour of liberalisation. I therefore recommended it to the Secretary of State and he accepted my recommendation. A new version of the Branch Systems General Licence (BSGL), which governs the operation of private systems connected to the switched public networks, was issued towards the end of 1989. It gives a generally preferable basis for providing value added and data services and allows liberal use of private circuits, including use for providing competing voice networks.

1.29 I believe that, once a country has decided to liberalise the provision of value added and data services, strong forces then exist for moving towards the complete liberalisation of the use of private circuits, at least after an interim period. If liberalisation is not undertaken, a distinction has to be made between basic services on the one hand and value added services on the other. This will involve a dividing line which is arbitrary and which, however it is defined, cannot be applied with great confidence to actual practical cases. I believe that anyone who gets into the business of trying to distinguish basic services from value added services is likely to conclude that it is not a very satisfactory activity. Furthermore, as we move into an era in which public networks are becoming completely digital in operation, we have to keep in mind the impracticability of regulatory distinctions between voice and data services.

1.30 Most importantly, however, the extra competition resulting from private circuit liberalisation is likely to yield positive

benefits, perhaps particularly in creating the possibility of providing innovative services, free from the concern that some obscure regulation may be contravened. This competitive stimulus affects the provision of service and not the operation of networks but it is nonetheless an important change in the regulatory scene as we move up to the duopoly review.

### **The Importance of the Numbering Plan**

*1.31* In connection with the promotion of competition, I want to mention the importance of the plan according to which the public telephone networks undertake their numbering. Numbering arrangements are vital for the competitive market. If the numbering arrangements make it necessary to dial additional numbers to use the services of some competitors, that clearly inhibits competition to some extent, and if the numbering arrangements are such that significant post-dial delay is inevitable for some competitors but not others, the effect is worse.

*1.32* Numbering also has a direct importance for quality of service. Changes in telephone numbers have a cost and some benefit would be obtained from having a number that could be retained as long as the customer wished, even when moving premises, perhaps even from one part of the country to another. On the other hand, some customers still find value in the fact that the first part of the number gives information about location—albeit imperfectly.

*1.33* The operators' licences give me an enhanced role with respect to the regulation of numbering beginning on 1 April 1990. In order to prepare for this role, OFTEL has been carrying out a major study of numbering, to establish a basis for making decisions about the best form of future arrangements. We recognise that this is going to be an important and controversial area in the future, partly because the

demands for numbering are likely to increase with the increased use of telecommunications and the proliferation of different types of service. When I need to make judgements about numbering, I shall make them by weighing the needs of the competitive market as well as the more direct interests of customers in terms of such matters as portability and conveyance of information about location.

## REGULATORY ISSUES

### **Price Control: Switched Services**

*1.34* 1989 saw the first application of the new rule for the control of prices for BT's basic switched services. I dealt with the process by which the new rule was determined in my 1988 Report. The rule lowers the ceiling on permitted price increases from RPI-3 to RPI-4½; rebalancing of prices is provided for, in the expectation that BT will wish to increase exchange line rentals relative to other prices, with a limitation imposed by BT's undertaking to restrict the increases of exchange line rentals to RPI+2. The price changes for BT's switched public service, introduced in September 1989, were the first changes since 1986. BT increased exchange line rentals more or less to the limit of what was permitted, and made relatively minor changes in the prices of calls.

*1.35* Towards the end of 1989, routine financial information I received caused me to become concerned about the high level of profitability, and therefore of prices, for international telephone calls originating in the UK. This is an issue I looked at in 1988 during the review of the price control formula but considered that regulatory action was not appropriate at that time. This is a complicated area because the high prices to the customer are caused partly by the high prices paid by one country to another for delivery of international calls. These delivery prices can be changed only by

bilateral agreements between the countries concerned and their existence means that unilateral action to reduce prices to the customer can cause an adverse balance of payments effect. At the end of the year I began an investigation of these matters, including the possibility that I should advise the Secretary of State to use his power under the new Branch Systems General Licence to permit resale of international private circuits on certain routes.

### **Price Control: Private Circuits**

1.36 I said in 1988 that I thought a price control was needed for private circuits and in 1989 I introduced such a control. I saw this control to be needed partly because of the wish to give customers better assurance about the pattern of future prices and partly in order to give BT a stronger incentive to improve efficiency. Although I would have liked to establish a price cap for private circuits at the same time as for switched services, I was unable to do so because I needed more information as a basis for my decision. In particular, I wanted to have an independent assessment to establish the extent to which present efficiency was acceptable and also to satisfy me that the accounting methods used to measure cost—which had been changed to the disadvantage of private circuits—were acceptable.

1.37 The independent assessment was carried out by a major firm of accountants in early 1989. I then moved into a phase of discussions with BT about the details of the arrangements. Throughout these discussions, I put strong emphasis on the need for improvement in quality of service, particularly as regards the timely provision of new circuits and as regards fault repair. In the end, I reached agreement with BT on a package of measures which included (a) the publication of additional quality of service indicators, (b) provision of enhanced maintenance to provide round-the-clock cover where it is not included in the basic tariff, and (c) the introduction of a customer

compensation scheme under which customers receive rebates on connection charges if connection is not made by agreed target dates and rebates on rental charges if faults and down-time exceed agreed limits. These arrangements were to be phased in over a period, beginning in 1990 and finishing in March 1991. The agreed price cap is RPI: price increases on private circuits are limited to the rate of inflation. I was satisfied, on the basis of financial projections supported by the independent accountants' investigation, that this would give BT a tough challenge in meeting its goal of earning a satisfactory rate of return, given the costs involved in improving quality of service. The improvement sought in quality of service is critical. If BT were not to achieve satisfactory progress, I would find it essential to re-open the whole question of controls on private circuits, in order to seek a way of providing stronger incentives.

1.38 The price cap for private circuits, like that for switched services, allows BT scope for rebalancing and this was the cause of controversy under BT's first implementation of the arrangements. BT increased the price of 2.048 Mbit/s circuits relatively to the price of 64 kbit/s circuits. I was aware, from the accounting investigation, that this change was consistent with the pattern of costs. Indeed, the fact that these prices had previously been out of line was evident from the level of the prices *per se*. Nevertheless, several users were angry at the changes. They felt that BT's earlier charging of low prices for 2.048 Mbit/s circuits represented an encouragement to users to take up those circuits, and that having made heavy investments in private systems the customers became captive in relation to the price increases.

1.39 I took users' views about the price changes very seriously and investigated the situation in depth. I had to balance the obligation on BT to be fair to customers with the obligation on customers to conduct

searching enquiries about the probable pattern of future prices, and perhaps seek protection through long-term contracts, before making large investments that depended on the future pattern of the prices concerned. BT provides three-year contracts as an option to customers and I could not see any evidence that BT had misled customers, even though I remained concerned about the reasons for charging an uneconomically low price for 2.048 Mbit/s circuits in the first place. In the circumstances, I concluded that I had no basis for taking general action against BT's rebalancing of the prices of private circuits, although my staff were continuing to investigate a number of individual cases. I shall be having discussions with BT in the hope of establishing ways of avoiding similar difficulties in the future.

#### **Quality of Service**

*1.40* 1989 was a good year for quality of service on BT's switched services. BT introduced its customer compensation plan on 1 April, providing for customers to be given a firm date for the supply of new exchange lines, for this date to be guaranteed within two working days and for faults to be repaired within two working days. When these targets are not met, a minimum of £5 per working day is to be paid in compensation and higher amounts can be claimed where financial loss can be demonstrated—up to £1,000 in the case of residential customers and £5,000 in the case of business customers. These liabilities can be avoided only where BT has done all that a reasonable supplier could have done to meet its obligations: for example, the obligations may be set aside where storms have caused heavy disruption to service in parts of the country.

*1.41* The improvement in performance was particularly notable in the case of fault repair, where, in September 1989, 86 per cent of faults were repaired within one working day, compared to 65 per cent a year earlier. Good progress was also reported in reducing congestion on the network and in

reducing the delay in providing exchange lines, while the serviceability of public call boxes, which improved sharply from 1987 to 1988, was maintained at a good level. I was also particularly pleased to find, through an OFTEL survey, that customers perceived the quality of telephone connections as having improved—fewer faults or noisy lines were experienced.

*1.42* I gave a good deal of attention during the year to the quality of service on the cellular radio telephone networks and I commenced publication of statistics for congestion. The problems that arose with congestion, including dropped calls, were largely attributable to a lag in investment in the networks while, at the same time, there was an unexpectedly large growth in demand for the service. I hope that the publication of statistics, combined with the prospect of additional competition through PCNs, will encourage an improvement in performance during 1990.

#### **Handling Complaints**

*1.43* One of my strongest continuing concerns about the regulatory arrangements for telecommunications has been their ability to secure effective action in the handling of complaints. I referred to this area in my 1988 Report and said that one of my priorities for 1989 would be to extend the work we had undertaken on OFTEL's procedures for handling complaints into a discussion of BT's procedures.

*1.44* My concern continued in 1989. The number of complaints and enquiries reaching OFTEL increased to almost 32,000 in 1989, about one third more than the 1988 total. This number may be a small proportion of the total number of people who have some cause for dissatisfaction with the telephone service and relatively minor factors can therefore cause a sharp change in the numbers. However, one of the underlying reasons for increases—the fact that OFTEL is becoming better known to would-

be complainants—was less applicable in 1989, because OFTEL had already achieved a high level of public awareness in 1988. The number of complaints reaching OFTEL is an indicator of a lack of success in BT's dealing with complaints itself. Furthermore, although I recognise that the people concerned are a small minority of BT's customers, I am nevertheless greatly concerned by indications in complaints reaching OFTEL of insufficient interest by BT in serving the customer and of insensitive and inconsiderate dealings with customers.

1.45 I did continue discussions with BT during 1989 about the need to improve its systems for handling complaints although progress was not as rapid as I would have wished. However, progress was made and BT put forward proposals for greatly improved systems at a meeting held early in 1990. This will be a subject for my 1990 Report but I can say now that I view prospects with greater optimism as a result of this development.

### **Itemised Billing**

1.46 Another aspect of quality of service, which is extremely important to customers, is the provision of itemised billing. I am pleased to report that BT made good progress in this area in 1989, with itemised billing becoming available to 22 per cent of its customers by the end of the year. It seems to be well on track for making itemised billing available to 50 per cent of its customers before the end of 1990.

1.47 Few of BT's initiatives and few regulatory actions to bring such initiatives about are welcomed by everyone. Itemised billing is no exception. Although itemised billing was found in an OFTEL survey to be the change in BT's services most strongly desired by residential customers, it is disadvantageous to some. I was particularly sorry to realise that itemisation would impede the work of some charities—charities which depend on offering confidential advice and

counselling over the telephone. I received numerous representations from these charities during 1989 and considered them with as much sympathy as possible, given my overall duties. These charities would like to have suppression of itemisation of certain calls which are made by members of the bill-payer's household, so that the bill-payer himself or herself does not become aware that these calls have been made. I have not yet found a way of meeting the wishes of the Helpline organisations at the same time as meeting the strong wishes of customers for itemisation, and without either deceiving bill-payers or compromising the integrity of the system. However, my staff are continuing to explore the issues with the organisations concerned.

### **Nuisance Calls**

1.48 I want finally to comment on three matters that affect the quality of telephone services in very important ways, although they are specialised aspects of quality in that they do not relate to the quality of communication, fault repair, or matters of that kind. The first of these topics is the so-called nuisance call—a label which greatly understates the level of fear and disgust that can be experienced by the recipients of such calls, involving, as they often do, serious sexual harassment and other threats of violence. I have no doubt that very strong measures should be taken to eliminate these calls. They are regrettably numerous and they can reach the point at which they cause some victims to consider having the telephone disconnected. I therefore take the view that my duty to promote the quality of telephone services covers the need to promote effective action in relation to these calls.

1.49 The encouraging aspect of the problem created by nuisance calls is that modern technology is making it more and more possible to take effective action against them. Where both the originator and recipient of the call are connected to digital

exchanges, tracing can be established relatively easily, and since many of the most objectionable calls are repeated, this offers a good prospect of catching the perpetrators. At the end of 1989, BT was undertaking an internal study to formulate a new policy for handling these calls. I shall await information about that policy before deciding whether any action by OFTEL is needed, but I shall expect BT to show a determination to use modern technology to the full in protecting its customers from these nuisance calls and also to demonstrate its determination forcibly through its public statements and its treatment of individual customers who have had these difficulties.

### **Telephone Selling**

1.50 The second topic concerns telephone selling calls, selling by fax and similar selling messages. These calls could be classified as nuisance calls with a different subject matter from those in the first category. I received numerous complaints about selling calls during 1989—many of them reached me personally through Members of Parliament—and the incidence of the calls seemed to be increasing. I therefore took the opportunity provided by the issuing of a new Branch Systems General Licence, discussed above, to advise the Secretary of State that regulation should be introduced against unsolicited telephone selling. He accepted this advice. The focus is to allow the customer choice. A regulation in the new Branch Systems General Licence allows customers to serve notice on an organisation requiring it to stop making telephone selling calls or sending 'junk faxes' and it puts an obligation on the sender to comply with customers' wishes. It also provides for me to recognise a register of people who do not wish to receive telephone selling calls or junk faxes and creates an obligation on the makers of such calls to consult the register and respect the wishes contained in it. No arrangements can be completely effective against telephone selling or junk faxes but I hope that these arrangements will

significantly help the customer and reduce the nuisance to a much lower level than in the past.

### **Premium Rated Services**

1.51 Any regular reader of my Annual Reports will be aware that Chatline services, 'One-on-One' services, and recorded message services have been the subject of a continuing thread of concern over a prolonged period. I have been concerned about the way in which these services expose customers to the risk of unexpectedly large bills from unauthorised use of their telephones and I have also been concerned about the danger that these services can diminish the quality of telephone service by subjecting vulnerable people to—or encouraging them to participate in—obscenity, pornography and other hazards.

1.52 I had proposed, in 1988, that these risks could be reduced by creating a rule that some of the services should be available only where customers had 'contracted-in' for them—had signed a form saying that they were wanted—and subject to itemised billing. I made a reference to the Monopolies and Mergers Commission during 1988, suggesting the introduction of such regulation. I published the report of the MMC early in 1989. They agreed with me that these services were acting against the public interest but they took the view that my proposed remedy was too strong. They noted that the immediate effect would be to cause the cessation of the services concerned and they took the view that the detriment to the quality of telephone services caused by these services was not sufficiently great to warrant their cessation. They therefore recommended that the services should be controlled through a code of practice which provided for the establishment of a fund to protect bill-payers from large bills through unauthorised use and for other protections relating to the content of conversations, advertising and so on. The MMC also expressed the view that the present voluntary code of



practice for recorded message services was working satisfactorily and that no further action was needed at the present time in relation to these. I am nevertheless aware that some difficulties are arising because this voluntary code does not provide the same compensation arrangements as the codes for live conversation services. I am keeping this aspect of matters under review.

1.53 I worked to implement the recommendations of the MMC and I recognised codes of practice for the provision of Chatline and One-on-One services in December. These codes were intended to give strong protection to the customer. With regard particularly to the danger of large bills from unauthorised use, I insisted that the codes should contain strong provisions for payment of bills through a compensation fund with the balance of doubt being given to the customer when the evidence was unclear about whether or not a bill had arisen because of unauthorised use of these services. The codes also contained strong requirements for the monitoring of chatlines and I amended the licences of the public operators to give me the authority to require the discontinuation of service to service providers who fail to comply with the requirements of the codes and also to give me power to withdraw recognition of a code if it is not doing its job effectively.

1.54 Some people expressed disappointment that I was unable to go further and implement the arrangements I had originally proposed but I believe that the correct course, in the context of my statutory position, is for me to work hard at making the arrangements recommended by the MMC successful and give them a fair chance to demonstrate their effectiveness. As a first step to this end I said that I would review the operation of the codes after they had been in effect for three months and I shall carry out this review with strong attention to the protection of customers.

1.55 I was extremely concerned about the position of the relatively small number of customers who had incurred large bills through unauthorised use before regulatory arrangements could be introduced to protect them. In some cases the bills are so large that the customers have no real prospect of paying them and the effect has been for the customers concerned to be encumbered with debt for the foreseeable future. This must be highly demoralising and I cannot help being concerned about whether it is reasonable for a supplier to expose its customers to this kind of risk without any warning so they cannot take steps to protect themselves. I am seeking legal advice about the possibility that customers may be able to have these bills set aside and I intend to publish information about the advice I receive.

#### **Overseas Relations**

1.56 One of the great pleasures of the position of OFTEL is that we have a large number of contacts with people from overseas who are interested in exchanging views about new approaches to policies for telecommunications. I always feel that I learn something from these exchanges and I believe that we have a useful contribution to make to international debates because of our relatively great experience of the introduction of competition. Furthermore, joint ventures, involving partners from different countries, are becoming much more common in telecommunications. The UK has opened its markets to overseas companies in several areas and we are enthusiastic about the contribution that they are making to our economy. I hope that by explaining the benefits we are gaining from our approach, I can encourage other countries to follow a similar course and thereby open opportunities for British companies to apply their experience, gained in the liberalised British markets, to bring economic benefits to those other countries. I must, of course, also be alert to the likely effect on telecommunications in the UK of decisions made in

international fora, such as the European Community and the International Telecommunications Union (ITU).

1.57 I was delighted to be invited to visit India, early in 1989, to give the first Jawaharlal Nehru Memorial Lecture on Telecommunications, at the invitation of Videsh Sanchar Nigam, the Indian International Telephone Company. I was also pleased to be invited to give speeches at the Center for Strategic International Studies in Washington, at the annual conference of the US National Association of Regulatory Utility Commissioners, and in Australia, Hong Kong, Macau and New Zealand, as well as in Western Europe. I welcomed numerous visitors to OFTEL, including, notably, delegations from Hungary and Poland.

## CONCLUSION

1.58 I always like to conclude my reports by thanking my staff for their good work during the year. It is difficult to find fresh words for the purpose, but my thanks are sincere. I count myself fortunate to have such an able team and such a conscientious one. I am well aware that they work under great pressure because the volume of business we must handle constantly increases. I was particularly pleased to be able to welcome to the team, during 1989, two new policy advisers—Fod Barnes, previously with the National Consumer Council, and Stephen Finch, a former chairman of the Telecommunications Managers Association. They will strengthen the voice of the customer within OFTEL and help us to achieve our overall objective which is to foster the provision of good value for money to the customer.

## PTO LICENCES AND COMPETITION

### PUBLIC TELECOMMUNICATIONS OPERATORS (PTOs)

At the beginning of the year there were 17 PTOs—three licensed to provide fixed telecommunications services other than cable television (BT, MCL and Kingston Communications), two cellular radio operators (Cellnet and Racal-Vodafone) and twelve broadband cable operators. During 1989 a further 14 broadband cable operators were licensed (see Appendix 5) and BT was issued with a further PTO licence allowing it to carry out a limited trial of integrated broadband technology in Bishop's Stortford (see paragraph 2.29).

2.2 During 1989 there were two significant developments which will affect the number of PTOs. One was the identification of three consortia to provide personal communications networks (see paragraphs 2.26 and 2.27). They are likely to be licensed as PTOs during the course of 1990, with services beginning in 1992. The other development was the greatly increased interest in licences to provide cable television services. By the end of 1989 a total of 135 franchises had been awarded or had been advertised by the Cable Authority. When each successful applicant has received a PTO licence under the Telecommunications Act there will be a dramatic increase in the number of local broadband cable licensees, each of which is a potential new competitor for the provision of a wide range of local telecommunications services.

2.3 Although these developments can be expected in time to lead to more effective

competition, there remain areas where competition is not yet effective and where OFTEL may need to take regulatory action to protect consumers. Such action may include the modification of licences to introduce new rules (see below) or discussions with PTOs which result in their practices being changed voluntarily. OFTEL also has a responsibility to ensure that licensees are complying with the conditions of their licences and to take enforcement action where licence breaches are continuing or are likely to be repeated. A number of complaints were investigated during 1989 but no formal orders under section 16 of the Act were necessary for the purpose of securing compliance with the conditions of a PTO licence.

2.4 BT has continued the process of modernising its network and has increased the range of services offered to its customers. Competing PTOs have continued to develop strongly in 1989 and their activities are described in more detail in paragraph 2.10 *et seq.*

#### Licence Modifications

2.5 During the course of the year the Director General made a number of modifications to PTO licences with the agreement of the licensees. The original price control rule in BT's licence was the RPI-3 formula which controlled a basket of prices consisting of residential and business exchange line rentals and directly dialled inland calls (except from call boxes). With effect from 1 August 1989 the price control rule has been tightened to RPI-4.5 and the basket of prices covered by the control has been extended to include charges for operator-assisted calls

from subscribers' telephones and charges for services previously provided 'free', such as the Directory Enquiry service, for which separate charges may be introduced. The new rule will apply for four years, until 31 July 1993.

2.6 Later in the year BT's licence was further modified to include, for the first time, a price control rule for private circuits. This restricts the amount by which BT may increase prices for a basket of services—including all its main inland private circuit services—to the annual increase in the RPI. This rule will also apply until 31 July 1993.

2.7 A condition in the licence of Kingston Communications, which obliged the licensee to give the Director General six weeks notice of proposals for amending telephone call charges and charges for the provision and maintenance of exchange lines, has been renewed until 31 July 1993.

2.8 Conditions in the licences of both BT and Kingston Communications, which required each licensee to have a uniform tariff for the installation and maintenance of certain exchange lines, have also been renewed until 31 July 1993.

2.9 New conditions were introduced into the licences of BT, MCL, Kingston Communications, Cellnet and Racal-Vodafone to control the provision of Chatlines and certain other premium rated services (see paragraphs 2.81 to 2.89). The Director General's action in modifying the conditions of BT's licence was the subject of an application for judicial review.

## MERCURY COMMUNICATIONS LTD (MCL)

2.10 MCL's licence required it to establish network distribution nodes at 19 named towns or cities by 5 November 1989, five years after the grant of the licence. By that

date MCL's network reached a total of 75 towns and cities including all those specified in the licence.

2.11 MCL continued to expand the range and availability of its services during 1989. In June and September MCL brought into operation optical fibre links to France and the Netherlands respectively. These were MCL's first international cables into Europe directly connected to its network. During 1989 other direct routes for telephony service were opened to twelve countries, including West Germany, France, Ireland, Switzerland, Belgium, Denmark, Norway and Sweden. In August the company signed an agreement with Cable Camden for it to provide MCL telephone services in its licensed area. In September the company entered the premium rate services market for the first time using 0839 as its access number.

2.12 1989 saw MCL adding further call boxes to its network and by the end of December it had 373 in operation. New areas covered by MCL call boxes included Bristol, Manchester, Glasgow and Edinburgh. A further expansion of these services was made possible when in October MCL concluded an agreement with Paytelco for it to install payphones bearing the MCL logo on private sites throughout the country.

2.13 MCL also launched three new city cable schemes during 1989. Local networks of high capacity optical fibre cable have been installed in Edinburgh, Glasgow and Leeds which will enable business customers in those cities to be linked directly into MCL's all digital national network by optical fibre as well as by digital microwave.

2.14 During the course of the year MCL was involved, either directly or through its holding company Cable and Wireless plc, in two separate consortia chosen to operate

telepoint services and personal communications networks (PCNs). The telepoint service was launched in December 1989.

2.15 OFTEL has continued to be involved in questions concerning the interconnection of MCL's and BT's networks. The 1986 agreement covering telephony interconnection provides for the Director General to determine amendments to the agreement where there has been a material change of circumstances since it was signed. In July 1989 the Director General determined amendments to be made to the agreement which had the effect of providing access from BT customers to premium rated services provided on MCL's network.

2.16 The Director General also considered whether, as MCL had requested, he should make a determination under Condition 13 of BT's licence to require BT to comply with its obligation under the interconnection agreement to provide extended ingress—that is to provide its customers with the possibility of gaining indirect access to MCL's trunk network from areas outside the immediate vicinity of points of connection. However, after discussion with BT, the company agreed to make the necessary engineering changes and no determination was necessary. In order to avoid further delay while terms were agreed, the parties agreed to go ahead on the basis that the Director General would decide the charges in accordance with Condition 13.5(a) of BT's licence after the changes had been made. Extended ingress is now available on BT's network from any area which is within a local call of a point of connection. As a result of these developments access to MCL's network is now available to about 75 per cent of the population.

2.17 During the year the problems of congestion on calls from MCL's network to customers on BT's network, which had been experienced in 1988, did not recur. At the

Director General's prompting the parties agreed on arrangements for detecting and remedying any congestion that might arise in future.

## KINGSTON COMMUNICATIONS (HULL) PLC

2.18 In 1989 Kingston Communications (Hull) plc continued to improve and expand its services both within and, so far as its licence permits, outside its licensed area. It began to offer a 64 kbit/s integrated digital access service which will be available to 95% of Hull's business community. Other new services offered on the network during 1989 were calls to MCL's premium rate services and calls via MCL to the Racal-Vodafone network.

2.19 Towards the end of the year Kingston Communications signed an agreement with Cincinnati Bell to market its software-based support services and systems. These systems, which are used for such applications as billing and network management, will be offered to fixed link and mobile network operators in Europe. The company is now offering consultancy services to cable companies on all aspects of the business including the preparation of a franchise bid, advice on legal and regulatory issues and the design of the network. It is also involved in independent consultancy work on PABXs and networking.

2.20 During the year charges for national, regional and international calls were increased by an average of 15%, the first increase for more than three years. Exchange line rentals and maintenance charges also went up.

2.21 Kingston Communications was part of two separate consortia which applied for licences to act as telepoint and PCN operators. Neither application was successful.

## CELLULAR RADIO

2.22 The cellular mobile radio networks operated by Racal-Vodafone and Telecom Securicor Cellular Radio (Cellnet) continued to grow during 1989. By the end of 1989 there were approximately 870,000 subscribers registered on the networks, an increase of 400,000 on the previous year.

2.23 During the year Racal-Vodafone had discussions with various disabled groups with a view to starting a scheme under which disabled drivers would be provided with a mobile car phone with a restricted service. Such a unit can receive calls in the normal way but outgoing calls are restricted to either the emergency services via '999' or a special helpline set up by Racal-Vodafone.

2.24 During 1989 there was an increase in complaints about cellular radio. One area causing concern was the quality of service provided by the two operators. In May the Director General issued a report on quality of service and announced his intention to publish statistics on a regular basis in the hope that publicity would encourage the operators to improve the service provided. The first statistics were published during the second half of the year.

2.25 OFTEL also published its own guide to cellular radio. The purpose was to help those considering becoming cellular customers to decide on their choice of network and service provider. Copies of *A Guide to Cellular Radio* are available from OFTEL, free of charge.

## PERSONAL COMMUNICATIONS NETWORKS

2.26 The initiative towards the launching of personal communications networks (PCNs) in the UK began with the publication of the DTI's discussion document *Phones on the Move* in January. This described the concept

of a versatile public mobile telephone network offering a range of services using digital technology and operating in the frequency range 1.7 to 2.3 GHz. It invited industry to put forward innovative ideas for the use of this area of the radio spectrum which had not previously been assigned to mobile communications. Applications for PCN licences were subsequently invited and in due course eight proposals were assessed by OFTEL. On 11 December 1989 the Parliamentary Under Secretary of State for Industry and Consumer Affairs announced that, on the Director General's recommendation, licences would be awarded to **Mercury Personal Communications Network Ltd** (whose shareholders are Cable & Wireless plc, Motorola Ltd and Telefonica), a consortium (now known as **Microtel Communications Ltd**), led by British Aerospace, (whose shareholders are British Aerospace (Space Systems) Ltd, Pacific Telesis UK (PCN) Ltd, Millicom (UK) Ltd, Matra Communication and Sony), and **Unitel Ltd** (whose shareholders are STC plc, Thorn EMI plc, US West and Deutsche Bundespost Telekom).

2.27 The PCN operators plan to start service in 1992. Their services are expected initially to compete with the services then being offered by the two existing cellular radio operators, Cellnet and Racal-Vodafone, but if they develop as hoped they may eventually provide a competitive alternative to the fixed telephone network.

## PTO CABLE SYSTEMS

2.28 1989 was a year of greatly increased activity in the area of broadband cable networks. The number of broadband cable operators licensed under Section 7 of the Act and specified as Public Telecommunications Operators increased from twelve to twenty-six (see Appendix 5). This compares with an increase of only two in 1988. The growth of the broadband cable industry in

the UK is expected to continue in 1990 with an even greater number of licences likely to be issued.

2.29 In addition, BT was granted a licence on 21 October 1989 to carry out a trial in part of Bishop's Stortford on the integration of television and telecommunications services over an optical fibre network. The licence lasts until 31 December 1992.

2.30 The licence of each cable operator includes a timetable which must be achieved in building their networks. The relevant condition in the licences makes provision for the Director General to modify the interim milestones if he is satisfied that this will enable the licensee to comply more easily with the obligation to complete the network by the prescribed date. In December 1989 four such modifications were made. They relate to the franchises covering Tower Hamlets and Newham, Kensington and Chelsea, Ealing and Andover. As the year ended it became clear that several other licensees would miss deadlines in their licences, including some who would have failed to comply with the final date for completion of the network.

2.31 During 1989 the Director General made a further four determinations permitting cable operators to provide voice telephony services within parts of their franchise areas in competition with BT and MCL. In February 1989 Windsor Television Ltd was granted a determination which extended the area in which the company could provide voice telephony services from a small area containing some 560 potential subscribers to an area covering over 60 per cent of its franchise and including a total of about 59,200 businesses and homes. In July 1989 a determination was signed for East London Telecommunications Ltd—holder of the Tower Hamlets and Newham franchise—allowing the company to extend its small trial on the Isle of Dogs to cover over 250

businesses and also to offer service to a small residential development at Limehouse Basin. During August and September 1989 determinations were made permitting Cable Camden Ltd to offer telephony service to over 8,000 businesses and homes in Camden. These determinations, which are made under Condition 15 of the cable operators' licences, define the areas within which voice telephony services must be provided to every person who requests their provision. In each of the three franchises services are provided in conjunction with MCL.

2.32 Throughout the year OFTEL reviewed the many applications received by the Cable Authority for new franchise areas and submitted advice to the Department of Trade and Industry and the Cable Authority on the licensing of applicants under the Telecommunications Act.

2.33 The Cable Authority awarded 28 new cable franchises during the year and the position at the end of 1989 was:

PTO licences issued (of which 14 systems were in operation)	26 (12)
Franchises awarded, but PTO licences not yet issued	31 (18)
Franchises advertised, but not yet awarded	78 (15)

Figures in brackets show the position at the end of the previous year.

## REPRESENTATIONS

2.34 During 1989, OFTEL received 2,487 complaints and enquiries concerning PTO licensing and related issues, most of which were about BT. These are representations which relate to possible breaches of PTO licences, or which raise issues that may result in licence modifications, and are distinct from representations from consumers about the service they have received



from BT; this latter group is dealt with in paragraphs 4.2 to 4.4. The 1989 total compares with 1,983 for the previous year, representing an increase of 25 per cent.

2.35 An analysis of the representations is given in Appendix 1. In 1989, the number of representations concerning BT which related to tariffs and charges was 505, a reduction from 699 in 1988.

2.36 This reduction was largely due to the fact that an unprecedented number of complaints had been received in 1988 about Prestel price increases. Representations concerning the supply and maintenance of wiring and apparatus rose slightly from 296 in 1988 to 327 in 1989. There was a fall in representations alleging unfair competition—from 98 in 1988 to 47 in 1989—while those concerning payphones, equipment approval and the '999' service or priority fault repair remained at a relatively low level.

2.37 The most significant increase was in the volume of complaints and enquiries about Chatlines and other recorded message services on BT's network. These amounted to some 400 of the representations which are included under 'Other' in Appendix 1.

2.38 The number of representations about mobile services also increased noticeably with 541 representations received during 1989, compared with 249 in the previous year. Complaints and enquiries about MCL's services increased from 69 in 1988 to 85 in 1989, reflecting the company's continued growth. The figure for Kingston Communications fell slightly to 7 in 1989. OFTEL received 5 complaints regarding cable PTOs during 1989. These related to the siting of apparatus, an alleged infringement of the Telecommunications Code, and the quality of voice telephony services.

2.39 Three complaints were received concerning the operation of BT's Signatory

Affairs Office, which is responsible for handling requests for leased space segment capacity provided by INTELSAT and EUTELSAT (see paragraph 3.21). As a result of these complaints BT made a number of minor changes to its internal procedures. Representations were also received about the regulatory restrictions on the reception of satellite signals. Some of these restrictions have now been removed (see paragraph 3.20).

## ENHANCED MAINTENANCE AND PRIORITY FAULT REPAIR SERVICES

2.40 BT's customers entitled to priority fault repair (PFR), eg emergency organisations, and others who choose to pay for a higher level of maintenance than is provided under the standard contracts now have a wider choice of options.

2.41 BT is offering *ad hoc* out-of-hours repair service, to be paid for as and when required rather than by pre-subscription, to residential customers in cases of domestic distress where the loss of telephone service would cause additional hardship. The price of this service is based on BT's published time-related charges. It is possible that the service will be extended so as to be generally available to residential customers on demand, ie not only in circumstances involving emergencies.

2.42 During 1989 BT introduced the Total-Care Alternative Payment Option. This is available on certain large/medium switches (but not exchange lines for the present) and provides 'TotalCare' (24 hours a day) cover with a guaranteed response within four hours, but at a lower standing charge than normally applies for TotalCare service. However, if the customer requests on-site fault attention outside normal working hours a call-out charge of £150 is raised. As part of

its plans to make available more flexible maintenance options BT now also offers a service for customers to contract for TotalCare only on those of their PBX lines which are used for night service operation, leaving the rest to be covered by 'Prompt-Care' or 'Standard-Care'.

2.43 OFTEL will be keeping the development of these services under review during 1990.

### REVIEW OF '999' EMERGENCY CALL ARRANGEMENTS

2.44 Public and professional confidence in the '999' telephone call service is a vital necessity, and the Director General is determined that OFTEL should play its part in ensuring that an efficient service is maintained. With this in mind OFTEL initiated a full review of the service in 1989. The review is being carried out by a working group comprising representatives from OFTEL, the PTOs, the Emergency Authorities and relevant Government Departments.

2.45 The terms of reference for the review include an examination of the ways in which BT, MCL, Kingston Communications, Racal-Vodafone and Cellnet satisfy their operating licence obligations to provide the public with emergency call facilities (the '999' service). Consideration will also be given to whether the methods currently employed constitute the most appropriate, efficient and cost effective way of providing the service; or whether it would be possible to improve the service taking account of current technical developments. Finally, the review will examine whether, in the light of the proliferation of new telecommunication services, it is appropriate that all such services should be obliged to provide '999' facilities.

2.46 After this phase of the review it may be appropriate to carry the review a stage

further and consider whether the current financial arrangements for funding the '999' service remain appropriate in present circumstances or in the light of possible future changes.

### NUMBERING

2.47 In July the Director General published a consultative document containing the preliminary findings of the consultancy study commissioned from Ovum Limited entitled *Numbering for Telephony Services into the 21st Century*. The study confirmed that the national numbering plan in its present form was reaching the end of its useful life and would need modification if a shortage of numbers was to be avoided. It evaluated a number of options and recommended serious consideration of an option under which an additional leading digit would be added to all switched telephony numbers to increase capacity and indicate the service called. In publishing the document, the Director General invited comments from the public and at the end of the year the considerable number of responses was being evaluated. Ovum is also examining ways of administering a new numbering scheme and it is expected that the results of this further work will be published in due course.

2.48 During 1989 the Telecommunications Numbering and Addressing Board Limited (TNAB) was approved as the body through which PTOs must consult, as required by their licences, about proposed changes to their numbering plans. The members of this body include all PTOs subject to this requirement, together with representatives of users of telecommunications services and manufacturers of telecommunications apparatus.

2.49 One of TNAB's first tasks was to consider BT's proposal to change London's code from 01 to 071/081. It recommended support for this change and the Director

General subsequently informed BT that he was satisfied that the proposals met the criteria set out in Condition 34.5 of its licence. The split took place on 6 May 1990. TNAB is at present looking at the future UK requirements for numbering capacity with a view to recommending an overall scheme to enable enough numbers to be available to meet requirements into the 21st century.

2.50 During 1989 OFTEL published a paper outlining future arrangements for the allocation of Data Network Identification Codes (DNICs). As a result, a number of applications for DNICs has been received and where appropriate OFTEL has arranged for allocations to be registered with the International Telegraph and Telephone Consultative Committee (CCITT). At the end of the year a total of six DNICs had been registered.

## PRICES

### Controlled Prices

2.51 In September, BT announced the first set of price changes for its main telephone services under the new price control rule which took effect on 1 August. These were the first price changes for exchange line rentals and dialled inland calls since November 1986 and the first increase in the average price of those services since November 1985.

2.52 The new rule limits the average annual increase in the prices of a basket of services—domestic and business exchange line rentals, directly dialled inland calls, and the main operator-assisted services—to a figure 4.5 percentage points below the change in the Retail Prices Index (RPI). The increase in the RPI for the year ended 30 June 1989 was 8.3 per cent and therefore the ceiling on BT's price increases was 3.8 per cent. The set of price changes introduced by BT in September amounted to an average increase of 3.2 per cent, which meant that BT had met its licence obligations. In

November, BT announced that the number of concessionary days on which cheap-rate telephone calls can be made all day would be reduced from eight to three per year. This increased the price rises to 3.5 per cent, still within the ceiling. Individual prices within the basket are not controlled, but BT complied with its undertaking not to increase either exchange line rentals or connection and takeover charges by more than RPI+2 in any year.

2.53 BT's September price changes included the transfer of 87 routes which were previously classified as 'b' to the less expensive 'b1' category. OFTEL had examined in detail the justification for the distinction between the prices charged on 'b' routes and those on 'b1' routes at the time of BT's 1986 price changes. The conclusion was that, taking the sets of routes as a whole, there was sufficient difference in the cost of carrying calls on the routes classed as 'b1' to justify a discount broadly equivalent to that given and that, in choosing which tariff is to apply to each route, BT applied objective criteria (referring essentially to the volume of the traffic and the complexity of the routing). BT is still using the same criteria to choose between charging categories, and the 87 new routes now qualify as 'b1' because of the substantial rise in the volume of trunk traffic over the last three years. However, BT accepts that the criteria used lead to some anomalies and are becoming increasingly outmoded as the digitalisation of its network proceeds. BT is now working to establish methods of pricing which are more appropriate to the way in which costs fall in its modernised network, taking advantage of the opportunities for more flexible pricing made possible by the new technology. Progress in this respect is being kept under review.

### Private Circuits

2.54 When BT was privatised in 1984, its operating licence included a rule which

controlled, in aggregate, the prices of exchange line rentals and directly dialled inland calls except for payphones (see above). The prices of private circuit services were not controlled, principally because at that time private circuits were seriously underpriced both in relation to the costs of providing the service and in relation to the public switched telephone network. BT sought to put this right by making annual increases in prices in excess of the rate of inflation and by changing the structure of its tariff with the aim of relating individual prices more closely to cost.

2.55 Until early 1988, OFTEL's view was that BT's strategy was broadly justified, in that BT was not charging prices which were excessive in relation to costs. However, BT's proposals for further price increases, and continuing complaints from users about the quality of service, gave rise to concern that BT did not have sufficient incentive to improve the efficiency of its private circuit business. Competition remains somewhat limited because, although MCL is making important inroads in the market for digital services, BT's analogue circuits still account for a large majority of the installed base.

2.56 The Director General decided, therefore, on a comprehensive review of BT's private circuit business with three objectives in mind: the establishment of a price cap; the publication by BT of quality of service statistics and targets; and the establishment of arrangements to compensate customers for certain aspects of poor service.

2.57 The review was completed in 1989, and included a review by independent consultants (Touche Ross) of BT's accounting methods and efficiency to establish that BT's methods of cost allocation were reasonable and that the company was making sufficiently stringent assumptions

about the prospects for increases in efficiency and productivity.

2.58 The Director General then entered into discussions with BT about the form of price cap to be introduced and the measures for improving the quality of service. Given the substantial investment necessary to secure improved levels of performance, and the importance which users attach to this, the Director General reached agreement with BT on a package of measures with three main elements:

- (a) the introduction of a price cap under which further increases in BT's main inland private circuit prices will, on average, be limited to the actual increase in the RPI (see above);
- (b) a firm commitment from BT to an improved quality of service, including the publication of the following indicators from April 1990:
  - percentage of circuits installed by standard time;
  - percentage of faults cleared by target time;
  - a measure of the number of private circuit faults (including short breaks) per circuit;
  - a measure of the amount of down-time as a percentage of total time; and
- (c) a compensation scheme which will give customers reduced charges when BT fails to meet its targets for fault repair or the provision of service.

2.59 The 'basket' of services controlled by the price cap includes all BT's main inland domestic private circuits currently provided under published tariffs. The Director General concluded that it would not be appropriate to control the prices of

individual services within the basket. There is still some rebalancing to be done before the prices of certain services reflect the costs of provision. Moreover, the balance of prices justified on economic grounds is likely to vary over time in a complex manner which is difficult to predict. OFTEL will investigate any particularly steep price increases which may occur and will take further action if they prove to be excessive in relation to costs.

2.60 The quality of service targets are linked to BT's new compensation scheme, which will give customers reduced charges for poor service. It will cover both maintenance and installation. Compensation for delayed fault repair is to be introduced in 1990 (in April for digital circuits and in September for analogue circuits) and will be structured round BT's levels of maintenance. There will be three levels of service, one of which will be included in the standard tariff. For customers on 'TotalCare', compensation—as a reduction of the following year's rental—will be paid if circuit faults are not repaired within five clock hours of the fault being reported. For customers on 'Prompt-Care' and 'StandardCare' the targets are ten working hours and two working days, respectively.

2.61 Installation targets set by BT are 20 working days for narrowband and 60 working days for wideband circuits. Schemes to pay compensation for failure to meet these targets will be introduced over the period from April 1990 to April 1991. Until the full scheme is under way BT cannot commit itself to installing certain types of circuit (new Megastream provision) within 60 days but will undertake to install the circuit by a delivery date promised to the customer, and will give a rebate if that date is missed.

2.62 Although the actual levels of compensation provided under the scheme are relatively small, the cost of the scheme to BT is

likely to be significant as a proportion of private circuit profits, and the company will not be able to make satisfactory returns unless it does improve performance. Nevertheless, OFTEL will be keeping BT's performance under review and will consider the need for stronger financial incentives if necessary.

2.63 At the end of the year the details of BT's new contract terms for private circuits, which incorporate the new compensation arrangements, were still under discussion.

#### **Other Prices: Charges for Direct Dialling In (DDI) Facilities Provided to Multiline IDA (Integrated Digital Access) Customers**

2.64 OFTEL received complaints relating to the high cost of obtaining DDI over IDA lines. BT's charge for this service was the same as if it were being provided over analogue lines but, whereas analogue provision requires additional hardware at BT's exchange, DDI provided over IDA lines is a software feature.

2.65 OFTEL queried with BT the rationale behind charging the same price for both methods of provision and as a result BT agreed to review DDI charges, including the scope for unbundling charges for analogue and digital delivery. At the end of the year BT renamed the multiline IDA service ISDN 30 and announced a number of reductions in charges including that for provision of DDI. OFTEL is examining these new charges.

#### **Other Prices: Permanent Vision Circuits and Outside Broadcast Services**

2.66 In May 1989, OFTEL commenced a detailed investigation of BT's charges for the leasing of Permanent Vision circuits and for outside broadcast services. This was triggered by a number of complaints both from broadcasters and from facility houses which use these services. Substantial increases in rentals for Permanent Vision

circuits had been announced by BT, effective from 1 April 1989. OFTEL wished to be satisfied that BT, as a monopoly provider of these services, would not make an excessive rate of return on capital employed and discussions were continuing at the end of the year.

2.67 BT has accepted that the tariff structure for its outside broadcast services is no longer adequate to meet the needs of the new generation of broadcasters, having been formulated in the early 1970s when demand for the services was more predictable. At the end of the year, BT had made some interim changes and was reconsidering the tariff structure as a whole with the aim of making it more flexible in order to reflect properly the costs of providing service to customers with differing requirements.

#### **Other Prices: Exchange Line Rentals**

2.68 OFTEL has continued to receive representations about BT's policy regarding the classification of exchange lines as 'business' or 'residential' and has secured BT's agreement that it will publish, in its *Code of Practice for Consumers*, clear guidelines for classifying exchange lines. Discussions on the guidelines were continuing, and OFTEL will need to be satisfied that they are fair and applied objectively.

#### **Other Prices: Rental for BT Telephone Handsets**

2.69 Following several representations about BT's charges for renting a simple telephone handset OFTEL's preliminary assessment suggested that there were grounds for taking the matter up with BT. The majority of telephone users—those with a plug-in master socket—are, of course, free to obtain their telephones from a wide variety of sources if they do not like BT's rental terms. However, for the significant minority who do not yet have plug-in master sockets, the cost of conversion raises a barrier which creates a limited pocket of monopoly power. BT has the potential to raise its prices

somewhat beyond the fully competitive level to the point at which people would prefer to incur the cost of conversion to a master socket rather than continue to rent a BT telephone. BT has been asked to provide information to enable OFTEL to assess whether the charge is excessive.

## SERVICE OBLIGATIONS

### **BT's Contract Terms and Conditions—Telephone Service**

2.70 Last year the Director General reported that he had reached agreement in principle with BT that it would accept limited liability for failures to provide service, or repair faults, by a target date.

2.71 On 1 April 1989, following more detailed discussions with OFTEL, BT introduced a revised telephone service contract, shorter and in clearer language than its previous contract, setting out its liability and the limitations and exclusions from liability. Broadly, BT will now accept liability if it fails to provide an exchange line within two working days of the date agreed with the customer or if service is not restored within two clear working days of a reported line failure. Where BT does not meet these targets, the customer can claim £5 for each working day from the date liability arises until such time as the line has been installed or the fault repaired. Alternatively, if the delay has caused actual financial loss to the customer, and where this can be proved, compensation of up to £5000 for a business line or £1000 for a residential line may be claimed, up to a maximum of £20,000. However, BT will not be liable where it is unable to gain access to the premises; nor for circumstances outside its reasonable control; nor where BT can show that it has exercised all the reasonable skill and care of a competent telecommunications operator.

2.72 A number of other improvements and important safeguards for the customer are

also contained in the new contract. Some of the main examples are as follows:

- (a) BT will no longer impose shared service on a customer who has an exclusive line;
- (b) BT no longer reserves the right to make a cancellation charge when a customer cancels an order after having been informed that special charges or other special terms will apply;
- (c) BT now undertakes to give as much written or oral notice as is reasonably practicable if it is necessary:
  - to suspend service temporarily in an emergency, or for repair, maintenance or improvement work, etc;
  - to change any name, code or number for operational reasons;
  - to give instructions about the use of service which may be necessary in the interest of safety, or of quality of service to other customers;
- (d) The contract recognises that customers are entitled to connect their own, approved apparatus to BT's network by means of a socket installed and maintained by BT;
- (e) The contract recognises that customers are entitled to a reasonable period of time (28 days) in which to check and arrange payment of telephone bills. (If service has previously been suspended because of non-payment of an amount due, then this period may be reduced to 14 days.) BT has also relinquished its right to charge an extra month's rental if it terminates the contract on the grounds of customer default;
- (f) The upper limit on disputed sums which may be referred to arbitra-

tion, rather than the courts, has been raised from £1000 to £5000; and

- (g) BT will in future request deposits only in accordance with clear published criteria (proposed criteria will be discussed with OFTEL).

### **Linkline Services**

2.73 During the year OFTEL received a complaint regarding BT's refusal to provide the facility known as 'Divertlink' for new Linkline (0800) customers. OFTEL took this up with BT as a prima facie breach of Condition 1 and Condition 17.1(a) of BT's licence. BT explained that Linkline service is provided over its Derived Services Network (DSN) and it had planned to replace the analogue network with a digital network which would provide extra capacity and a whole range of extra facilities. When it became clear that the digitalisation programme would be delayed BT introduced three new stop-gap facilities in 1987—Divertlink, Busylink and Courtesylink—on the old network in response to customers' demands. This required add-on proprietary equipment at exchanges, which had to be ordered six months in advance. Further delays in the digitalisation programme and unexpectedly heavy demand for Divertlink meant that BT had exhausted supplies of the add-on equipment, and was refusing new sales of Divertlink, in January 1989. At that time BT was still expecting the Advanced (digital) Linkline to be launched in July 1989, which would provide customers with a whole range of enhanced facilities including diversion/callforwarding/busying. Therefore, the ordering of further add-on equipment for the analogue network was not considered economically justified. In fact, BT began taking orders for Advanced Linkline in October 1989 with service available from January 1990. By the end of the year BT was able to offer the original complainant a service which met the requirements specified. BT also accepted that this case—and



other representations to OFTEL—had highlighted a gap between customers who required the sophistication of the Advanced Linkline facilities and those whose requirements were simpler. At the end of the year BT was urgently considering alternative ways of providing service to those in the latter category.

### **Optical Fibre Service**

2.74 OFTEL was informed during 1989 by one of BT's customers that the company had refused to provide the service of conveying optical signals, such as could be carried over dark (i.e. unequipped) optical fibres. In this particular instance the customer made it clear that the provision of electrically terminated optical fibre links was not an acceptable alternative. OFTEL is considering whether such refusal by BT is a breach of the 'universal service' requirement in Condition 1 of its licence and is considering what further regulatory action might be appropriate.

### **Itemised Billing**

2.75 OFTEL continued to monitor BT's programme for introducing itemised billing progressively as it modernised its telephone exchanges and the Director General is satisfied that significant progress was made in 1989. The number of BT customers who could make use of this facility rose from just over half a million to five and a half million during this period (see Appendix 3, Table 4.1). This represents a national penetration of about 22 per cent, and BT is confident that it will meet its target of 50 per cent by the end of 1990 and 75 per cent by the end of 1992, with virtual completion in 1995. The Director General will be keeping this issue under close review, as he remains convinced that the best way to ensure public confidence in telephone bills is to introduce itemised billing so that customers can verify the bills for themselves. MCL and Kingston Communications already offer itemised bills to their customers.

2.76 In 1989 OFTEL continued to receive representations from a number of caring and counselling agencies about the loss of confidentiality that occurs when itemised telephone bills are issued. Careful thought has been given to this matter which poses something of a dilemma. The Director General fully appreciates the problems which could arise if the person responsible for paying a telephone bill became aware that other members of his or her household had made calls to one of the helplines. However, he has also to consider the rights of bill payers to know what they are paying for.

2.77 Confidentiality could be maintained if the helplines were to use 0800 Freephone numbers so that they—rather than the callers—paid the call charges, but of course this may well be beyond the resources of many organisations. Another possibility would be to suppress the itemisation of calls to certain specified individual telephone numbers, but at present it is not technically possible for BT to do this. In any case, if this course were adopted sensitive calls would need to be concealed in the generality of calls costing less than 50p. There are strong grounds for arguing that it would be wrong to deceive customers in this way without explaining that certain calls in excess of 50p may not have been itemised. Such a course of action could cause annoyance and arouse suspicion among bill payers.

2.78 Callers who wish to avoid itemisation could do so by terminating the call at the appropriate time and calling again if necessary. This would not be too restrictive for local calls (which would have to last for almost 50 minutes at the cheap rate before the charge exceeds 50p and the call is itemised). The use of payphones for such calls would also guarantee confidentiality.

2.79 BT has introduced procedures for disclosing information about the called number when a customer queries an entry on an

itemised bill but in the specific case of counselling agencies it is not revealing the agency's name and address. Trials have suggested that no significant difficulties have been created for BT's customers or the agencies which require BT's discretion, but BT will continue to keep the matter under review.

2.80 The Director General believes that this is the best that can be done in a difficult situation, but he will also be keeping the matter under review. OFTEL will be meeting representatives of the National Council for Voluntary Organisations early in 1990 to discuss the current position.

#### **Control of Chatlines and Other Premium Rated Services**

2.81 In July 1988 the Director General had made a reference to the Monopolies and Mergers Commission (MMC) with a view to modifying the conditions in BT's licence in a way which would control the provision of Chatlines, 'One-on-One' services and other premium services. The MMC submitted their Report to the Director General on 13 January and he published it on 21 February. The MMC concluded that the services operated or might be expected to operate against the public interest and specified licence modifications which they believed to be appropriate.

2.82 The Report also said that the MMC preferred a regulatory framework which would not lead to the virtual cessation of the services. They suggested that Chatlines, including 'One-on-One' services, should be provided subject to a code of practice which could deal with monitoring conversations as well as setting up a fund to compensate bill payers who could demonstrate reasonably that they were facing excessive bills because of unauthorised use of their telephone lines to contact such services.

2.83 The MMC also suggested licence rules that would give the Director General the

power to require that BT make available call-barring, itemised billing, and procedures to give customers warning when bills reached a certain pre-determined size, when these facilities become technologically and economically feasible. The Director General published proposals for modifying the conditions in BT's licence to bring about this regulation on 16 March, and after taking careful note of the situation in the period following the MMC Report and of the representations made to him, modified the licence on 27 July.

2.84 Multiline Chatline services had been suspended by BT early in 1989 and the Director General decided that they should resume only when he had approved a binding code of practice which took account of the MMC's recommendations and gave strong protection to the customer. 'One-on-One' services, which had not been suspended, were also to be subject to a similar code.

2.85 A determination bringing the new regulatory controls into effect on 8 December was made on 15 November. This meant that multiline Chatline services would be able to resume on 8 December and 'One-on-One' services to continue provided that acceptable codes of practice had been approved by then and the services complied with the relevant code. Following detailed discussions with the premium services industry, the Director General approved separate strict codes of practice for Chatlines and 'One-on-One' services, which include the provision of compensation funds for unauthorised use, on 7 December.

2.86 Both codes are being administered by the Independent Committee for the Supervision of Standards of Telephone Information Services (ICSTIS). OFTEL is keeping the operation of the codes under close review, and the Director General can withdraw recognition of the codes if this becomes

necessary, which would result in the termination of all Chatline and 'One-on-One' services, with the exception of any granted exemption from the controls. By the end of the year one service had been disconnected because of a breach of the 'One-on-One' code.

2.87 MCL, Kingston Communications, Cellnet and Racal-Vodafone agreed to similar licence modifications and these were made on 4 December. A determination was made on 22 December bringing the regulatory controls into effect on 8 January 1990. As at the end of the year, codes of practice in respect of these four PTOs had still to be approved.

2.88 A voluntary form of regulation was introduced for recorded message services in 1986. This involved the setting up of ICSTIS to assess both the content and advertising of the services. The MMC expressed the view that these arrangements were satisfactory and, taking account of this finding together with the statutory framework provided by the Telecommunications Act 1984, the Director General does not have the power to introduce new controls on these services.

2.89 The Director General originally modified BT's licence to make the provision of interactive game services also subject to a strict code of practice. This action was the subject of an application to the High Court for judicial review and at the end of 1989 the application was still pending.

#### **Independent Committee for the Supervision of Standards of Telephone Information Services (ICSTIS)**

2.90 ICSTIS was established in September 1986 with the encouragement of the Director General to supervise the standards of telephone information and entertainment services carried over the Callstream network by BT. The Committee, whose Chairman is

Louis Blom-Cooper QC, provides safeguards to the telephone user, in respect of content and advertising of recorded message services, through a code of practice. This code was revised and strengthened in March. ICSTIS now adopts an active role and undertakes regular monitoring of services as well as responding to complaints. Compliance with the code is a condition of BT's contracts with service providers.

2.91 As mentioned in paragraph 2.86, ICSTIS has now accepted responsibility for administering the Codes of Practice for Chatlines and 'One-on-One' services.

#### **Recorded Message Services, Chatlines, etc: Other Issues**

2.92 In 1988 OFTEL began an investigation of the pricing structure for premium services as a result of complaints both about the cost of the services and about the terms on which BT allowed service providers access to the special Callstream network used for these services. BT sets the charge for calls to these services at the 'm' rate, which is currently 25p per minute in the cheap rate period and 38p per minute at peak and standard rates. BT explained that it could not introduce a new charge band for premium services because its old-fashioned metering system cannot provide more than five charge bands. BT had, therefore, chosen the top charge band because that is the only one which would cover both the cost of a telephone call to one of these services and the cost of providing the information in the recorded message. The investigation showed that BT had not made excessive returns on capital in the first years of this relatively new Callstream network. However, OFTEL will keep the accounts for these services under review in subsequent years. BT's exchange modernisation programme should soon have reached the point which will enable it to provide a more flexible charging system. This will allow the vigorous competition in recorded message services to be reflected in lower prices.

2.93 There is continuing concern that BT as a network operator is failing to provide independent service providers with adequate quality of service statistics for its Callstream network. BT has agreed to provide some statistics but OFTEL is still pursuing the matter.

2.94 During the year, OFTEL investigated BT's policy of providing Callstream service only on condition that customers take a minimum of ten lines. Service providers offering very specialised services may find it uneconomic to rent so many lines. BT explained that it had adopted the ten-line minimum because advertisements for information services often generated heavy responses, leading to congestion within the telephone network if the service provider did not have sufficient capacity. This could impair the quality of service received by other customers. OFTEL accepted that there was some merit in this argument and did not consider that there was any basis for regulatory action against BT, given the degree of competition in this field. Mercury and Racal-Vodafone now offer similar facilities, and large service providers will sublet lines to specialist operators.

### **Nuisance Telephone Calls**

2.95 During 1989 there was an increase in the number of representations received about telephone calls of a menacing or obscene nature (as opposed to unsolicited sales calls). A Gallup poll conducted for a Channel Four TV programme shown in April suggested that there might be as many as eight million obscene calls a year to women alone. A subsequent poll commissioned by OFTEL suggested that this figure might be as high as ten million and that there were substantial numbers of other types of nuisance calls.

2.96 The Director General takes the problem of nuisance calls very seriously and recognises that they are unpleasant and can

cause real distress. He considers that such calls diminish the quality of the telephone service. BT does, of course, already have arrangements for responding to complaints about nuisance calls and suggests four ways of dealing with persistent callers—service interception, change of number, call-barring and call tracing. Nuisance callers can already be prosecuted under section 43 of the Telecommunications Act 1984, which makes it an offence to send a message or other matter that is grossly offensive, or of an indecent, obscene or menacing character over the telephone, and the Director General believes that one of the best ways to counter this nuisance would be through well-publicised prosecutions. This seems most likely to be achieved through the widespread use of call tracing facilities.

2.97 In the light of growing public concern, the Director General asked BT in July to undertake a full review of its current arrangements to counter such calls and to let him have its conclusions. He particularly wanted to be satisfied that BT was taking account of public concern about the number and nature of such calls and that its practices took full advantage of the latest technology in call tracing.

2.98 BT set up a Task Force to review the problem, with the brief to consult with interested parties including victims, police, women's rights and other representative groups, and to use existing and commissioned research to develop options and recommend solutions. The Task Force is expected to report its findings in the Spring of 1990.

### **Direct Marketing by Telephone and Fax**

2.99 OFTEL continued to receive complaints about telephone selling and advertising by fax in 1989. On the basis of opinion surveys and other evidence the Director General concluded that both forms of selling

diminish the quality of service the recipient might otherwise expect from the telephone or fax and that the problem had become serious enough to justify regulatory action. Provisions for regulating both forms of selling were included in the new version of the licence that governs the running of private telecommunication systems in business and residential premises which are connected to the public network (see paragraph 3.6 for more details).

## COMPETITION ISSUES

### **BT as a Designated Maintainer**

2.100 During the year OFTEL received a number of complaints, primarily from MCL, about BT's performance as a Designated Maintainer of customers' private branch exchanges (PBXs). Whilst the market for the provision of maintenance services is fully open to competition, BT still retains a dominant share of the market and many potential customers for MCL lines—particularly those with a BT switch—will have BT as the Designated Maintainer (DM) of their switch. MCL had complained that BT as a DM was, in some cases, failing to carry out the work necessary to connect MCL lines in a prompt or efficient manner. This matter was raised at a senior level within BT and it has been encouraged by OFTEL to improve its DM procedures in order to avoid suggestions that it could be behaving in an anti-competitive manner.

### **Survey of Competition in Network Services**

2.101 In November 1989 the Director General announced that he was commissioning a market research study into the effectiveness of competition in PTO switched voice telephony services, and this should identify any practices which might be inhibiting competition in the provision of these services. The study will assess the state of the market some three and a half years

after MCL started to provide a switched telephony service and will also take account of the experiences of Kingston Communications and those cable companies providing voice telephony services. BT's position as a Designated Maintainer (see above) and other issues that might distort competition will be considered during the study.

2.102 The Director General has indicated that he expects to take firm measures if the study provides evidence of anti-competitive practices.

### **PBX Enhancements—Code of Practice**

2.103 In October 1989 OFTEL published a code of practice for the supply of PBXs and enhancements to PBXs. The code, which is voluntary, was drawn up in consultation with the Telecommunications Engineering and Manufacturing Association (TEMA), the Telecommunications Managers Association (TMA), the Telecommunications Users Association (TUA) and with major manufacturers and users of telecommunications equipment.

2.104 The aim of the code is to help maintain good business practice and to ensure that intending customers are given sufficient information, at the time of purchase, to enable them to take full advantage of competition in the apparatus supply market. Customers will then be in a better position should they wish to expand or enhance their PBX system at a later date.

### **Merger References**

2.105 In April 1989 the Monopolies and Mergers Commission reported on the proposed takeover of Plessey by GEC and Siemens. The MMC's unanimous conclusion was that the takeover should be allowed to proceed provided appropriate undertakings were given to the Secretary of State by GEC and Siemens to deal with aspects of the merger which might otherwise be expected to operate against the public

interest. The Secretary of State accepted undertakings in August 1989 and the merger went ahead. As a result GPT, the joint venture company which was established by GEC and Plessey in the telecommunications sector in 1988, is now 60 per cent owned by GEC and 40 per cent by Siemens.

2.106 No new references were made in 1989 on which the Director General was required to give evidence or advice.

#### **BT/Mitel**

2.107 On 27 July 1989 the Secretary of State announced that, on the advice of the Director General of Fair Trading (DGFT) he had agreed to release BT from four of the eleven undertakings it had given following

the MMC report on its proposed merger with Mitel Corporation in 1986. The principal undertakings concerned were those which required BT to limit its purchases of telecommunications apparatus from Mitel to their 1985 level and which prevented it from engaging in joint marketing with Mitel. The Secretary of State also announced that the Director General would be modifying the conditions in BT's operating licence in a way that would maintain the obligations in the remaining undertakings. Future monitoring of the relationship between BT and Mitel would then pass from the DGFT to the Director General of Telecommunications. Discussions on the details of the proposed licence modification were still in progress at the end of the year.

# NON-PTO LICENCES, APPARATUS AND CONTRACTOR APPROVALS AND STANDARDS

## BRANCH SYSTEMS GENERAL LICENCE (BSGL)

As in previous years, OFTEL received enquiries on a variety of aspects of the licensing of private telecommunications systems, for the most part run by users of public systems. Most enquiries were concerned with the running of dedicated private circuits, both within the same group of companies and between such groups (bilateral private circuits). OFTEL has also continued to receive enquiries on the subject of private payphones (see paragraph 3.7).

3.2 As in 1988, the overlap between the 1987 Branch Systems General Licence (BSGL) and the 1987 Value and Added Data Services (VADS) class licence (see paragraph 3.8) continued to present difficulties of interpretation for private telecommunications operators. A thorough review of both licences began in January with the publication of a draft licence to take the place of the 1987 BSGL and also to provide a more effective alternative to the 1987 VADS class licence for those companies or groups wishing to provide value added and data services. A consultative document entitled *Further Deregulation for Business Users of Public Telecommunications Systems* was published inviting comments on the draft licence and on the Director General's proposals for further liberalisation, most of which were reflected in the draft licence. Over 70 responses were received and the vast majority of these were in favour of the changes. The Director General advised the Secretary of State to issue a revised BSGL and this came into force on 8 November.

3.3 The revised BSGL differs in several major respects from the previous one. Private telecommunications operators may now share private circuits with other operators. This allows operators freedom to configure their private systems in ways which best meet their business purposes. As well as being allowed to run unlimited connections to other operators and also being allowed to offer spare capacity on their private circuits to other operators, they may now offer a domestic resale service to other operators and users. The latter liberalisation reflected the decision, taken by the Secretary of State in June, on the advice of the Director General, to lift the ban on domestic simple resale. Restrictions on international resale continue to apply but the revised BSGL removes some restrictions on data traffic and provides a mechanism for further liberalisation where circumstances permit.

3.4 Other changes in the revised BSGL include the following: systems may be run on another person's premises; the distinction between voice and data systems and between basic and value added services within the UK has been removed; the shared use of exchange lines is now permitted; the arrangements for connecting systems to the PTO networks (including pre-connection inspection) have been further liberalised; further freedom to undertake moves and changes to PBX extensions is given; and all telephones in lifts are required to have inductive couplers, wherever practicable, to assist people with hearing difficulties and these telephones must be clearly signposted to this effect.

3.5 In addition to the above, the scope of the BSGL has been extended to cover two

areas which have been the cause of some concern. The first area is the complexity of the 1987 VADS class licence (see paragraph 3.8) and the onerous demands placed on Major Service Providers by the 'fair trading' conditions of that licence. Where previously private telecommunications operators were able to provide value added and data services only under the 1987 VADS licence, or in some cases under an individual licence, they may now operate under the revised BSGL. The main benefits which may be derived from doing so are that service providers will have few restrictions on the inland UK services (including voice) which they may offer. Only those operators who have a turnover in excess of £5 million from the provision of services, together with either a turnover of £1 billion (in computer or telecommunications-related business) or a market share of 25 per cent in telecommunications related services, may be called upon by the Director General to register as Major Service Providers. Unless a licensee is told otherwise by OFTEL, services can be provided without any need to register or pay a fee. Although there will be a requirement for Major Service Providers to adopt OSI, as there is within the 1987 VADS licence, there is now no requirement to publish prices or to keep detailed accounts. In addition, the fair trading rules contained in the revised BSGL are less complex than those contained in the 1987 VADS class licence.

### **Direct Marketing by Telephone and Fax**

3.6 The second area now covered is the nuisance caused to telephone customers by persistent but unsolicited attempts by companies to sell products or services by telephone or by fax. Although the BSGL does not attempt to ban unsolicited selling, it gives PTO customers the right to serve notice on specific telephone sellers or fax advertisers requiring them not to make

unsolicited sales calls or send unsolicited fax messages for selling purposes, and the licence imposes an obligation on the senders to respect such notice. This condition was inserted as a response to a survey carried out by OFTEL in 1988 which showed that 80 per cent of those questioned thought some control should be introduced on unsolicited direct selling. A further survey in June 1989 showed that over 70 per cent of those asked said they had received unsolicited telephone selling calls at home in the past year. Under the new BSGL the Director General can reinforce these provisions by recognising schemes run by others for registering people who do not wish to receive unsolicited sales calls or fax advertising and requiring sales organisations to make themselves aware of such a register and respect the wishes indicated in it. At the end of the year OFTEL was having discussions with the British Direct Marketing Association (BDMA) about the Telephone Preference Scheme it was preparing with a view to the Scheme being recognised for the purposes of the new regulations. Proposals were awaited from the BDMA about a similar scheme for registering preferences in respect of fax advertising and a possible fax advertising preference scheme was also being discussed with another organisation.

### **Payphones**

3.7 Amongst the liberalisation measures encompassed by the revised BSGL is one affecting private payphones (see paragraph 3.4). The running of such payphones (and related services) on other people's premises (a subject on which OFTEL has received many enquiries) is now allowed. Under the old BSGL, a private payphone could be operated on another person's premises, but only provided that ultimate control (ie running) of the apparatus rested with the occupier. The new rule, as well as giving greater freedom in this area, removes a degree of confusion which existed on what was allowed. This change to the BSGL



removes the need for a separate class licence for the running of private payphones on third party premises.

## VALUE ADDED AND DATA SERVICES

3.8 The Value Added and Data Service (VADS) class licence authorising the running of telecommunications equipment for the provision of value added services in the UK and abroad, and data services within the UK, was issued in 1987. Whilst the licensing review has resulted in a revised version of the BSGL, the VADS licence remains unchanged, allowing licensees to continue operating under that licence if they so wish. It contains several additional obligations on those persons falling under the category of Major Service Provider or Trilateral Service Provider, the former being defined in the VADS licence as those whose turnover in relevant services exceeds £1 million or whose group turnover exceeds £50 million. These additional obligations involve registration with OFTEL, the observance of fair trading conditions, and a requirement to offer means of access by any OSI standard which may be specified by the Director General. By the end of the year 50 organisations had registered, of whom 44 were Major Service Providers and 6 were Trilateral Service Providers. It is expected that in future most of these organisations will choose to run their systems under the revised BSGL because of the additional freedom it provides.

### International Agreements

3.9 A revised arrangement between the UK and Japan in respect of international VADS came into effect on 29 November. The new arrangement extends the range of permitted services. These now include enhanced facsimile and the use of proprietary protocols for network to network interconnection in certain circumstances. The arrangement extends the coverage of the

previous arrangement made in May 1988 and relates to certain types of data transmission services by private service operators over international leased circuits.

3.10 The previous arrangement was brought into effect in the UK under the VADS class licence. With the issuing of the revised BSGL there is no longer any need to make formal arrangements with overseas telecommunications administrations in order to permit the kind of services now permitted within the UK. Nevertheless it is expected that the arrangement will prove of use to prospective service providers. For example, it provides information on the range of services for third parties over leased lines connected to the UK which are currently permitted by MPT in Japan.

### Open Network Provision

3.11 In the international arena OFTEL continued its active support for DTI in various discussions under the auspices of the European Commission on the evolution of the concepts of liberalising telecommunications and of Open Network Provision (ONP). These are set out in the 1987 EC Green Paper on the *Development Of The Common Market For Telecommunications Services and Equipment*.

## OTHER NON-PTO LICENCES

### Telepoint

3.12 On 26 January, the Secretary of State for Trade and Industry announced his decision, based on advice from the Director General, on the awarding of licences to operate public telepoint services (using CT2s—second generation cordless telephones). The four successful applicants (BYPS Communications Ltd, Ferranti Creditphone Ltd, 'Mercury Callpoint' and 'Phonepoint') have now made progress in setting up telepoint services nationally. These telepoint services offer access to the PSTN using pocket-sized CT2 handsets. To

make a call users need to be within range of a base station (telepoint) which may be situated in a public area, an office, a factory or in and around a home. Only outgoing calls are possible at present by connecting through public basestations. Users who wish to be contacted could also carry a radiopager. Future developments of CT2 equipment may include a handset with an integral radiopager. Users will, for the time being, only be able to make calls on the proprietary service to which they subscribe. Operators are committed, under licence conditions, to introducing a facility, known as inter-system roaming (ISR), whereby users can make calls at any public basestation. Telepoint operators and equipment suppliers have already agreed a Common Air Interface (CAI), the first step towards introducing ISR. At the end of the year OFTEL was engaged in the discussions being undertaken with the operators in order to settle the terms and conditions of the long-term (12 year) licences which will be issued. Temporary licences allowed the businesses to set up and run their networks.

#### **Wide Area Radiopaging**

3.13 Long-term licences were issued to the following which were already operating: Digital Paging Systems Ltd, Air Call plc and Intercity Paging Ltd. A licence was also issued to Euromessage Ltd, a joint venture between six of the seven UK paging operators, which provides the infrastructure of the UK part of a European paging network covering France, Germany, Italy and the UK. Arrangements for the signing of a Memorandum of Understanding for the implementation of the European radio messaging system (ERMES) were well advanced by the end of the year.

#### **Private Mobile Radio (PMR)**

3.14 In 1989 the existing PMR operators in Band III continued to expand the coverage of their networks and to take on new subscribers. This year has seen the licensing

and commencement of operations of three regional PMR operators—RT Radiophone Ltd (in Lincolnshire, Humberside and Yorkshire), Zycall Ltd (in the East Midlands), and London Band III Network Company Ltd (within the M25 motorway boundary).

3.15 During the latter half of the year the Secretary of State announced that frequencies would also be made available for PMR within sub-band I of Band III. Applications were invited for both regional licences and licences within the M25 area. At the end of the year several applications were being assessed and it is hoped that the successful applicants will begin operations during 1990.

#### **Non-PTO Cable Systems**

3.16 1989 brought a resurgence of interest in the provision of satellite master antenna television (SMATV) services. In 1989 OFTEL advised the Cable Authority on 98 applications for cable diffusion service licences under the Cable and Broadcasting Act 1984, compared with 80 in 1988. Of these, 59 applications involved cable systems which would also require an individual licence under the Telecommunications Act 1984 (compared to 15 in 1988).

3.17 The Director General continued to advise the Secretary of State on the issue of such licences and during the year a total of 29 licences were granted for SMATV cable systems. Two licences were revoked by the Director General in the course of the year, one at the licensee's request, the other for non-payment of the licence fee. In addition, the Director General has issued notices to four licensees of his intention to make a final order under section 16 of the Act following non-payment of licence fees.

3.18 Three complaints relating to programme reception on SMATV cable systems were received during the period of this Report.

## Satellite Services

3.19 In October 1988 the Secretary of State announced the names of six operators which would be licensed to provide specialised satellite services, consisting of one-way point-to-multipoint transmissions, in competition with BT and MCL. During 1989 temporary licences were granted to British Aerospace, BSB DataVision Ltd and Satellite Information Services—three of the specialised satellite services operators (SSSOs)—to allow them either to provide service or to carry out trials and development work.

3.20 Following representations from the SSSOs, the Secretary of State announced in November that they would be permitted to provide services to be received anywhere throughout Europe instead of being limited to the UK as previously proposed. This additional liberalisation should allow the SSSOs to compete effectively in the pan-European market. The Secretary of State also announced that the SSSOs would be allowed to rebroadcast signals received from satellites, whether originating in the UK or abroad, and that the BBC, IBA and other broadcasting companies would be permitted to receive any satellite signal and retransmit it over their broadcasting networks. These changes remove a significant obstacle to the development of satellite news gathering in the UK.

3.21 In November 1989 the Director General published the results of his review of BT's arrangements for the provision of space segment to the SSSOs and details of the revised procedures that had been agreed with BT. The main feature of the new arrangements is the setting up of a Signatory Affairs Office, separate from BT International's operational and commercial staff, to deal with all requests from the SSSOs and other licensed operators for leased space segment capacity provided by EUTELSAT and INTELSAT. These arrangements will be reviewed at the end of 1990.

## Alarms

3.22 During the year OFTEL continued discussions with DTI and other interested parties on the basis for a new class licence to cover the use of alarms in conjunction with telecommunications. These discussions covered alarms for the elderly at home; long-range devices to protect property; and short-range transportable devices for use in, eg commercial vehicles and caravans. One outcome was the issue of *A Class Licence for the Running of Short Range Radio Alarm Systems* published in April. Discussions on the other two categories of alarms will continue in 1990.

## Other Matters

3.23 The requirements for new class licences which were prompted by changes envisaged as a result of the Broadcasting Bill were considered.

3.24 This year saw a slight increase (from 152 in 1988 to 161 in 1989) in the total number of licences issued by the Department of Trade and Industry to non-Public Telecommunications Operators on the recommendation of OFTEL under the Telecommunications Act 1984. A list of these licences is at Appendix 4. OFTEL continued the practice of recommending that temporary licences be issued (requiring an annual renewal as appropriate) for cases where consideration was likely to be protracted because of the complexity of the licensing regulations, and systems and networks to which they apply.

3.25 OFTEL also continued to recommend that the Secretary of State allow small extensions to the limit of 200 metres on the self-provision of private wiring by operators of private telecommunications systems where these could be justified on operational grounds. Eleven new wiring licences were issued by the Department of Trade and Industry last year and 16 wiring licences were re-issued. Although the 200 metre limit is retained within the revised BSGL,

the procedure for granting dispensations to exceed this rule and the form that these dispensations will take have changed. Under the revised BSGL, private telecommunications operators who have valid reasons for exceeding 200 metres will no longer be issued with a wiring licence. They will instead be specified by the Secretary of State, on the advice of OFTEL, as having been granted exemption from that rule.

3.26 Licences issued either by the Post Office or BT prior to the Telecommunications Act 1984 continued to come under review. With the support of the Director General, the Secretary of State laid a statutory instrument before Parliament to extend the validity of pre-1984 Act licences until August 1992. This was to enable those organisations which had special licences to continue to operate their systems legally and to provide a period in which replacement of those licences by new long-term ones could be further considered, taking into account the forthcoming review of policy on the duopoly.

3.27 In 1989, OFTEL had discussions with 108 applicants to ascertain if they were covered by the BSGL, or if a special licence from the Department of Trade and Industry was required. Of these, 15 licences were issued for the first time in 1989; 37 applications are still under discussion; and the remaining 56 were found to be covered by the BSGL.

3.28 Three non-PTO licences were revoked during 1989.

## APPROVALS

### **Transfer of Approval Authority to BABT**

3.29 Following the transfer of evaluation authority to BABT (the British Approvals Board for Telecommunications) in November 1988, all new applications for type approval of apparatus are now dealt with by BABT. In August 1989, a timetable of 12

months was announced for the transfer to BABT of responsibility for the evaluation of enhancements to already approved Call Routing Apparatus (CRA). Transfer of the evaluation of enhancements to approved simple attachments has not yet taken place but will be phased in during 1990. It is expected that during 1990 the Secretary of State will authorise BABT to grant certain approvals in its own right.

### **Type Approval of Apparatus**

3.30 A total of 857 items of apparatus were granted type approval during 1989. The proportion recommended by BABT continued to increase steadily through the year as the impact of the transfer of evaluation authority, in November 1988, took effect.

3.31 No type approvals were withdrawn but 845 existing approvals were varied. These resulted mainly from enhancements to approved apparatus, the granting of unqualified approval to apparatus approved under BABT's interim approval arrangements, or approvals to facilitate field trials or test and development of CRA. A number of variations were made because the approval holder no longer wished to supply that type of apparatus in the UK.

3.32 Following the publication in late 1988 of a Special Investigation Test Schedule (SITS), three items of customer call-barring apparatus were approved during 1989.

3.33 Four approvals were granted for 'fax-switch' apparatus. These distinguish between incoming voice and facsimile messages and thereby allow a single line to be used for both services.

### **Payphones**

3.34 Thirteen payphones had gained approval against the OFTEL approval requirements for payphones (OTR 002) by the end of 1989.

### **NCOP Approvals**

3.35 A total of 57 approvals were granted for specific networks under the Network Code of Practice (NCOP) Temporary Site-Specific Approval Scheme (see paragraph 3.45).

### **General Approvals**

3.36 In March OFTEL published further details about approval procedures for indirectly connected apparatus as a supplement to the General Approval issued in December 1988 for certain types of apparatus indirectly connected to the public networks. This was further extended in June to cover apparatus connected to the cellular networks.

3.37 A General Approval for acoustically coupled signalling devices (tone callers) was published by OFTEL in April.

3.38 Manufacturers and suppliers of apparatus covered by either of these General Approvals need take no steps to gain legal approval of their apparatus—this is automatic provided that the apparatus concerned meets the description contained in the General Approvals. A statement must be provided, however, to the user that the apparatus is approved, quoting the General Approval number that applies.

### **CRA Maintenance Contractor Approvals**

3.39 During 1989 a total of 230 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, 22 were contractors who received approval for the first time during the year. Nine approvals were withdrawn because the holders no longer wished to maintain the type of apparatus concerned. On 31 December, there were 761 approvals

in force held by 98 contractors in respect of 179 models of CRA.

### **Connection of Call Routing Apparatus**

3.40 In September the Director General stated his intention of designating, as classes of persons to undertake connection to the public network, contractors who can comply with strengthened requirements of the Quality Assurance Schemes against BS 5750, administered by the British Standards Institution (BSI), for Installers and Maintainers of CRA. The new BSGI makes provision for this designation (see paragraph 3.4). The Director General invited the BSI to undertake amendments to the existing Schemes to provide the necessary safeguards to protect the interests of both PTOs and users. By the end of the year work on the Schemes was far advanced. The Director General intends to introduce the new arrangements during 1990.

## **STANDARDS**

3.41 Apparatus is approved in the UK by testing against regulatory standards. Most apparatus is tested against British Standards or European Standards (NETs) where these exist although these are supplemented by interim standards produced by DTI in the past and now by OFTEL. The interim standards will be replaced by British Standards in due course. As well as these general standards it is occasionally necessary to draft special specifications in respect of innovative products.

### **Technical Requirements for Private Branch Exchanges with Telecommunications Ports (OTR 001)**

3.42 OTR 001 details the requirements for type approval of PBXs and other apparatus having two or more types of port. It was first published in March 1988. In July 1989 Issue 3 added new sections to the standard including information on digital ports, field

trials, two-wire PBXs and provision for visually handicapped operators (see paragraph 3.43). It also contained requirements for multiplexers, signalling converters and echo cancellers with ports. OTR 001 was notified to the European Commission under EC Directive 83/189. Work will now continue to incorporate the standard into BS 6450 Part 4 through BSI Committee TCT/8.

3.43 OTR 001 as first published in April 1988 required PBXs capable of configuration with a centralised answering station (commonly an operator's console) to be able to be used by visually handicapped telephonists (VHTs) or to be available with an adaptation suitable for use by VHTs. The requirement to provide these facilities was amended in 1989 to give a two year 'grace' period from the first publication of OTR 001 and this requirement will not now come into force until 1 March 1990. However, manufacturers are expected to take into account the technical implications of these facilities required in PBX design well before this mandatory date, since all PBXs (assessed to OTR:001) with a centralised answering point will be subject to this requirement as from this date.

#### **Code of Practice for the Design of Private Telecommunications Networks (NCOP)**

3.44 A final draft document was published in June 1989 after substantial redrafting and taking into account the requirements for offshore installations. The NCOP was notified to the European Community under Directive 83/189 and comments were received from several countries. In December a consultative document was issued by the Director General seeking views on the mandatory nature of the NCOP pointing out a number of options. It invited comments and suggestions which would give maximum scope for user choice and service initiatives but with the minimum of regulation (see also paragraph 6.4).

#### **Temporary Site-Specific Approval Scheme**

3.45 The temporary NCOP Site-Specific Approval Scheme which was launched in October 1987 to permit operators of private networks to take advantage of the freedoms conferred by the revised (1987) version of the Branch Systems General Licence which allowed them to extend PSTN traffic within their own private networks. The scheme was extended for a further six months until 1 April 1990 because of slippage in the completion of OTR 001 and the NCOP.

#### **Metering**

3.46 Work continued on the approval scheme for PTO metering systems which will ensure uniform quality standards. The scheme will be administered by BABT with assistance from the British Standards Institution and will build upon the PTOs' existing monitoring arrangements and extend them to provide for independent assessment. Discussions continued on the draft standard and when this is completed the metering approval scheme will be introduced.

### **OTHER MATTERS**

#### **European Developments**

3.47 OFTEL became a full member of the European Telecommunications Standards Institute (ETSI), the body responsible for the production of European Telecommunications Standards. OFTEL now takes an active part in the work of a number of ETSI Technical Committees and during 1989 attended the meetings of ETSI's General and Technical Assemblies (see also paragraph 6.8).

3.48 As part of the drive towards a single European Market, the member states of the European Community are beginning the process of integrating their telecommunication requirements. They have already agreed to notify all standards to the European Commission, under Directive EC 83/189, as a first step to harmonisation.

3.49 Discussions continued on a draft European Commission Directive for the mutual recognition of type approval for telecommunications terminal equipment. Among other things this Directive calls for harmonised type approval standards to be produced by ETSI and CENELEC.

3.50 During 1989 a Directive relating to electromagnetic compatibility was adopted. The Directive applies to apparatus liable to cause electromagnetic disturbance and defines the protection requirements and inspection procedures. OFTEL has been discussing with DTI the implications of this Directive on telecommunications terminal apparatus, in particular the requirement for third-party testing.

3.51 The programme for the production of European Technical Standards (NETs) is gathering momentum. The work on requirements for access to the 'standard analogue interface of the PSTN' for each of the participating countries (NET4) continued in 1989.

### **Marking and Labelling**

3.52 OFTEL continued to advise the industry, the public, Trading Standards Officers and others on the provisions of the Telecommunication Apparatus Marking, Labelling and Advertising Orders. Assistance was given on several occasions to Trading Standards Officers carrying out prosecutions under this legislation in conjunction with the Trading Standards Act. Advice was also given to the Secretary of State on marking, labelling and advertising requirements in relation to future European developments.

### **Working Group on Telecommunications for the Hearing Impaired**

3.53 The Working Group on Telecommunications for the Hearing Impaired (WGHI) advises the Director General on technical problems in meeting the telecommunications needs of hearing impaired people.

Included in its membership are experts familiar with telecommunications manufacturing and research and representatives of various voluntary organisations. The WGHI works closely with DIEL (see Section 8).

3.54 Phase 1 (laboratory tests) and Phase 2 (complementary subjective tests using a panel of hearing impaired people) of the WGHI's research investigation into the optimum means of coupling the acoustic output from telephones into hearing aids were completed during the year and a report was prepared. A thorough appraisal of the results of the two phases is being carried out before further work is undertaken.


3.55 The WGHI continued its investigations into the problems and costs of developing and obtaining approval of telecommunications apparatus designed specifically for disabled people. Its report, which reviewed these problems and possible ways of alleviating them, was endorsed by OFTEL and passed to the DTI.

3.56 The WGHI published its *Standard for Simple Telephones with Additional Receive Amplification*. This has been accepted by the PTOs as the relevant technical specification for compliance with their licence obligations to provide amplified handsets to those who require them, as has the WGHI's code of practice on inductive coupling.

3.57 In view of recent developments in text communication apparatus, the WGHI resolved to review and update its 1987 Guide.

3.58 The WGHI made a considerable contribution at the Telecommunications Action Group (TAG) Seminar which took place at Reading University in June, at which the Director General also spoke.

3.59 Two WGHI members attend meetings of the European Organisation for Co-operation in the Field of Science and



Technology (COST) and keep the Group in touch with developments concerning telecommunications for disabled people. The WGHI recognises the importance of the UK

fielding experts to take part in European projects. WGHI's code of practice on inductive coupling has been offered to ETSI as the basis for a possible standard.



## CONSUMER AFFAIRS

**O**FTEL has a number of specific responsibilities to promote the interests of consumers. These include investigating consumer complaints and considering the wider issues arising from them; ensuring that PTOs and other suppliers comply with codes of practice; and monitoring the quality of telecommunications services.

### REPRESENTATIONS ABOUT TELECOMMUNICATIONS SERVICES

4.2 Most complaints and enquiries to OFTEL and the four national Advisory Committees on Telecommunications come from residential and small business users of telecommunication services and apparatus. During 1989, OFTEL and the English Committee received 31,644 complaints and enquiries (see Appendix 2 for a breakdown) with just over half of these involving disputed accounts.

4.3 The pattern of the breakdown into types of representation remained very similar to that for 1988. However the overall total for 1989 showed a 33 per cent increase in number from the previous year. The figures for 1988 had been approximately the same as for 1987. OFTEL has not been able to ascertain precisely why representations have increased at such a rate in 1989. Public awareness of OFTEL, as measured by an opinion survey during 1989, remained at a very similar level to that for 1988 (29 per cent in 1989 compared to 30 per cent in 1988) although this was well above the

figure for 1987 (13 per cent). BT's call quality was constant or improving throughout the year (see paragraph 4.13). The most likely reason for the increased level of representations is that customers' expectations are rising faster. The increase in availability of both new services and those charged at premium rates may also have contributed to the rise. A relatively small number of complaints and enquiries arose from BT's new compensation scheme for late fault repair or late installation of new exchange lines which was introduced on 1 April 1989 (details of the scheme are given in paragraphs 1.40 and 2.71).

4.4 The Director General continued to be concerned about BT's apparent failure to respond adequately to customers' complaints by improving its own complaints-handling procedures. Discussions about this continued with BT during the year and BT undertook a detailed review of the way in which improvements could be achieved. Implementation of new procedures as a result of this review should start in 1990.

### CODE OF PRACTICE FOR CONSUMERS

4.5 Condition 27 of BT's licence requires it to consult the Director General at least every three years about the operation of its Code of Practice for Consumers. After extensive consultations with the four national Advisory Committees on Telecommunications, the local Telecommunications Advisory Committees (TACs) and with national consumer groups, discussions between OFTEL and BT culminated, at the

end of the year, in agreement on a whole range of improvements to the Code. A revised Code is expected to be published in the summer of 1990.

## TELECOMMUNICATIONS CODE

4.6 The Telecommunications Code (Schedule 2 to the Telecommunications Act 1984) gives the PTOs certain rights and obligations when siting their apparatus on public and private land and when carrying out other work in connection with the provision of telecommunications services. The exercise by PTOs of their rights under the Code has continued to give rise to enquiries about the extent of their powers, chiefly from those who have been affected by the installation of such apparatus.

4.7 OFTEL continued to monitor the exercise of Code powers and to provide advice to complainants in cases where the Code had allegedly not been followed or where the complainant felt his or her interests had been adversely affected by the operation of the Code.

## PUBLIC CALL BOX SERVICES

4.8 The terms of BT's licence require it to maintain public call box services to meet all reasonable demand. Following the improvement achieved by April 1988 (see 1988 Report), ongoing surveys in the series jointly set up by OFTEL and BT, and conducted by independent consultants, showed that in March 1989 BT achieved 95 per cent of public call boxes in working order. This level of serviceability has been maintained since then.

4.9 During 1989 MCL continued to increase its network of public call boxes in major urban centres and plans were announced for Paytelco to install compatible MCL payphones on private sites throughout

the country. These initiatives aim to provide MCL payphones at a total of 9,000 sites by the end of 1990, and 60,000 within 5 years.

4.10 BT's public call box modernisation programme has continued, with most of the familiar red kiosks now having been replaced with the new housings, although some of the red boxes have been retained under preservation orders. More call boxes have been converted to Phonocard installations during the year but OFTEL has continued to monitor the introduction of Phonocard boxes to ensure that BT maintained sufficient cash call boxes to satisfy consumer preference. In some areas, a high level of theft-related vandalism sometimes means that all the call boxes in that area have to be Phonocard in order to be able to provide a service at all.

## QUALITY OF SERVICE

4.11 The work on measuring the quality of telephone services continued in 1989. As in earlier years, OFTEL commissioned omnibus surveys of public opinion to examine aspects of the domestic telephone service, employing NOP (Market Research) Limited, MORI (Market and Opinion Research International) and RSGB (Research Surveys of Great Britain) Limited.

4.12 OFTEL also conducted a survey of domestic call quality in May 1989 using volunteers from the local Telecommunications Advisory Committees (TACs), supplemented by members of OFTEL staff. This was a much larger-scale survey—both in terms of the number of volunteers who recorded calls and in the number of calls they recorded on average—than the previous exercises undertaken by OFTEL with the help of TACs in 1986 and 1987. Over 600 individuals recorded more than 21,000 calls from their own homes during a three-week period. Those who participated in OFTEL's survey of domestic call quality experienced higher rates of call failure than

BT's own figures would suggest. One reason for this may be that the way in which BT's network modernisation programme has been phased tends to benefit business customers earlier than residential customers.

4.13 The survey did confirm a significant improvement in call failure rates in recent years, and this improvement was also reflected in reduced numbers of unsatisfactory calls (eg noisy or faint lines).

4.14 In December 1989 an OFTEL report was published containing the results of the omnibus surveys and of the domestic call quality survey, and details of the representations received by OFTEL about telecommunications services. BT's six-monthly reports on its quality of service showed continuing improvements in network reliability during 1989 and also improvements in the speed with which faults were repaired. BT extended its report to include provision of service and fault repair for private circuits. MCL also expanded its quality of service report in 1989 to include statistics of call success rates and serviceability of pay-phones.

4.15 The Director General decided that OFTEL would continue to conduct independent investigations into quality of service on the fixed networks, concentrating on areas not covered by the PTOs' own statistics or where additional information is required to supplement their figures. This will include the commissioning of further public opinion surveys. The Director General decided not to ask TACs to help in another major survey of domestic call quality during 1990.

4.16 An area which became a cause for concern in 1989 was the quality of service on the cellular radio networks. When the Director General published his report in May following an investigation into the

quality of service on the two networks, he announced that he intended to publish figures regularly to inform existing and potential users about the level of congestion they could expect. Two sets of these statistics were released towards the end of the year.

## LIAISON WITH LOCAL ADVISORY COMMITTEES

4.17 Several new TACs were granted recognition by the Secretary of State during 1989 which, together with the amalgamation of a few already existing committees, brought the total number of TACs in the UK to 165: 133 in England, 15 in Wales, 12 in Scotland and 5 in Northern Ireland. OFTEL continued to maintain regular liaison with the TACs through its *Newsline* publication and through frequent personal contacts between the Consumer Affairs section and the committees. Officials also attended regional and national meetings of TACs as well as visiting some committees for local meetings when requested.

4.18 Many TACs provided volunteers for OFTEL's domestic call quality survey undertaken in May (see paragraph 4.12).

4.19 In order to streamline relations in future a decision was taken that all normal day-to-day contact with TACs would be conducted through the four national Advisory Committees on Telecommunications (ACTs). This is intended to give TACs clearer lines of communication when they wish to seek advice or information. At the same time it will ensure that the ACTs are kept aware of all issues of concern to the TACs in their areas and can, where appropriate, represent the collective view of the TACs to OFTEL. These changes will in no way diminish the role which TACs play in assisting OFTEL to monitor consumer opinion about telecommunications services.

# INFORMATION AND PUBLICITY

## STATUTORY REGISTERS

**U**nder the provision of sections 19, 21 and 23 of the Act, the Director General is obliged to keep publicly accessible registers of:

- (a) All licences issued under the Act, along with details of any modifications, revocations, orders, consents or determinations relating to them;
- (b) All contractors approved under the Act for the maintenance of apparatus (mainly Call Routing Apparatus), along with details of every variation or withdrawal relating to them.

5.2 At the end of 1989 the register of licences numbered 466 excluding renewals. The number of new licences issued in 1989 was 112. A list of non-PTO licences added to the register is given in Appendix 4 and broadband cable operators licensed as PTOs in Appendix 5.

5.3 The approved contractors' register consists of particulars of contractors approved by the Secretary of State since 5 August 1984. A total of 761 contractor approvals were in force at 31 December 1989. Details of the 1989 approvals for contractors are given in Section 3.

5.4 The approved apparatus register includes documentation on individual items of apparatus approved by the Secretary of State since 5 August 1984 and by the Director General since 1 December 1986. Also included are particulars of apparatus approvals issued under the British Telecommunications Act 1981 prior to 5 August

1984. At 31 December 1989, there were 10,532 approvals in force. Details of 1989 approvals for apparatus are given in Section 3.

5.5 During 1989 key particulars of apparatus approvals and contractor approvals continued to be entered on computer to facilitate the handling of public enquiries. A total of 794 such enquiries were made in 1989. All registers are available for public inspection at OFTEL's Library between 10 am and 4pm on normal working days.

## PUBLICATIONS

5.6 During 1989 OFTEL continued to expand its range of publications, adding 40 new titles during the year. The Director General issued a number of important Statements on a wide range of subjects including the MMC Report on Chatline Services and subsequent proposals for amending licence conditions to control the provision of 'One-on-One' and multiline Chatline services, the Control of the Quality and Price of British Telecom's Private Circuits, and a review of BT's arrangements for the provision of space segment to specialised satellite services operators and others.

5.7 In December the annual review of the telephone service was published. In addition to reviewing the quality of the telephone service, the report addressed the problems of telephone selling and, for the first time, obscene and nuisance calls. Earlier in the year a report on the quality of service on the two cellular networks signalled the Director General's intention to publish monthly

quality of service indicators for the cellular networks. In October the first figures giving a measure of congestion were released.

5.8 The Director General continued his policy of seeking input from the industry, customers and others with an interest in important topics by issuing consultative documents. During 1989 four such documents were published. These dealt with the issues of further deregulation for business users (the BSGI), the connection and pre-connection of Call Routing Apparatus, the numbering of telephony services into the 21st century and the status of the Network Code of Practice (NCOP).

5.9 Three issues of *OFTEL News* were published and over 1,000 new names were added to the OFTEL mailing list of those who receive *OFTEL News* and other selected OFTEL publications. The total number of copies of *OFTEL News* distributed through the mailing list was 17,676 by the end of the year.

5.10 A new illustrated booklet designed to be an introduction to cellular services—*A Guide to Cellular Radio*—was published in October and proved to be extremely popular. Over 6,000 copies had been sent out in response to requests or distributed at exhibitions by the end of the year.

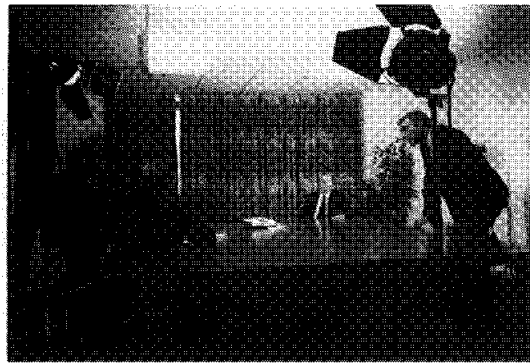
5.11 A full list of publications issued by OFTEL during 1989 is given in Appendix 6 to this Report.

## PRESS AND BROADCASTING

5.12 Forty press releases were issued by OFTEL during 1989. These, coupled with many press interviews and briefings given by the Director General and other senior staff, ensured that OFTEL's work and initiatives were kept fully in the public eye.

5.13 Telecommunications continued to be a topical subject for both radio and television.

Contributions from the Director General and OFTEL were sought from a range of business, consumer and news programmes. The Director General's broadcasts included: *World at One*, *Analysis and Today* (BBC Radio 4); *BBC 6 o'clock News* (BBC1); *Reportage and Newnight* (BBC2); *Independent Radio News*; *4 What Its Worth* (Channel 4); and *Channel 4 Business Daily*. The Deputy Director General and other senior staff contributed to: *The Jimmy Young Show* (BBC Radio 2), *Radio Wales*, *Radio Birmingham* and *Greater London Radio*.



The Director General and David Redding, OFTEL's Head of Information, during filming for BBC2's programme *Reportage*

## CONFERENCES, SEMINARS AND EXHIBITIONS

5.14 The Director General undertook a full programme of speaking engagements, both in the UK and increasingly abroad, during the year. The Deputy Director General and other senior OFTEL staff faced growing demands for their participation in commercially-arranged telecommunications seminars and conferences to explain the background and implications of changes in the evolving regulatory regime. The Director General's overseas speaking engagements took him to Brussels, Paris, Amsterdam, Nice, Arizona, Philadelphia, Washington, Australia, New Zealand, Macau, India (where he delivered the First Jawaharlal Nehru Memorial Lecture on Telecommunications to a large audience) and Hong Kong. The Deputy Director General

Kong. The Deputy Director General and other directors fulfilled engagements in Brussels, Barcelona, Germany and Korea.

5.15 Participation in exhibitions addressing consumers, the telecommunications industry, small businesses and specialist groups such as disabled people continued to play an important part in OFTEL's publicity and information programme. OFTEL attended the Consumer Congress in Cardiff and the National Association of Consumer Advice Bureaux Annual Conference in York where HRH The Princess Royal visited the OFTEL stand. On the telecommunications industry side, the most important event OFTEL supported was the 22nd Annual Conference of the Telecommunications Managers Association in Brighton. OFTEL also had a stand at *Comex '89* aimed at the mobile sector. OFTEL's Small Businesses Committee (BACT) featured on stands at a series of exhibitions in Bristol, Solihull, Manchester and Glasgow and also at the CBI Conference in Harrogate. The Advisory Committee on Telecommunications for Elderly and Disabled People (DIEL) again participated in the *Naidex* exhibition at Alexandra Palace and also had a display at the Age Concern Conference.

5.16 A full list of the events attended by OFTEL during 1989 follows.

*Telecommunications Industry*

- October Annual Conference of the Telephone Managers Association, Brighton
- October/ November *Comex '89*, Sandown Park, Surrey

*Consumer Events*

- April Consumer Congress, Cardiff
- July Royal Show, Kenilworth, Warwickshire
- Royal Welsh Show, Builth Wells, Wales

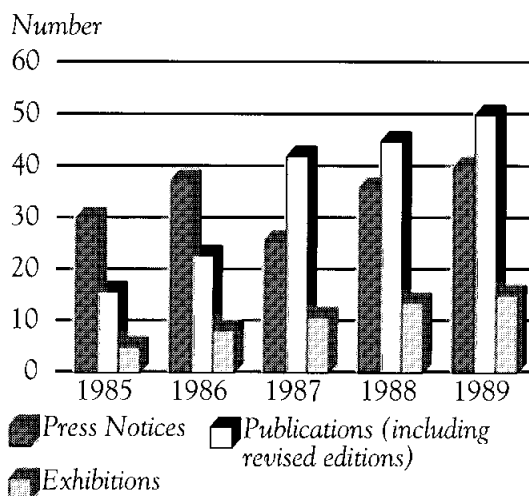
- October National Association of Citizens Advice Bureaux Annual Conference, York

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

- July British Computer Society Conference, London
- Age Concern Conference, London
- October *Naidex '89*, Alexandra Palace

*The Advisory Committee on Telecommunications for Small Businesses (BACT)*

- March Business Telecoms Exhibition, Bristol
- April Business Telecoms Exhibition, Birmingham
- May Business Telecoms Exhibition, Manchester
- June Business Telecoms Exhibition, Glasgow
- November Confederation of British Industry Annual Conference, Harrogate



Some of OFTEL's information activities (1985-89)

## OFTEL's LIBRARY

5.17 The Library's primary function is to provide a bibliographical, reference and information service for OFTEL staff. Members of the public may use the Library's resources, by appointment, for reference purposes and for consultation of the public registers of approved apparatus, contractors and licences. During the year 791 people visited the Library and over 9,200 public register and other general enquiries were answered.

5.18 The Library acts as a sales point for priced OFTEL publications and produces a monthly list of all OFTEL publications, including licences granted, for general distribution. A total of 3,802 OFTEL publications were sold during the year.

5.19 During 1989, the Library completed a six-month review of its services and stock by evaluating feedback from library users. As a result, certain economies were made and this enabled funds to be transferred to areas where there was a greater need.

## TECHNICAL ACTIVITIES

OFTEL's Technical Directorate provides technical support to all appropriate OFTEL activities. In addition to the work of its permanent staff of nine technical grades and three administrative grades, the Branch regularly calls upon the expertise of specialist consultants in carrying out its functions. The work of the Technical Directorate tends to fall into three categories: technical enquiries, programmable casework and longer-term policy issues. There is some overlap between these when a new viable development in telecommunications technology progresses from a concept through the standards-setting stage and then into operational service.

6.2 The Technical Directorate's work is largely determined by the current activities of other Branches, particularly those involved with PTO and non-PTO policy matters. As these are well covered elsewhere in the Report, this section concentrates on a few topics which have occupied a significant proportion of the Technical Directorate's resources during the year.

6.3 Where appropriate, disputed accounts referred to OFTEL are subject to investigation by the Technical Directorate. Over 300 cases were dealt with in 1989 and examination of correspondence and line event records by technical experts helped OFTEL to resolve many customers' complaints of inaccuracy. In some cases further enquiries and measurements were carried out on the Directorate's advice. Unfortunately, line event recording and other technical investigations are generally carried out in periods following that for which the account was originally disputed. While persistent faults

can be located and cleared, it is difficult to obtain retrospective information. BT has demonstrated to the Director General a new design of line event recorder, called the Monologue, which can be connected to suspect lines. This will record more precisely the events used for accounting purposes and allow remote interrogation for computerised analysis of the records. Monologue is expected to supersede earlier designs of event recorder, including the widely used Miracle which was not designed to detect the multifrequency dialling used on modern exchanges.

6.4 Coincident with OFTEL's work on the new BSGI (see Section 3), the Technical Directorate produced a revised draft of the *Code of Practice for the Design of Private Telecommunications Networks*, commonly known as the Network Code of Practice (NCOP). Published in June, the revised draft builds on earlier work on the technical requirements relating to public network call paths through private networks. The requirements are now described in a more easily understood form, and the concept of 'exceptions' has been introduced to give greater impairment allowances to private networks in defined circumstances. Apart from an ongoing concern about the relevance of 'quantising distortion' as an adequate measure of transmission performance where innovative voice coding is used in a digital environment, the technical requirements specified in the NCOP are generally regarded as setting a satisfactory reference standard. As reported in more detail in Section 3 (paragraph 3.44), the draft NCOP has been lodged with the European Commission under the Directive



83/189 procedure, but at the end of the year an OFTEL consultative exercise was seeking views on the extent to which the NCOP should be applied in mandatory or advisory form, bearing in mind the need to maintain acceptable end-to-end performance on call paths through multiple public and private systems.

6.5 The Technical Directorate examined the submissions of the eight applicants for personal communications network (PCN) licences and took part in discussions with the companies involved. From a technical point of view, five of the applications were superior to the others and of these three were successful following the overall assessment of the proposals. At the end of the year, the technical standards for PCN systems were being discussed in a forum attended by DTI, OFTEL and the three licensees and this work will continue in 1990. Representatives from the forum are attending relevant ETSI committees so that compatibility with European standards can be maximised.


6.6 Several novel technical matters were addressed during the resolution of interconnection problems between BT and MCL. In particular, the Technical Directorate was instrumental in establishing the network topology which allowed BT customers to make calls to premium rated services on the MCL system. The Technical Directorate was also involved in the groundwork on 'extended ingress' so that subscribers connected to the BT system in over 100 areas not directly served by MCL, could obtain indirect access to MCL services.

6.7 The Branch's technical staff pay particular attention to the performance of modern telecommunications equipment and the quality of service available to users of licensed public networks and liberalised attachments. Examples of such work during 1989 included the analysis of quality of service data on the two cellular radio

systems, an assessment of the performance of cordless telephones, and the specification of technical requirements applicable to telecommunications wiring on customers' premises to avoid intolerable levels of noise or crosstalk. Technical staff also investigated a number of complaints where users were not satisfied with the transmission performance they had experienced.

6.8 In recognition of the increasing importance of the work of the European Telecommunications Standards Institute (ETSI), the Technical Directorate targetted three of the 12 Technical Committees as being of greatest importance. This is the maximum number the Branch, with its limited resources, could support through direct involvement. As a result representatives attended TC/NA (Network Aspects), TC/BT (Business Telecommunications) and TC/TE (Terminal Equipment) to keep abreast of standards work in these areas and to endeavour to maintain consistency with technical and regulatory developments in the UK. An example of recent activity in ETSI has been the preparation of a report on the transmission performance of private networks carrying public network calls which has been influenced significantly by OFTEL participation. The Branch has occasionally been involved with other ETSI Technical Committees when matters of importance to OFTEL arise.

6.9 During 1989 the Technical Directorate placed increasing emphasis on the delineation of the NTP (Network Termination Point) as the boundary between public telecommunications systems and the ever-widening range of equipment being approved by BABT for attachment to those systems. Many subscribers are now benefitting from the use of multifrequency signalling to the public networks, replacing the slow loop-disconnect pulsing as local exchanges are modernised. Completion of European standards for digital access should



stimulate the introduction of very fast addressed-message signalling between intelligent terminals and public switched systems.

6.10 The concepts of ISDN (Integrated Services Digital Network) are about to materialise as industry introduces terminals having the capability to exploit the fast

signalling and 64 kbit/s transmission paths provided by extensive digitalisation of the national networks. Terminals and networks together under the banner of ISDN have the potential to support an ever-widening range of independent and co-operative service features, matching and meeting the demands of the tele-literate society of the 1990s.

## OFTEL'S RESOURCES

OFTEL's expenditure is provided by Parliament, but the cost is met almost entirely 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 1989 although, for accounting purposes, OFTEL uses the April to March financial year.

### STAFF

7.2 For the financial year ending 31 March 1990 the Director General had a ceiling of 131 staff posts. The corresponding figure for the previous year was 120 posts. Taking 1989 as a whole, OFTEL employed, on average, a total of 118 permanent staff. Additional casual staff were employed during the year particularly to help with peaks in the work load of the consumer complaints section and to assist with statistical surveys.

7.3 The permanent staff were divided as follows:

Senior staff (Grade 7 and above)	22
Other executive staff	44
Clerical and support staff	52
	118

Included in these figures are the following staff who act specifically as professional advisers:

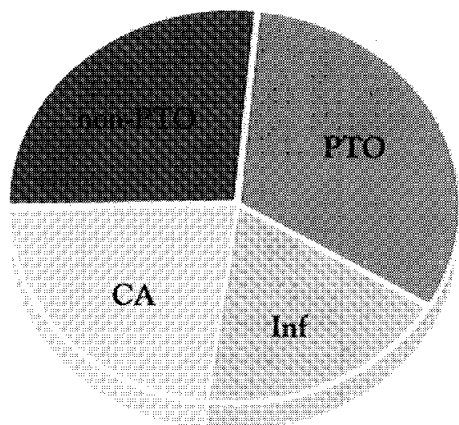
Lawyers	2
Technical experts	8
Accountants	1
Economists	2
Statisticians	1
Information officers	2
Internal auditors	2

The internal auditors are shared with the Office of Fair Trading (OFT) and the Office of Gas Supply (OFGAS).

### BUDGET

7.4 The Director General had a cash limit of £4.6 million for the financial year ending March 1990 and a corresponding figure of £4.0 million for the previous financial year. Salary costs accounted for nearly half 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, the Consumer Affairs Branch and the IT (Computer) Unit. This cost also accounted for a significant part of the spend.

7.5 The diagram shows how OFTEL's budget was divided in 1989 between the four main areas, for accounting purposes, within OFTEL:



The division of OFTEL's budget (see paragraph 7.5 for key)

- 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**)

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

## REPORTS OF THE ADVISORY COMMITTEES

Under section 54(1) of the Act the Secretary of State was required to establish 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.

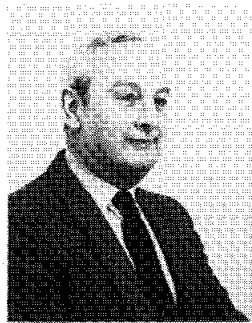
8.3 The following Reports from the six ACTs have been made to the Director General as stipulated in Section 54(7) of the Act.



*Mr R Hutton, Chairman of the English Advisory Committee on Telecommunications*



*Mr W Begg OBE, Chairman of the Scottish Advisory Committee on Telecommunications*



*Mr T Lynch, Chairman of the Welsh Advisory Committee on Telecommunications*



*Mr J J Eccles OBE JP, Chairman of the Northern Ireland Advisory Committee on Telecommunications*



*Mr D Hobman CBE, Chairman of the Advisory Committee on Telecommunications for Disabled and Elderly People*



*Mr M Ashton, Chairman of the Advisory Committee on Telecommunications for Small Businesses*

# REPORT OF THE ENGLISH ADVISORY COMMITTEE ON TELECOMMUNICATIONS FOR THE YEAR ENDING 31 DECEMBER 1989

The English Advisory Committee on Telecommunications held five meetings during the year. We were pleased to welcome either the Director General of Telecommunications or his Deputy to several of our meetings. Mrs Batty Shaw, who had been a member of the Committee since its inception, was for personal reasons unable to accept a further appointment and resigned from the Committee in July. We would like to thank her for her contributions to our work during its formative years. A list of the present members of the Committee (as at 31 December 1989) follows this Report.

8.5 The Committee offered views and comments to the Director General on a number of issues during the year, in particular:

- (a) BT's price changes for its private circuits;
- (b) further deregulation for business users of public telecommunications systems;
- (c) connection and pre-connection inspection of Call Routing Apparatus; and
- (d) the provision of Chatlines and premium rate message and information services.

8.6 The Committee was very concerned at the large increases announced by BT towards the end of the year for certain private circuit charges. Although the increases as a whole came within the overall price cap agreed by the Director General with BT, we were concerned at the large increases for some services, particularly

those relating to 'Megastream' circuits; we expressed the view that BT should spread such exceptional price increases over a reasonable period in order to minimise the disruption to users. We will continue to examine carefully BT's proposals for price changes for both its main services and private circuits.

8.7 In response to the Director General's consultative document on the further deregulation for business users of public telecommunications systems, we fully supported the efforts to reduce the complexity and number of class licences, and the proposals to allow further liberalisation. In particular we applauded the additional liberalisation offered by allowing resale, including simple resale and, whilst accepting that there would initially need to be differences between domestic and international resale, we expressed the hope that other countries would follow a similar path. We advised that consideration should be given to the problem of unsolicited fax messages and we were pleased to see that the new Branch Systems General Licence (BSGL) contained a condition designed to limit the intrusion caused by unsolicited telephone and fax sales calls.

8.8 The Committee also welcomed the Director General's consultative document on connection and pre-connection inspection of Call Routing Apparatus and in particular advised that, for the full benefit to be gained, it was essential for competent Registered Installers to be able to make the necessary connection to the public network on completion of pre-connection inspection. We were pleased to note the subsequent decision to permit both Registered

Installers and Designated Maintainers, who satisfy the requirements of appropriate British Standards Institution (BSI) quality assurance schemes, to dispense with the pre-connection inspection and to connect apparatus direct to the PSTN themselves.

8.9 We were aware of the continuing concern about the exploitation of Chatline and premium rate message or information services. Members fully agreed that the incidence of abuse of these services meant that it would be against the public interest for Chatlines to be re-introduced as premium rate services until sufficient safeguards could be devised to eliminate any significant risk of abuse. We agreed that a strict code of practice was the minimum regulation required for Chatlines to operate as a premium rate service and that similar codes should apply to 'One-on-One' and interactive game premium rate services. We also expressed the view that BT and the other public network operators should be encouraged to introduce helpful facilities (such as itemised billing and notification to the customer when the telephone bill reaches a predetermined level) as soon as technologically and economically feasible.


8.10 The Committee continued to monitor the level of complaints received by OFTEL. During the year we were asked by the Director General to review the handling of a particular case and to advise him as to what further action he ought to take in the matter. We were satisfied that the Director General had taken all reasonable steps to resolve the complaint but we considered that some of the concerns expressed by the complainant could, to a certain extent, have been allayed if the initial response from BT had been more urgent and more sympathetic. The Committee fears that the relationship between BT and its customers does on occasions fall short of the highest standards of service and intends to discuss this concern with BT's senior management in 1990.

8.11 It is clear from the statistical evidence that queries over metering and billing are numerous and nationwide: since it will be several years before itemised billing will be available to all customers, we have strongly advocated the introduction of the metering approval scheme at the earliest possible moment to provide an independent audit of telephone metering. We hope to see the introduction of the scheme during 1990 and one of our members is representing the Advisory Committees on Telecommunications in discussions with the British Approvals Board for Telecommunications (BABT) about an appropriate meter standard.

8.12 Another long-standing area of concern to the Committee is the structure and effectiveness of the local Telecommunications Advisory Committees (TACs). We recognise that many of the TACs provide a useful and welcome service to the local community, but we are concerned about the inadequacy of the funding provided by the Department of Trade and Industry and, in particular, about the absence of honoraria for voluntary TAC secretaries; these people expend a great deal of time and effort in dealing with local complaints about the telephone service. We will continue to address this subject in 1990, but were pleased to accept a closer, more direct relationship with the TACs by agreement with the Director General.

8.13 During the year we discussed both the quality of service provided by the public telecommunications operators and the possible arrangements for telephone numbering into the 21st century. We also responded to the Department of Trade and Industry's discussion document *Phones on the Move* and supported the suggestion that the UK should move immediately to take advantage of the market opportunities offered by personal communication networks (PCNs).

8.14 In May 1989 the Rural Development Commission and OFTEL published a



study—*Telecommunications in Rural England*. This provided the first detailed attempt at research into the telecommunications problems faced by rural areas of England, and offered several recommendations as to how these might be resolved thus providing rural communities with satisfactory access to the advanced forms of telecommunication services and facilities that are being developed. We were pleased to see that a number of initiatives have already been taken, such as the decision to allow simple resale and the development of several telecottages projects, which should prove beneficial to rural areas.

8.15 In our last Report we mentioned that an area of concern to the Committee had been problems associated with emergency '999' calls made from hotels. An incident in Cornwall had raised doubts about whether

some hotels' telephone systems and procedures were adequate to cope with an emergency. Following discussions with the Committee, the British Hotels, Restaurants and Caterers Association agreed to publish an article, including our recommendation on how to overcome problems faced by some hotels, in its trade magazine.

8.16 During the year, members had the opportunity to examine some aspects of the cable sector of the industry. The Committee held one of its meetings at Cable Camden Ltd who made a presentation outlining cable developments in the UK; this was greatly appreciated by members.

8.17 All members of the Committee would wish to express their appreciation of the services of the secretariat during the year.



## CHAIRMAN AND MEMBERS OF THE COMMITTEE

### *Chairman*

#### **Mr R Hutton**

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

### *Members*

#### **Mrs P D M Batty Shaw CBE, JP**

Member, Development Commission; Member, National Council of Voluntary Organisations; Member, Agricultural Wages Board, England and Wales; Trustee, Charities Aid Foundation; Past Chairman, National Federation of Women's Institutes; Chairman, Wymundham Tax Commission, Norfolk (*resigned from membership July 1989*)

#### **Mr S J Cooper**

Retired Company Director; Chairman, Gas Consumers' Council

#### **Cllr Mrs J Fergus MBE**

County Councillor; Field Resources Manager, Social and Community Planning Research

#### **Cllr J D Green**

Winchester City Councillor; Chairman, Council of Community Service Rural Committee, Hants; Chairman, Winchester Children's Holiday Trust; Chairman, Harvest Technology Ltd, Hale, Cheshire; Chairman, Southampton TAC; Chairman, South West Region TACs

#### **Mr J Maynard**

Managing Director, MTEL UK Ltd; Member, Parliamentary Information Technology Committee

#### **Mr D O Michel OBE**

Director, Dergate Housing Society Ltd; former Chairman, Midland Region TACs; former President, Northamptonshire Chamber of Commerce and Industry

#### **Mr D R Oram**

Group Purchasing Manager, Metropole Hotels Ltd; Fellow, Hotel Catering and Institutional Management Association; Member, Institute of Purchasing and Supply

#### **Mr A C Squires**

Group Telecoms Executive, Rank Organisation plc; Director, Telecommunications Managers Association Ltd; Director, Institute of Administrative Management

#### **Mrs M C Taylor**

Secretary, Southend and District Consumer Group; Vice-President and former Chairman, National Federation of Consumer Groups; former Chairman, Eastern Region TACs

# SCOTTISH ADVISORY COMMITTEE ON TELECOMMUNICATIONS ANNUAL REPORT FOR THE YEAR ENDING 31 DECEMBER 1989

## INTRODUCTION

It is with great regret that we have to record the death of Dr Colin MacLean on 18 February of this year. Dr MacLean had been an active Member not only of this Committee but also of the Post Office Users' Council for Scotland since 1978, and his contribution over the years to the work of both bodies was greatly valued. Dr MacLean was Principal of Thurso Technical College where his particular interest in vocational youth training was widely recognised and appreciated. He is survived by his wife Jean and two sons to whom the Committee members extend their deepest sympathy.

8.19 During the year we have become conscious of the need to widen the Committee's present level of technical expertise and to achieve a greater geographical spread of representation by individual members to include such areas as Greater Glasgow, Edinburgh, Dundee and Fife. In consultation with the Chairman, the Department of Trade and Industry (DTI) (which has responsibility for this Committee) considered nominations for appointment to the Committee from a range of sources, and we are pleased to report that in December the DTI submitted recommendations to the Secretary of State concerning the proposed appointment to the Committee of a number of new members which we anticipate will reflect the views expressed by the Chairman on how the Committee's membership might be strengthened. Details of any new appointments made will be given in our Report for 1990.

8.20 Other changes in membership occurred during the year with the retirements on 30

September of Mr Douglas Walker and Mr John Campbell. We are grateful for the contribution which these members made to the work of the Committee during their respective terms of office. Finally, we are pleased to welcome the reappointment of Mrs Forbes-Sempill to the Committee for a further term.

8.21 The other major change in Committee administration which occurred during the year was the relocation in August of the Secretariat, from Glasgow to Edinburgh. The Secretariat is now based at 43 Jeffrey Street, Edinburgh EH1 1DN: telephone number 031-244 5576 (direct line).

## WORK OF THE COMMITTEE

8.22 The Committee held four meetings during the year—in March, May, October and December. Meetings were held in Glasgow, Aberdeen and Edinburgh (twice). The March meeting was attended by Mr D P Willmets (OFTEL Secretariat), whilst that for December was attended by Mr W R B Wigglesworth, OFTEL's Deputy Director General, and Mr A Orbell, OFTEL's Technical Director. The May meeting was very kindly hosted by BT's North of Scotland District at their headquarters in Aberdeen, during which members were given an audio-visual presentation by BT staff on the work of BT in NE Scotland, with particular emphasis on the provision and maintenance of communication links in the wake of the Piper Alpha disaster and the hurricane damage sustained by NE Scotland early in 1989. Among the main items considered during the year, some of which are expanded

upon later in this Report, were the following:

- BT/HIDB 'Highlands and Islands' Initiative
- Telephone difficulties in rural areas
- Future of the telecommunications infrastructure in Scotland
- Chatline/Callstream services
- Role of BT's Scottish Advisory Forum
- Deposits for telephone service

In addition the Committee contributed advice to OFTEL on the following subjects:

- Further deregulation for business users of public telecommunications systems
- Chatlines and premium message services
- Connection and pre-connection inspection of Call Routing Apparatus
- Further liberalisation of payphones
- Review of '999' emergency call arrangements
- Closure of System 4
- BT's price changes
- Numbering for telephony services into the 21st century
- PTO Meter Approval Scheme
- BT's proposed charges for private circuit services
- Inter-system Roaming on the Cellular Radio Network

## BT/HIDB 'HIGHLANDS AND ISLANDS' INITIATIVE

8.23 In our last Annual Report we made reference to this Initiative for upgrading the present network and extending Value Added Network Services in the Scottish Highlands and Islands Area. Discussions with Government about possible funding for the Initiative had spanned a considerable period of time, a matter in respect of which this Committee had expressed its concern, and we therefore particularly welcomed the announcement by the Secretary of State for Scotland on 2 June that he was authorising the Highlands and Islands Development Board (HIDB) to give



assistance of £4.9 million to BT to enable work on the Initiative to proceed. The total cost of the Initiative has been estimated at £16.25 million.

8.24 The timescale of the Initiative is such that it is anticipated that by 1992 the Highlands and Islands will have a fully digital telecommunications network as advanced as any in Europe. The new network involves the upgrading of over 40 telephone exchanges in the area, thus providing reliable high-speed data communications services to the main population and business centres of the Region, and it is hoped that these new telecommunications facilities will provide a strong basis for attracting inward investment to the area.



8.25 The Initiative was the subject of a formal launch by BT and HIDB in Inverness on 23 October, to which representatives from the business community and from central and local Government were invited. The Chairman, Secretary and certain members of the Committee also participated in this event which included a series of discussion workshops on likely benefits arising from the Initiative.

## CHATLINE/CALLSTREAM SERVICES

8.26 Readers will be aware that Chatline and premium message services have been the subject of considerable public debate owing to the large number and seriousness of reported cases of excessively high bills received by BT customers because of unauthorised use of such services.

8.27 The Monopolies and Mergers Commission (MMC) were asked by the Director General of Telecommunications to investigate matters and their Report on Chatlines and other message services was published on 21 February. The MMC concluded that these services operate, or may be expected to operate, against the public interest. The Report also said, however, that the MMC would prefer a regulatory framework which would not lead to a virtual cessation of the services.

8.28 At the beginning of the year the Director General became aware of even larger bills than those seen by the MMC in their review, and noted that BT had changed its view of Chatline services since it gave evidence to the MMC, as shown by its unilateral action in terminating Chatline services on its premium rate 'Callstream' network. On 16 March the Director General published his proposals for the future regulation of Chatlines, both multiline and 'One-to-One' services, which included proposals

for a draft code of practice designed to safeguard the interests of customers faced with large bills because of unauthorised use of these services. Subsequently, on 17 November, the Director General announced controls regulating the provision of these services over BT's network. These controls came into force on 8 December and are reinforced by codes of practice prepared by the Independent Committee for the Supervision of Standards of Telephone Information Services and the Association of Live Speech Services. These codes have been approved by the Director General.

8.29 On 22 December the Director General announced that similar controls would be introduced to regulate any multiline Chatline or 'One-to-One' services provided on any of the networks operated by Mercury (MCL), Kingston Communications (Hull), Racal-Vodafone (Vodafone), or Telecom Securicor Cellular Radio (Cellnet) to take effect on 8 January 1990. At the end of the year, however, codes of practice designed to back up these controls and without which these services cannot be provided had still to be agreed with the Director General.

8.30 The Scottish Advisory Committee on Telecommunications has been closely associated with these developments and has offered views to OFTEL as required, endorsing the stance which the Director General of OFTEL has taken in this matter (see also further remarks under *Complaints*, paragraph 8.57). The Committee will continue to monitor the situation, particularly as it affects the interests of customers in Scotland, and in discussion with OFTEL will take whatever action is considered necessary to safeguard these interests.

## PAYPHONE LIBERALISATION

8.31 At our May meeting we discussed the possibility of further liberalisation of pay-

phone services. We were concerned that unless other operators were obliged like BT to offer universal public payphone services there would be a danger that, like MCL, they would be free to concentrate their efforts only in high-density and therefore more profitable areas of London and other major cities to the detriment of areas in rural parts of Scotland and elsewhere. We recognised, though, that an alternative measure might be to impose some sort of levy on the providers of any additional payphone services in order to subsidise the less profitable but socially necessary parts of BT's payphone service and we feel that should, at some date in the future, the Government choose to license more competitors to BT then this option be considered for adoption.

8.32 At the time of writing, there is no sign that the Government has any immediate plans to introduce any further direct competition in this area. There have been several significant developments in the payphone and related fields which are relevant. Firstly, a general and significant improvement has been evident in the reliability of BT's payphone service coupled with BT's assurance that it will not withdraw any payphone which meets a real social need. Secondly, the issue of the new Branch Systems General Licence allows greater freedom to individuals and businesses to install payphones for public use on their premises thereby offering greater payphone accessibility. Thirdly, telepoint services have been introduced which allow subscribers to make calls using portable handsets within range of base stations in public places which are linked to the public telephone network. The Committee welcomes these developments.

### REVIEW OF '999' EMERGENCY CALL ARRANGEMENTS

8.33 Following our October meeting we drew OFTEL's attention to our concern in respect of the potential difficulties which

may be caused by the centralisation of '999' call facilities as these affect rural parts of Scotland—particularly where there may be dialect or accent problems—where emergency operators are centrally located, and therefore may have no local knowledge of the district from which a call is being made. In this respect we are pleased to note that BT (North of Scotland District) already employs a number of Gaelic-speaking operators in the Highland area, and arrangements are in hand to provide Gaelic language courses for other BT staff who require this facility. We noted however that equally there was a real need for a programme of public education on how to make '999' calls, in that customers often fail to describe accurately what their particular emergency is and, more important, the address from which they are calling.

8.34 OFTEL have included these points in their review of '999' emergency call arrangements and we and the other Advisory Committees in England, Wales and Northern Ireland will be consulted again about the review once preliminary conclusions are reached and before a final report is submitted to the Director General of Telecommunications.

### DEPOSITS FOR TELEPHONE SERVICE

8.35 In view of some customers' concern regarding the above, we have referred to OFTEL the question of how long in advance of providing service BT can reasonably request, and retain, a customer's deposit, and have also asked OFTEL to determine what restrictions exist on the length of time BT can hold a customer's deposit where delay in providing service is the fault of BT. OFTEL has confirmed that it has raised with BT the matter of producing published guidelines relating to its deposit policy and these further aspects which we have now drawn to OFTEL's attention will be considered in the further discussions with BT. Subsequent

developments will be covered in our next Annual Report.

## TELECOMMUNICATIONS IN RURAL SCOTLAND

8.36 The lack of competition and the less favourable economics of telecommunications in rural areas have caused us to note with some concern that, by the end of this century, telecommunication facilities in rural areas of Scotland could well be inadequate. Our concern has been reinforced to some extent by the publication earlier this year of a Report by the Rural Development Commission (RDC) entitled *Telecommunications in Rural England*. This Report highlights the problems of an inadequate telecommunications network and support facilities in rural parts of England, and it is clear to us that similar and possibly more serious problems exist in rural parts of Scotland. We would therefore strongly support the implementation in Scotland of actions similar to those proposed for England in the RDC Report, namely:

- (a) introducing initiatives to improve the awareness and understanding of new opportunities presented by developments in telecommunications;
- (b) lobbying of BT to look more closely at satisfying the needs of new businesses in rural areas;
- (c) urging the Department of Trade and Industry, in issuing future licences, to require all but the most specialist operators to meet network coverage obligations designed to create greater equality of service standards between urban and rural areas; and
- (d) urging BT and MCL to look at alternative technologies which might better serve low demand areas and encourage manufacturers to develop equipment offering a more cost-efficient delivery of digital services to such areas.

8.37 Additionally, there exists a problem in Scotland not found in the rest of the UK. It concerns the future provision of an Integrated Services Digital Network (ISDN). This can be either a two-wire or a single line integrated digital access (IDA) which enables a variety of services, eg voice telephony, fax, data transmission, etc, to be handled via one exchange line. The EEC, through its Special Telecommunications Action for Regional Development (STAR) Programme are setting out to encourage, sometimes by investment of EEC funds, the universal provision of narrowband ISDN throughout the EEC with an initial target of 80 per cent coverage by 1991. They see this as essential for less favoured regions to "reduce the extent by which they lag behind in terms of economic development". Furthermore, the Communications Steering Group of the DTI, in rejecting the concept of a universal broadband ISDN network, believed that needs in rural areas could be met by the provision of narrowband ISDN. Unfortunately, some of the exchanges installed in rural areas of Scotland in recent years as part of a programme to digitalise the network, will not support ISDN. This problem was identified in the EOSYS Report on the Highlands and Islands in 1986 and, as detailed earlier in our Report, the Government has recently announced a small investment there (together with an investment from BT) to improve the situation. Although exactly the same problem exists elsewhere in Scotland, the Scottish Office has said that it is most unlikely that Treasury funds will be made available to assist these areas.

8.38 This Committee strongly believes that something must be done to assist these areas either by changing the BT licence to require the universal provision of narrowband ISDN or by schemes similar to the Highlands and Islands Initiative involving relatively small Government or EEC investment to improve the availability of narrowband ISDN.

8.39 We furthermore propose that the desirability of broadband ISDN being made available in rural areas of Scotland in the future requires further consideration and should form part of the Government review on telecommunications due to commence in 1990.

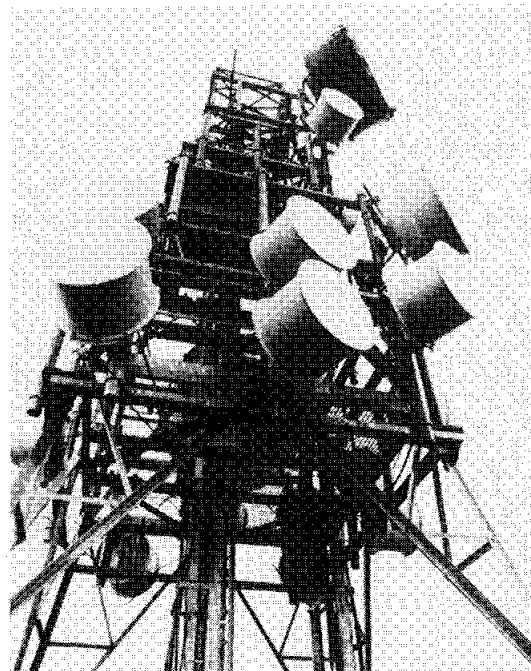
### LIAISON WITH THE SCOTTISH DEVELOPMENT AGENCY

8.40 In our Report for 1988 we referred to the link which we established with the Scottish Development Agency, and we are pleased to report that this link has been strengthened during the current year through further liaison with the Agency on matters of common concern and mutual interest. The Chairman and Secretary met with Agency staff in July, and further meetings will take place as the need arises. In particular we hope to be able to bring Agency staff and members of the Committee together at one of the Committee's business meetings in 1990, when it is intended that the Agency will give a presentation to members on a range of issues and initiatives concerning the further development of telecommunications in Scotland.

### MERCURY COMMUNICATIONS LTD (MCL)

8.41 During the year we have continued to develop our links with MCL, and in September the Chairman and Secretary met informally with the new General Manager for MCL in Scotland, Mr Bob Ure, who has succeeded Mr Bob Beckinsale in that capacity following the latter's retirement. At this meeting the Chairman and Secretary were given a small presentation by Mr Ure and his colleagues on the progress which MCL has made on the telecommunications

front in Scotland since the company's Scottish launch in 1987. A significant aspect of the presentation was the enthusiasm shown by MCL in promoting awareness of its services and of the benefits to the Scottish consumer—particularly within the business community—who might be inclined to choose MCL service as an alternative to that offered by BT. How far MCL will be able to develop its services in Scotland with a view to providing the non-urban user with a truly alternative service remains to be seen, and it is reasonably clear that the competitive element in the field of telecommunications service provision which was introduced by the launch of MCL in Scotland will not necessarily bring benefits to all consumers. We are nevertheless encouraged by the progress made by MCL in this field to date and will continue to monitor developments with interest.



MCL's Savoy Tower in Glasgow

### OTHER MATTERS

#### Customer Reference to BT's Code of Practice

8.42 Largely as a result of the Committee's desire to intercept complaints from Scottish

customers about telephone service which in many instances find their way to OFTEL in London (and are subsequently redirected to us), we are pleased to be able to report success in relation to two initiatives which we have pursued with BT in Scotland in order to try to ensure that Scottish complaints or requests for advice and assistance are directed to the SACOT Secretariat in the first instance.

8.43 One of these initiatives has involved securing BT's co-operation in arranging to have Section 5 (The Code of Practice) in Scottish telephone directories amended so as to give greater prominence to SACOT as the body to whom customers in Scotland should write when they have an unresolved dispute with BT, or wish to have independent clarification on a particular aspect of their consumer rights in relation to the provision of telephone service. This amendment will mean changing the present order of listing of the four Advisory Committees on Telecommunications in the UK (England, Wales, Scotland and Northern Ireland) so that the reference to SACOT in Scottish telephone directories will be given greater prominence and will be implemented as and when local directories are revised.

8.44 The other initiative concerns the reference to OFTEL on the reverse of the standard telephone bill, whereby customers of BT, wherever they happen to reside, are advised to write to OFTEL in the event of a dispute. It has been agreed that in future, for customers in Scotland, the reference to OFTEL will be removed and the bills will be printed with a reference to SACOT.

8.45 We are particularly pleased that these initiatives were developed in Scotland, although clearly our achievements will have implications for customers in other parts of the UK. For the moment, however, we wish to record our profound appreciation of the high level of co-operation afforded by BT

staff in Scotland in our efforts to have the above changes introduced for the benefit of Scottish customers.

### **BT's Scottish Advisory Forum**

8.46 In January, the Chairman and the Secretary of the Committee met with the Secretary of the Forum and a Forum member in order to explore ways of developing a meaningful dialogue between both bodies on topics of mutual interest, and also to determine whether there was any risk that Forum activities might overlap or conflict with those of SACOT. The meeting provided an opportunity for a useful exchange of views on a number of matters, and from the details which the Chairman and the Secretary of the Committee were able to obtain about the manner in which the Forum operates, and of the nature of topics usually discussed by the Forum, we have satisfactorily established that the roles of the Forum and SACOT do not overlap and that there is no likelihood of a conflict of interest between the two. Liaison between the Forum and SACOT continues at Secretary level, with contact being maintained at regular intervals.

### **Charges for Directory Enquiry Services**

8.47 On 8 December MCL announced that it was proposing to expand its Directory Enquiry service at a cost of £5.5 million and that this expenditure would be funded through a new Directory Enquiry charge of 50p per call. The new charge will be introduced on 2 January 1990.

8.48 In line with Government requirements, blind and other disabled persons who are unable to use a telephone directory can apply for exemption from the charge. Exemption procedures have been agreed with the Director General of Telecommunications after consultations between MCL and OFTEL's Advisory Committee on Telecommunications for Disabled and Elderly People, and details have been sent to all MCL customers.



8.49 Our Committee has been consulted on various occasions during the year on the question of the introduction of Directory Enquiry charges by BT. At present the cost of the Directory Enquiry service has to be borne indirectly by all customers irrespective of their use of the service. Problems have been encountered in some areas due to a number of businesses using the service, for example, to facilitate selling their goods or services by telephone, thus overloading the Directory Enquiry system. It is therefore felt that it would be fairer to distribute the cost of providing a Directory Enquiry service in which charges would more properly be allocated for service abuse of the kind described above. We, therefore, confirm that in principle we have no objection to the introduction of such charges provided that revenue obtained by BT and MCL is used either to improve existing service or to help reduce charges in other areas. At the time of writing neither this Committee nor OFTEL has any knowledge of when BT are likely to introduce charges for their own Directory Enquiry service, but we are reasonably certain that due to abuse of the service BT will be obliged to follow MCL's initiative in this matter at some stage in the future.

#### **Proposed SACOT Leaflet**

8.50 In last year's Annual Report we referred to our intention to produce an explanatory leaflet on the Committee and its work, for free distribution to Citizens Advice Bureaux (CABs) and other community service outlets, in order to help promote awareness among consumers of the Committee's function. Partly as a result of the move of the Committee secretariat from Glasgow to Edinburgh in August, production of the leaflet was delayed slightly; however, a final draft has now been prepared and we expect to be able to go to print early in 1990. CABs and other outlets should have supplies of the leaflet available on request with effect from June of next year at the latest.

#### **Public Call Boxes**

8.51 We are satisfied that BT is continuing to develop this important area of its work and customers generally appear to be similarly content with current standards of payphone service. The number of BT-operated public call boxes in Scotland now stands at 7,663 (at December 1989).

8.52 This year also saw the introduction in Scotland of MCL payphones. Kiosks are currently located at main railway stations in Glasgow (Central and Queen Street) and Edinburgh (Waverley).

#### **Christmas/New Year Service: Cheap Call Rates**

8.53 Since BT first launched this concessionary service, in 1985, whereby customers in Scotland have been able to take advantage of cheap call rates over an extended period during the festive season, such cheap call rates have normally been continuously available between Christmas Day and 2 January (including weekends) a period of about eight consecutive days. This year, however, BT has taken the decision to reduce from eight to three the number of days (other than weekends) on which cheap rate telephone calls will apply. In the 1989/90 festive holiday period the three days were Christmas Day, Boxing Day and New Year's Day.

8.54 Although in the past all subscribers have been given the benefit of eight concessionary days the pattern of concessions varied across the UK. In England, Wales and Northern Ireland the concessionary days were scattered throughout the year, whereas in Scotland all the concessionary days have fallen traditionally over the Christmas and New Year period. It is therefore in Scotland where the most immediate impact of the reduction in concessionary days will be felt, and we are concerned to ensure that those customers who have become used to making cheap rate calls on certain days during the

festive period are fully aware of this reduction. The exclusion from the 1989/90 concession of 2 January, which traditionally is a public holiday in Scotland, is a significant case in point.

8.55 MCL customers were also able to take advantage of cheap rate concessionary days during the 1989/90 festive period. In Scotland the cheap rate extended from the evening of 22 December 1989 until the morning of 3 January 1990, inclusive of normal economy rate periods.

### TELECOMMUNICATIONS ADVISORY COMMITTEES (TACs)

8.56 During the year we maintained close links with the Scottish TACs through exchange of minutes and by attendance of the Chairman and the Secretary of the Committee at selected meetings. The TACs provide information on standards of service in their own areas which is of value to the Committee and enjoy a close liaison with the BT District General Manager in whose area the TAC operates, and who is represented at meetings of the TAC. Although there are still one or two areas in Scotland (notably the Western and Northern Isles) where no TAC exists, we are pleased to report that new TACs were set up during the year to represent customers in Fife, Dumfriesshire and the Borders, bringing the total number of TACs in Scotland at present to 12. It is our aim to complete the TAC network in Scotland, by establishing local committees in Orkney, Shetland and the Western Isles, during 1990.

### COMPLAINTS AND OTHER REPRESENTATIONS

8.57 Complaints about, and requests for advice or assistance in connection with, BT services have risen during the year by about

38 per cent over the figures shown in our Report for 1988. There is no single explanation for this increase; rather, it is due to a number of different factors, with disputed accounts once again representing the most significant proportion of all complaints received. In last year's Report we referred to customer perception of the reliability of BT's call metering equipment and suggested that the introduction of itemised billing might help to reduce the level of disputed account cases handled by the Committee secretariat. However, we have seen no evidence to date which would support this suggestion, in that in the areas where itemised billing has been introduced there has been no noticeable reduction in the number of disputed account cases coming forward. This is perhaps due in part to the fact that itemised bills identify individually only those calls made over the value of 10 metered units (approximately 50p), and calls below this value are simply lumped together. There is, therefore, still the possibility that excessively large telephone bills could be disputed where the bulk of the bill is comprised of calls falling into this latter category. However, BT itself is confident that itemised billing will ultimately reduce the number of disputed account cases which both BT and this secretariat have to deal with, and we will continue to monitor developments with interest.

8.58 In our last Report we highlighted the case of a subscriber in Ayrshire who permitted a friend regularly to use her telephone over a period of time to make reverse-charge calls to a residential number in Aberdeen, and who subsequently was sent a bill for these calls when BT in Aberdeen was unable to trace the subscriber to whom the reverse-charge calls had been made. We are pleased to report that following referral of this case to OFTEL, who in turn took the matter up with BT in London, BT in Aberdeen withdrew their claim against the Ayrshire subscriber on the basis that they accepted that the said subscriber would not have

given permission for the reverse-charge calls to Aberdeen to be made had she known what the resulting consequences might be.

8.59 It would be unjust of us to fail to record that, in addition to the many complaint cases against BT which we have been able to resolve during the year, there has been a significant number of instances where investigation of the case has revealed the customer's complaint to be unjustified rather than due to some error or oversight on the part of BT. The most common type of case in this category concerns unauthorised use of a customer's telephone (ie without the customer's knowledge or consent), usually by a member of the customer's immediate family, for the purpose of calling Chatline or similar premium rated services. Subsequently the customer has received a very high telephone bill which he has disputed with BT on the basis that he believes the bill to be inaccurate. Following investigation of the complaint BT has, in most cases, been able to demonstrate beyond any reasonable doubt that the call charges are in fact correct and the customer has thus been obliged to accept responsibility for payment.

8.60 In cases of this kind it is virtually impossible for SACOT to intervene on the customer's behalf to the extent that BT will agree to reduce or waive call charges which have been legitimately incurred, albeit it is recognised that these have been incurred without the customer's knowledge or consent. However, it is to be hoped that the proposed implementation of the new codes of practice governing the use of Chatline and other services, as referred to in paragraph 8.28 of this Report, will not only

reduce the incidence of cases of the kind described above but will also protect the interests of the customer who, through no fault of his own, finds himself in this difficult situation.

8.61 A summary of representations about BT services received by the Secretariat during the year is given in the following table, with 1988 figures shown also for comparison. Once again we would like to record our thanks to BT staff in Scotland for the help and co-operation we have received from them over the last 12 months in responding speedily and courteously to the cases which we have referred to them.

Nature of complaint	1989	1988
Disputed accounts	705	618
Provision of service	244	188
Charges/rentals and billing	355	277
Other standard services	129	93
Deposits	118	115
Operator/Directory services	74	32
Payphones	38	16
International services	13	4
Phonebooks/Yellow Pages	84	67
Text transmission	28	21
Wiring	19	17
Tariff increases	28	1
Fault repair service	103	67
Value added services	14	16
Apparatus	50	46
Compensation Scheme	105	—
Miscellaneous	138	49
<b>Total</b>	<b>2,244</b>	<b>1,627</b>

## CHAIRMAN AND MEMBERS OF THE COMMITTEE

### *Chairman*

#### **Mr W K Begg OBE**

Chairman, Begg, Cousland (Holdings) Ltd; Chairman and Managing Director of Begg, Cousland & Co Ltd; Governor, St Mary's School (Melrose) Ltd

### *Members*

#### **Mr W J Brown MBE, TD, JP**

Member, Post Office Users' Council for Scotland; Member, Aberdeen Chamber of Commerce; Chairman, Aberdeen and District Post and Telecommunications Advisory Committees

#### **Mr J P Campbell FRAS, JP**

Farmer; Chairman and Managing Director, Glenrath Farms Ltd, Peebles; Member of Council, Scottish National Farmers' Union; Honorary President, Peebles Agricultural Society; past President, Peebles Area NFU; Councillor, Tweedale District Council  
(until October 1989)

#### **Mrs J M Dickson**

Deputy Officer of a Residential Home for the Elderly, Perth

#### **Mrs J Forbes Sempill**

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

#### **Mrs I E McGowran**

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

#### **Dr C M MacLean BA, BSc, PhD**

Principal, Thurso Technical College; Member, Post Office Users' Council for Scotland; Member, Highlands and Islands Area Manpower Board; Member, Management Committee of the Scottish Congregational College; Member, Caithness Chamber of Commerce (until 18 February 1989)

#### **Mr A J Paterson**

Principal Administrator, Highland Regional Council; Member, Post Office Users' Council for Scotland; Chairman, Highland Post and Telecommunications Advisory Committees

#### **Mr G J Richards BSc, ARCS**

Member, Post Office Users' Council for Scotland; Member, Central Regional Post and Telecommunications Advisory Committees

**Mr D G Walker BA, AIB (Scot), APMI**

Director, Antony Gibbs Benefit Consultants Ltd; Member, Post Office Users' Council for Scotland (*until October 1989*)

**Mr J G Watson MBE, JP, MBIM**

Business Counsellor; Member, Post Office Users' Council for Scotland; Chairman, Argyll Post and Telecommunications Advisory Committees; Scottish Panel Member, Gas Consumer Council; Member of Justice Committee for Argyll and Bute; Treasurer, National Consumer Congress

**Mr E Young MA**

Rector, The Nicholson Institute, Stornoway (retired June 1989); Member, Post Office Users' Council for Scotland

*Secretariat*

**Mr R L L King**

*Secretary*

**Miss D Sweeney**

*Assistant Secretary (until August 1989)*

**Mr Kevin C Rooney**

*Assistant Secretary (from August 1989)*

## REPORT OF THE WELSH ADVISORY COMMITTEE ON TELECOMMUNICATIONS FOR THE YEAR ENDED 31 DECEMBER 1989

The Committee met four times during the year—in March at Bridgend when the meeting was addressed by Mr W R B Wigglesworth, Deputy Director General of Telecommunications; in June at Haverfordwest; in September at Llandudno and in December at Newtown when members visited the Mid Wales City Connection which is based at the Montgomery College of Further Education. The Annual Conference of the Committee and Telecommunications Advisory Committees in Wales was held at Llandudno in September when the guest speaker was Sir Bryan Carsberg, Director General of Telecommunications.

8.63 Having been under strength for nearly a year, the Committee was glad to welcome three new members—Mr D T Jones, Mr L G Owen and Professor M D Tedd.

8.64 The Committee submitted a special Report on Telecommunications in Wales to the Director General in April 1989. This highlighted the dominant position that BT occupies in Wales and is likely to occupy for some time to come; the need to ensure, for economic and social reasons, that standards do not fall below those given elsewhere and that prices are not higher; the existence of areas in Wales where there are substantial delays in providing customers with a telephone service; and the need for improvements in BT's complaints handling procedures. The Report referred to the doubts which customers have about the accuracy of their bills and urged the introduction of itemised bills as rapidly as possible; it commended the steps taken by the Director General to introduce an independent audit scheme for Public Telecommunications

Operators' metering and billing procedures. The Report also welcomed BT's commitment to maintaining the network of public call boxes, particularly the low revenue boxes in rural areas, whilst recognising that BT faced competition in the more populated areas.

8.65 We wish to point out that no cases of excessive delay in providing a telephone service have been drawn to our attention in the second part of the year. There has been an improvement in BT's complaints handling procedures, but there is still room for further improvement.

8.66 In April the Committee was represented at the Consumer Congress in Swansea by the Chairman.

8.67 In August the Chairman met Mr M O'Shea of Wintech to discuss liaison, when appropriate, between the Committee and the Telecommunications Liaison Body (TLB) which is a body made up of representatives from the Welsh Development Agency, Local Government and substantial users and providers of telecommunications services. The TLB has been established to raise awareness of the benefits from the effective use of telecommunications systems.

8.68 In September the Chairman and Secretary attended a workshop on opportunities for rural areas at Brecon which was organised by the Welsh Development Agency and they also attended a meeting of the English Advisory Committee when a presentation was given on numbering for telephony services.

8.69 The Secretary met the Secretaries of the Northern Ireland, Scottish and English Advisory Committees on Telecommunications in October at Cardiff. This proved to be of great benefit and it is intended to hold similar meetings once or twice each year.

8.70 In December the Chairman and Secretary met Mr R D Cull, District General Manager, BT Wales and the Marches, and his senior staff when matters of mutual concern were discussed. It was agreed that such meetings would be held in future on a regular basis.

8.71 During the year, the Committee gave its views to the Director General on:

- (a) Pre-connection inspections
- (b) Deregulation of private circuits
- (c) Liberalisation of public call boxes
- (d) Regulation of Chatlines and codes of practice
- (e) Numbering for telephony services

## COMPLAINTS

8.72 The number of representations received about PTO services (almost entirely BT) is shown below:

In addition 104 telephone calls for advice were received. Most of the complaints received by telephone were followed by a written complaint, whilst some would have been taken up with BT orally in view of the urgency of the matter.

8.73 Overall the number of written representations received has increased by 13.6 per cent whilst those relating to disputed accounts (these form 61 per cent of the total number of written complaints received) has increased by 36 per cent. It is hoped that the planned extension of itemised billing will see this trend reversed.

8.74 Complaints about the quality of service continue at a disappointingly high level. This is mainly a problem which arises in an area near Aberystwyth which is served by a number of small exchanges. Over a period of many weeks the service experienced by a relatively large number of subscribers—both business and residential—was described as deplorable. For lengthy periods during the day and evening subscribers were unable to make or receive calls. Indeed, one business customer threatened to move from the area because of the effect the poor quality of service had on his business. Whilst remedial action has improved service to some extent, it seems that satisfactory service will not be achieved until the network in that area is

Nature of complaint	1989		1988
	Written	Telephoned	Written
Disputed accounts	502	286	369
Provision of service	44	51	70
Other billing matters	109	66	133
Quality of service	76	35	72
Operator/Directory Services	10	8	8
Payphones	12	5	6
Fault repair services	25	20	31
Compensation scheme	9	9	N/A
Other matters	39	52	38
<b>Total</b>	<b>826</b>	<b>532</b>	<b>727</b>

modernised and is able to cope with demand. We understand that modernisation plans have been brought forward.

## '999' SERVICES

8.75 Towards the middle of the year, the Committee was concerned to receive reports of failures, and a consequent lack of public confidence, in the '999' service. These failures followed centralisation of the service on Swansea, Newport and then Cardiff. Whilst some members felt that centralisation had contributed towards these failures—certainly it was the public's perception—the Committee, having received detailed reports, felt that the service was as reliable as could reasonably be achieved and that centralisation had not resulted in a deterioration of the service. Indeed, a degree of centralisation could make the service more resilient. In fact the number of failures on the part of BT was no higher than before centralisation. The Committee believes a full explanation should be given to the public after liaison with the emergency authorities and BT when failures occur. In order to give greater reassurance to the public of the efficiency of its '999' services BT invited members of the public to view its exchanges and the operation of the service. The Committee wishes to commend BT on its initiative but notes with disappointment that few people took advantage of the invitation.

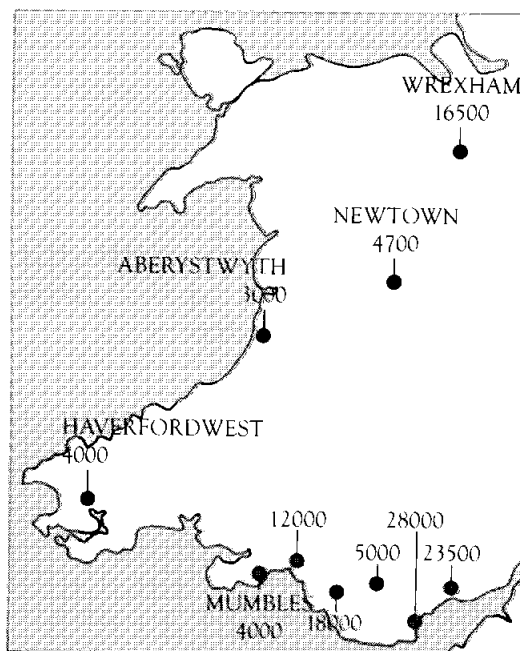
## ITEMISED BILLS

8.76 We have mentioned above that disputed accounts form the largest part of consumer complaints. The Committee is aware that a subscriber's own perception of the use to which a telephone is put is sometimes inaccurate; it is equally aware that there are a few instances where a high degree of confidence can be placed in a customer's assertion and conviction that "the bill must be wrong", even though no

technical evidence has been found to indicate that the bill is incorrect. We are aware, too, that some calls are made, particularly to premium services, without the subscriber's knowledge.

8.77 We are satisfied that where technical investigations show that a fault has or may have caused an error in a bill, BT will re-assess the bill in favour of the subscriber. We note, however, that BT is now less inclined to accept a customer's assertions than formerly.

8.78 The public's confidence in BT's billing procedures is not high and we, therefore, look forward to the time when all subscribers in Wales will have the opportunity of receiving itemised bills. At the end of 1989 approximately 118,000 customers in Wales have been offered itemised bills; the map shows the distribution of the subscribers.



Distribution of customers offered itemised billing in Wales

## CHATLINES

8.79 We welcomed the Director General's initiatives in controlling Chatlines and



'One-on-One' services and the introduction of Codes of Practice. We recognise the legal constraints, but feel that a satisfactory solution to the problem of exceptionally high bills as a result of unauthorised calls to premium services will not be achieved until subscribers are given additional means to control the use of their telephones.

## CUSTOMER SERVICE GUARANTEE

8.80 On 1 April 1989 BT introduced a scheme under which compensation is payable if it fails to provide a telephone service or repair line faults within agreed time limits. This was a remarkable and welcome step forward for telephone subscribers.

8.81 A few subscribers have complained that the guarantee scheme does not cover weekends (unless a customer has an enhanced service agreement) or intermittent faults. The Committee recognises that BT does not guarantee to provide a fault free service but has sympathy for those customers who experience an extremely poor service such as was experienced by many subscribers in the Aberystwyth area. The Committee believes that in these circumstances BT ought to have considered making goodwill payments.

## TELECOMMUNICATIONS ADVISORY COMMITTEES (TACs)

8.82 We are disappointed to record that it has not yet been possible to re-form the Cardiff and District Committee and to form a committee in the Mid Glamorgan area. These are the only areas in Wales not covered by TACs. Approaches have been made to Local Authorities and other bodies but without success. The Committee recog-

nises that two of the most densely populated areas in Wales are still without local representation and efforts are continuing to ensure that Committees will be formed in these areas as soon as possible.

8.83 TACs in the remainder of Wales continued to play an important role in representing the consumer at a local level. On broader issues, too, they are active. An example relates to local call area boundaries which have not been revised since 1948. It was urged by one committee that regard should be had to the number of subscribers who could be called at local rates rather than the distance to which the local call area extends. We are glad to note that the Director General is studying this topic to see if subscribers in rural areas are at a disadvantage in comparison with subscribers in urban areas.

8.84 Members of TACs have taken part in several surveys throughout the year and the Committee is grateful to the officers and members of all the local committees for the work they have done during 1989.

8.85 Although we recognise the difficulties in providing the information, TACs have expressed the need to be provided with more localised quality of service figures and we support them in this.

8.86 The Director General has made arrangements to streamline the relationships between OFTEL, the four national Advisory Committees and the TACs in the United Kingdom.

8.87 We are conscious, too, of the need to publicise more widely the existence of both TACs and the Welsh Committee and one of the tasks in the coming year will be to consider ways in which the profile of TACs and the Committee can be enhanced.

## CHAIRMAN AND MEMBERS OF THE COMMITTEE

### *Chairman*

#### **Mr T D Lynch LLB**

Solicitor; Chairman, Social Security Appeal Tribunals; Chairman, Shaw Co-operative Housing Association Ltd; Vice Chairman, Shaw Group of Housing Associations

### *Members*

#### **Mr D P L Davies FCA**

Director, N M Rothchilds & Sons (Wales) Ltd; Director, Principality Building Society; Member, Post Office Users' Council for Wales

#### **Mr D R Dutton JP**

Member, Post Office Users' Council for Wales

#### **Mr G S Hall**

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

#### **Mrs R R Hayes JP**

WRVS County Cars; Member, Post Office Users' Council for Wales; Member, Pembrokeshire Post and Telecommunications Advisory Committees; Saundersfoot Harbour Commissioner

#### **Mrs P E Hughes**

Voluntary County Organiser, Women's Institute; Member, Post Office Users' Council for Wales; Member, Swansea and District Post and Telecommunications Advisory Committees

#### **Mr D T Jones**

Principal Tutor, North East Wales Institute of Higher Education; Financial Consultant  
(from April 1989)

#### **Mr L C Murphy JP**

Manager, Sheltered Workshop for the Disabled; Member, National Association of Local Councils, Welsh Committee; Member, Post Office Users' Council for Wales

#### **Cllr L G Owen**

Town Councillor; Welfare Rights Officer; Member, Holyhead Trades Council  
(from April 1989)

**Mr J R Roberts**

President, Gwynedd Age Concern Committee; Vice President, Gwynedd Association of Local Councils; Member, Post Office Users' Council for Wales; Member, Merioneth Post and Telecommunications Advisory Committees

**Mr B M Sykes**

Farmer; Member, National Farmers' Union (NFU) Council; Chairman, NFU Commercial and Transport Sub Committees; Member, Pembrokeshire Health Authority; Member, Post Office Users' Council for Wales

**Professor M Tedd MA**

Head of the Department of Computer Science, University College of Wales Aberystwyth  
(from April 1989)

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

Solicitor; Clerk to the Neath Harbour Commissioners

**Professor P A Witting BSc, MTech, CEng, FIEE**

Head of Department of Electrical and Electronic Engineering, Polytechnic of Wales

*Secretariat*

**Mr B Lewis**

*Secretary*

**Mrs G M Rich**

*Assistant Secretary*

# REPORT OF THE NORTHERN IRELAND ADVISORY COMMITTEE ON TELECOMMUNICATIONS FOR THE YEAR ENDING 31 DECEMBER 1989

## INTRODUCTION

The Committee met on five occasions—in February, April, June, August and November. In addition a special presentation was given to the Committee by BT on the EC Special Telecommunications Action for Regional Development (STAR) Programme. It is indicative of the Committee's increased coverage throughout the Province that during the year two meetings were held outside Belfast, and that greater contact with TACs has been achieved.

8.89 During the year we were pleased to welcome a number of visitors to the Province when presentations were made to meetings of the Committee. In particular the Committee was pleased to receive Mr W R B Wigglesworth, Deputy Director General of OFTEL.

8.90 Close contact has been maintained with BT through Mr Doug Riley, Chief Executive of BT in Northern Ireland who has given valuable assistance to the Committee.

8.91 Congratulations were extended to the Chairman Mr J J Eccles on his award of the OBE in the Queen's Birthday Honours List.

8.92 Three Committee members, Mr G J James, Mr W M Keown, and Mrs M Toner completed their terms of office at the end of August 1989. All were long serving members of the Committee and the Committee wishes to record its thanks for their very valuable contribution and total commitment to the work of the Committee during their term as members.

8.93 Mrs M Craig, who had been a member since 1987, decided to resign from the Committee in December 1989 owing to the pressure of her other public commitments. We would like to take this opportunity to thank her for her contribution to the work of the Committee during the period of her membership.

8.94 We were represented by Mr J A Kerr at the Consumer Congress held at the University College of Swansea in March/April 1989.

## WORK OF THE COMMITTEE

8.95 Further changes and developments in the telecommunications field generally in 1989 meant that the Committee again spent a considerable amount of time in considering and submitting views on various consultative papers and discussion documents.

8.96 The February meeting was attended by Mr D Willmets of OFTEL. Mr Willmets brought the Committee up to date on several matters including the Monopolies and Mergers Commission (MMC) Report on *Chatline and Message Services* which had just been published. The main subject discussed was OFTEL's consultation document concerning the further deregulation for business users of public telecommunications systems. The Committee supported the resale, including simple resale, of spare private circuit capacity on the grounds that this would offer businesses greater flexibility and provide greater scope for competition.

8.97 The April meeting was held in the Guildhall in Londonderry as guests of the Derry City Council. This venue provided an

opportunity for the Committee to meet members of the Council and to discuss problems of particular relevance to Londonderry and the North West of the Province.

8.98 An excellent presentation was given to the Committee by BT with an on-line demonstration of the EC Special Telecommunications Action for Regional Development (STAR) Programme. We were very impressed and saw great opportunities for future development throughout the Province. The Committee offered any assistance they could give in making the Programme known throughout the United Kingdom.

8.99 In response to the OFTEL Statement entitled *Modification of Licence Conditions to Control the Provision of Chatline and One-on-One Services* we endorsed the controls proposed by the Director General of Telecommunications to regulate these premium charge services in the wake of the MMC Report. We were pleased to note that OFTEL subsequently approved separate codes of practice to regulate the provision and operation of One-on-One and multiline Chatline services which contained strong protective measures for consumers, including compensation funds to compensate any subscribers who incur large bills through unauthorised use of their telephones. We shall, however, continue to monitor the impact of these services on consumers in Northern Ireland in order to satisfy ourselves that these codes prove effective.

8.100 We also responded to OFTEL's consultative document on connection and pre-connection inspections of Call Routing Apparatus by supporting the proposed alternative procedure for pre-connection based on a registered installers scheme operated by the BSI.

8.101 The June meeting was held in the Council Chamber of the Coleraine Borough Council and was attended by Mr W R B Wigglesworth, Deputy Director General at OFTEL. The greater part of the meeting was

devoted to Mr Wigglesworth's response to topics raised by the Committee. The Committee took full advantage of Mr Wigglesworth's presence to discuss developments over a wide range of topics. These included the quality of telecommunications services; the need for regulation of Chatline services; the introduction of a new simplified Branch Systems General Licence (BSGL) permitting business users greater freedom in the use of their private systems; a review of future '999' emergency call arrangements being chaired by OFTEL; and further liberalisation of payphones, including continuing services at social payphones. The attendance when possible of representatives from OFTEL at Committee meetings is very much appreciated especially when responses to consultative papers are to be discussed.

8.102 At the August meeting a discussion took place on the OFTEL consultative document *Numbering for Telephony Services into the 21st Century*. The Committee agreed that the current numbering plan was reaching the end of its useful life and that some new numbering system was required. On balance the Committee felt that, despite its weaknesses, Option C of the consultative document—which among other advantages, would enable a subscriber to take his Directory Number (DN) with him whenever he moves within a National Number Group—offered the best alternative. Accordingly an appropriate recommendation was made to OFTEL.

8.103 The November meeting which was the last of the year was attended by a number of representatives from TACs in the Province and Mr Roy Cozens from OFTEL. Mr Cozens gave a very useful update on several issues which were being pursued by OFTEL and the Advisory Committee on Telecommunications for Disabled and Elderly People (DIEL). In addition to progress on several subjects covered at earlier meetings, discussion also covered the provision of itemised telephone bills, the likelihood of charges for

Directory Enquiries, security deposit demands from new subscribers, revised guidance notes to local TACs, and DIEL's plans to produce a special information pack for the benefit of disabled and elderly people on telephone services and equipment that can help them.

## TELECOMMUNICATIONS ADVISORY COMMITTEES (TACs)

8.104 During the past year two new TACs were formed, one in Londonderry, Secretary Mr N McKenna, and the other in Craigavon, Secretary Miss M McGrane. Both Committees are working extremely well and it is hoped that a further TAC will be appointed in 1990.

8.105 Seventy-two TAC volunteers from the Province took part in OFTEL's survey of domestic call quality held in May during which some 20,000 calls were monitored.

## REPRESENTATIONS

8.106 The following is a breakdown of the written representations received by the Committee during the period 1 January to 31 December 1989:

	1987	1988	1989
Accounts	93	139	141
Charges	26	25	17
Quality of service	14	26	25
Provision of service	13	12	16
Payphones (public services)	9	4	2
Directory services	3	2	1
Deposits	1	4	3
Compensation scheme	—	—	4
Phone Books and Yellow Pages	—	—	4
Miscellaneous	2	2	3

8.107 The Committee's Secretariat also dealt with many direct calls for assistance and these were handled either by the Secretariat or referred by them to the appropriate authority for action.

8.108 Throughout the year close contact was maintained with BT staff in the Province, who were particularly helpful in responding to queries and complaints referred to the Committee.

8.109 In addition, the Committee received very considerable assistance and guidance from the Secretariat. Without this, the task of the Northern Ireland Committee would have been very much more difficult.

## PROVISION OF SERVICE

8.110 The demand for telephone service in Northern Ireland during 1989 remained high. The size of the system increased to 527,946 lines, a growth of 4 per cent on the previous year.

## NETWORK MODERNISATION

8.111 Network modernisation made very significant progress during 1989 and 40 per cent of customers are now connected to modern digital exchanges. Over 90 per cent of trunk traffic is carried in digital form. These improvements have contributed to a significant improvement in quality of service performance.

## DIRECTORIES

8.112 Replacement of the original Community Directories started and second editions were published for five Districts in Northern Ireland.

8.113 The Phone Book was also published in 1989 featuring, for the first time, on the front cover a work by a prominent local artist.

## PAYPHONES

8.114 The population increased to 2,183 with 177 card and 11 creditcard payphones. The modernisation programme continued with 62 per cent of all public call box housings having been updated. Serviceability continued to improve and was reflected in customers' perception of the service as being the best in the UK.

## REPAIR SERVICE

8.115 The BT Repair Service handled 145,000 faults with 96 per cent of reported faults cleared within two working days.

8.116 Customer maintenance staff maintained a consistently high standard of service as confirmed by the British Standards Institution inspections carried out throughout the year.

## OPERATOR SERVICES

8.117 Northern Ireland customers continued to enjoy one of the best Directory Information and Operator Assistance Services in the UK.

8.118 BT Northern Ireland has been able, due to this high level of performance, to bring additional jobs to the Province. This occurred when some London Directory Assistance traffic was transferred to Portadown Directory Assistance Centre in the Autumn. The Portadown operators have been commended by many London callers on their efficiency and courtesy.

## BILLING

8.119 Itemised billing started in February 1989 and by the end of the year was available on 169,000 customers' lines, approximately 32 per cent of the total. As the facility was introduced in exchanges all customers were informed. Around 40 per cent of those offered the facility have asked for itemised statements with their bills.

## Summary of BT Northern Ireland performance statistics

	1989	1988	1987	1986
Working exchange connections— % increase over previous year	4.0	4.6	5.5	3.2
Number as at 31 December	527,946	507,560	485,372	459,934
% of customer orders completed within 2 weeks	90	90	90	85
Number of telephone kiosks	2,183	2,037	1,827	1,655
Number of vandalism attacks	1,350	1,500	1,750	1,900
Cost of vandalism attacks £000s	160	170	200	225
% of BTNI customers with direct 24-hour access to Fault Repair Centres	100	100	100	82
% of network fault reports per exchange connection	0.12	0.14	0.14	0.17
% of faults cleared by end of next working day	96	95	92	90



## CHAIRMAN AND MEMBERS OF THE COMMITTEE

### *Chairman*

#### **Mr J J Eccles OBE, JP**

Past Chairman, NI Lay Magistrates Association; Board Member, the Fair Employment Agency; Member, Local Enterprise Development Unit; Member, Eastern Health and Social Services Board; Chairman, Post Office Users' Council for Northern Ireland

### *Members*

#### **Mrs M M Craig MBE**

President, Road Safety Council of Northern Ireland; Vice-Chairman, Fire Authority for Northern Ireland (*resigned December 1989*)

#### **Mrs O Craig**

Past Vice Chairman, Federation of Women's Institutes; Chairman, Coleraine, Ballymoney, Moyle Health Committee

#### **Mrs E G Glover JP**

Company Director; Member, Northern Health and Social Services Board; Juvenile Court Member for Tyrone and Fermanagh

#### **Mr G H James**

Chartered Accountant and Retail Trader (*until September 1989*)

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

Member, James Butcher Housing Association; Local Government Staff Commissioner

#### **Mr W Keown MBE, JP**

Disabled Advisory Commission; Member, Prison Board of Visitors; The Wm Keown Trust; Member, CEDP for the Disabled; Juvenile Court Magistrate; Member of District Health Committee (*until September 1989*)

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

Telephone Supervisor, Royal Group of Hospitals, Belfast; Member, Telecommunications Managers Association/Institute of Administrative Management

#### **Mr J O McDonald MBE, FSCA**

Local Government Officer

#### **Mr W C Magee JP, FPSNI**

Retired Pharmacist

**Mr J D Thompson MA**

Associate of the Chartered Institute of Arbitrators; Solicitor and Notary Public; HM Coroner for South Down; Chairman, Medical Appeal Tribunals NI; Chairman, Social Security Appeal Tribunals NI; Chairman, Rent Assessment Committees NI; Vice-Chairman, Southern Health and Social Services Board

**Mrs M Toner**

Catering Consultant; Member, Altrusa Club, Belfast and District; Member, Board of Visitors, Belfast Prison (*until September 1989*)

**Mr W J Whitley JP, MBA, DipHE**

College Lecturer; Chairman, Lisburn Citizens Advice Bureau; Member, Northern Ireland Partnership; Member, Lisburn Juvenile Court Bench

*Secretariat*

**R T Jordan MBE, JP**

*Secretary*

**Mrs V McCrory**

*Assistant Secretary*

## REPORT OF THE ADVISORY COMMITTEE ON TELECOMMUNICATIONS FOR DISABLED AND ELDERLY PEOPLE FOR THE YEAR ENDING 31 DECEMBER 1989

The Committee met four times during the year. Two members completed their periods of appointment in February, Sir Eric Driver and Michael King-Beer. We would like to take this opportunity to thank them for their valuable contributions to the work of the Committee over several years. One new member, David Hyslop, was appointed during the year. A full list of members as at 31 December 1989 follows this Report.

8.121 In our last Report we referred briefly to a special study of the particular telecommunications needs of disabled and elderly people which had been undertaken by the Age Concern Institute of Gerontology at Kings College, University of London. This was still under consideration when our Report was made. The study was published in April and copies were widely distributed amongst organisations actively involved in promoting the welfare of disabled and elderly people.

8.122 Although the study was exploratory, it offered a very useful insight into the extent to which existing telephone equipment and services meet the needs of vulnerable members of the community. It also revealed a serious lack of general awareness amongst elderly and disabled people about the availability of special items of equipment and of services designed to cater for them. The Committee has been considering ways in which this lack of knowledge can best be overcome. One course of action, which the Committee has decided to take, is to produce and maintain an up-to-date portfolio of 'at a glance' summary notes on all available services and facilities for disabled

and elderly users. It intends to distribute this widely through elderly and disabled peoples' welfare organisations. This information pack is currently in preparation and will be available in 1990.

8.123 Whilst there is now a valuable range of useful telecommunications aids and services for the benefit of disabled people, making them accessible to those who need them at prices they can afford, is another matter.

8.124 The problem is probably best highlighted by the plight of profoundly deaf and severely speech-impaired people whose disabilities largely prevent them from using conventional telephones. Communication, for many of them, is only possible by way of text communication devices attached to telephone lines. These are much more expensive than ordinary telephones and call charges tend to be considerably higher because of the length of time it takes to set up and conduct a conversation by text rather than speech.

8.125 It is hoped that the introduction of a Text Users' Help Scheme during 1989, through which disabled people can obtain rebates on some of their telephone call charges, will help to ease some of these problems.

8.126 The ability of profoundly deaf and severely speech-impaired people to communicate widely over the public networks is fairly restricted because comparatively few organisations offer a communications facility for text users. This situation is gradually changing. During the year, several police forces, as well as the AA and RAC, started to offer text communication emergency

services for deaf and speech-impaired callers. However, we are anxious to see other public organisations and businesses taking similar steps. At the same time we are anxious to ensure that all services offered are compatible with equipment in general use.

8.127 For several years the only effective relay service available, which enables profoundly deaf and severely speech-impaired people to communicate with people and organisations who do not have text communications devices, has been the Telephone Exchange for the Deaf operated by the Royal National Institute for the Deaf (RNID).

8.128 However, this has only been able to operate on a small scale because of limited financial means drawn largely from charitable donations. We consider that the provision of this service in particular and the development of innovative telecommunications equipment and facilities for deaf and other disabled people in general, should not have to rely on charity, however well intentioned.

8.129 We believe that profoundly deaf and severely speech-impaired people should have access to the telephone system as of right and we have made our view known to the Director General in our discussions with him.

8.130 We consider that this view is supported by experience elsewhere—for example in the USA and Scandinavia, where there is a statutory responsibility for seeing that services and other communications aids for disabled people are readily available. We intend to publish the results of an investigation we undertook into the ways in which other countries approach the telecommunications problems of elderly, deaf and other disabled people next year.

8.131 Another issue which we pursued was about the need for better provisions for telephone points in residential homes for

elderly people. With the growing numbers of privately-run residential homes now being opened, we consider that it is most important that telephone points should enable any resident to have the freedom to make and receive personal calls in the privacy of their own rooms. We sought to publicise this view at every opportunity. We were particularly interested in the potential application of telepoint to provide an alternative to fixed-wired telephones in each room.

8.132 In September, BT introduced its first price changes for its main telephone charges under the new price control formula agreed with the Director General in 1988. These changes included the first stage in the transition of its Low User Rebate into a better targeted Low User Option Scheme. As foreshadowed in our previous Report, the lowest telephone users are, as a result, now effectively paying a quarterly rental which is only 60 per cent of the standard rental. Rental rises gradually until consumption reaches 120 units a quarter when the standard rental is charged. The second stage is for BT to target the scheme more precisely, to those who need it, by eliminating wasted rebates to those subscribers with low usage for telephone lines in second homes or lines used as burglar alarms. In principle we welcome these developments as potentially beneficial to many elderly or disabled people on low fixed incomes, but we were disappointed that BT was unable to come forward with details of its plans to target the scheme more satisfactorily for us to comment upon before the end of the period of this Report.

8.133 During the year, discussions were reopened with BT and MCL about the provision of suitable safeguards for blind and certain other disabled Directory Enquiry service users in the event of either Public Telecommunications Operator (PTO) wishing to introduce charges to other customers. Both PTOs wished to seek our comments on changes to the proposals which they had

previously discussed with us during the period of our last Report. In the event, agreement was finally reached on a system whereby each PTO would give eligible applicants a confidential personal identification number. This would grant them continued free access to either PTO's Directory Enquiry service following the introduction of charges for Directory Enquiries customers.

8.134 The Director General was advised of the successful outcome of these discussions and he subsequently approved a formal request, in accordance with the terms of its licence, from MCL to introduce Directory Enquiry charges (with the exemption arrangements for blind and certain other disabled people agreed with us) to take effect from 2 January 1990. At the end of the period of this Report, no similar application to the Director General had been made by BT.

8.135 We continued to maintain regular contacts with OFTEL and with the PTOs—BT and MCL in particular. Apart from our discussions with them about Directory Enquiry charge exemption arrangements, we also discussed the need for refinements to their public telephone facilities for the benefit of blind and other disabled callers. A small delegation from the Committee met

with representatives of BT's Action for Disabled Customers Unit (BTADC) to maintain the dialogue, established the previous year, about BT's ongoing research and development programme into the production of new types of telecommunications equipment and facilities for the benefit of disabled and elderly telephone users.

8.136 Several members of the Committee took part in BTADC's special Conference of Caring Organisations at the Penta Hotel, Heathrow, in March at which an exchange of views took place on how BT catered for its disabled and elderly customers. The Chairman also participated in a seminar with senior BT managers held at Newcastle during the Autumn at which he raised the business's perception of the needs of its elderly and disabled customers.

8.137 As in previous years, we sought to widen awareness of our role and activities. We exhibited at the Age Concern Annual Conference and at *Naidex '89*, where we had information stands staffed to handle enquiries about telephone facilities for disabled and elderly people. Mrs Rhodes, one of our members, represented the Committee at the 1989 Consumer Congress held at the University College of Swansea in April.

## CHAIRMAN AND MEMBERS OF THE COMMITTEE

### *Chairman*

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

Former Director, Age Concern, England; Executive Secretary, Charities Effectiveness Review Trust

### *Members*

#### **Mrs S Barrows**

Chairman, Friends of Brookwood Hospital; Vice-Chairman, North West Surrey Community Health Council

#### **Mr C Croft**

Manager, Voluntary Agencies Link Unit, Royal National Institute for the Blind

#### **Mr R Fawcus**

Speech Therapist and Head, Department of Clinical Communication Studies, City University, London

#### **Mr D Hyslop**

National Director, Breakthrough Trust (*appointed April 1989*)

#### **Mr M King-Beer**

National Telecommunications Officer, Breakthrough Trust  
(*retired from membership February 1989*)

#### **Mr A Leighton JP**

Director, Marketing and Communications, Royal Society for Mentally Handicapped Children and Adults

#### **Mr C Low**

Head, London Boroughs Disability Resource Team

#### **Mr M Martin OBE**

Director, Communication Services, Royal National Institute for the Deaf

#### **Mr C Pettitt MBE**

Chairman, Northamptonshire Council for the Disabled

#### **Mrs D Rhodes**

National President, National Federation of Retirement Pensions Associations

**Miss A Spokes**

Vice-President, and former Chairman, Age Concern, England; Chairman, Oxford TAC;  
Member, Oxford City Council

**Mr B Symington**

Principal Social Worker, Sensory and Impaired Services, Eastern Health and Social  
Services Board; Chairman, Ulster Institute for the Deaf



## REPORT OF THE ADVISORY COMMITTEE ON TELECOMMUNICATIONS FOR SMALL BUSINESSES (BACT) FOR THE YEAR ENDING 31 DECEMBER 1989

The Committee met on four occasions during the year. There were no changes in the membership of the Committee during the year and a full list of members as at 31 December 1989 follows this Report.

8.139 Contrary to the hopes expressed in our previous Report we were unable to make much progress towards the realisation of our desire to see the formation of an independent bureau service for small businesses wanting impartial, basic advice on suppliers of telecommunications equipment and services. We did, however, have an exploratory meeting with another organisation which shared our belief in the need for such a service and which was developing plans for a telecommunication information database for businesses and other enquirers. Initially, at least, this database would be available only to its particular membership but, once established, it might be made accessible to other businesses. It remains to be seen whether this initiative takes wing—we hope so.

8.140 We were pleased to co-operate with OFTEL in the preparation of an independent, basic guide to using cellular radio mobile communications services published in the autumn. As business people ourselves we were particularly conscious of the sort of advice which potential users wanted to have about cellular services. We felt that details of the likely costs to be incurred and a checklist of points to consider before making any contractual commitments were most important. The interest and demand for copies generated by the guide's publication has confirmed our belief that it was much needed. We hope in due course that it will

be possible to provide similar guidance on other mobile communication services, some of which like telepoint and personal communications networks (PCNs), are still at an early development stage.

8.141 In our previous Report, we stated that we had strongly endorsed the restrictions on Chatlines and premium rate recorded message services proposed by the Director General which had been the subject of a reference to the Monopolies and Mergers Commission (MMC). We continued to be concerned about the ease with which premium charged services could be accessed without authority and the serious consequences this could have on small businesses' telephone bills. We were in general supportive of the modifications to the Public Telecommunications Operators (PTO) licences proposed by the Director General and the codes of practice for 'One-on-One' and multiline Chatline services that were introduced towards the end of the period of the Report with his agreement in the wake of the MMC's Report. We were particularly anxious to see that small businesses were not excluded as such from claiming compensation for large bills incurred as a result of unauthorised use of their telephone lines under either of the codes of practice.

8.142 We took this view because, whilst we recognised that consumers generally do not have access to call-barring facilities beyond simple telephone locks, we are not convinced that small businesses are very much better served. A preliminary investigation which we have been conducting suggests that many businesses are unaware of this as a protective option and that the range of call-barring facilities available on most



PABXs and key telephone systems are not sufficiently selective as to enable users to readily isolate premium rate numbers from all others. We intend to publish our findings when this investigation is completed in 1990. We also feel that, together with better call-barring facilities, BT and the other PTOs should not be permitted to offer an ever-increasing range of different telephone codes (eg 0898, 0839, 08364, etc) for premium rate charged services. We also believe the PTOs should publish clearer advice to callers about the cost of dialling numbers with these codes as it is the codes which distinguish these numbers from those which are similar (ie 0800 numbers) but which are free to callers.

8.143 The Committee met with representatives of BT's senior management in the autumn to discuss the manner in which it geared itself to cater for the needs of small businesses and also to consider a range of topics bearing on the quality of service received by businesses. These included the modernisation of the network and local exchanges, problems associated with telephone lines, premium rate services (as mentioned in paragraph 8.142), errors in Yellow Pages directories, claims for consequential losses under BT's new contract provisions for limited liability and access by businesses to BT's information databases. A productive exchange of views took place and a number of issues opened up which we intend to pursue further at future meetings.

8.144 We came away from this meeting with the clear impression that BT recognised that it needed to improve its performance and attitude towards its small business customers and was determined to do so. The appointment of a Marketing Manager for Small Businesses within BT is, we consider, a significant and helpful sign for improved relations with the small business community in future. We intend to seek regular meetings with him and his colleagues to maintain what we hope shall prove to be a productive

dialogue on matters of primary concern to small business users.

8.145 We submitted our views to the Director General on the OFTEL consultative document on further deregulation for business users of public telecommunications systems. We welcomed the liberalisation offered by allowing resale, including simple resale, of private circuit capacity but we saw a need for a code of practice for those offering resale services in order to eliminate 'cowboy' operators. We supported the inclusion of an open system interconnect condition and the retention of the requirement for advance notice of changes to means of access in the revised Branch Systems General Licence. We also supported the removal of restrictions on shared use of exchange lines by businesses in the same premises.

8.146 The Committee also welcomed the proposals outlined in the DTI consultation document *Phones on the Move : Personal Communications in the 1990s*. We were confident that the UK market could sustain more public mobile radio operators and felt that the advent of the pocket radiotelephone, with a network specifically configured to provide a satisfactory service for pocket radiotelephones, should be given early encouragement. We felt that 'hand-over' might constitute an optional feature of personal communications networks but that access to a common air interface and intersystem roaming should be basic prerequisites available to users when any new system began operating. We regretted that telepoint services were unable to offer users a common air interface when they started to operate towards the end of 1989 and we took the view that a similar situation should not occur with any future mobile communications systems.

8.147 During the year we continued to take a close interest in the work undertaken by



OFTEL to monitor the quality of service given by the PTOs. We were pleased to see the publication by OFTEL of performance quality statistics for the two cellular radio operators' networks. We remain concerned, however, at the levels of congestion these revealed which suggested that the operators were still failing to cope with the growth in users.

8.148 OFTEL's major exercise in quality of service monitoring during the year was a survey of domestic call quality conducted in May with volunteers drawn from local Telecommunications Advisory Committees (TACs) and its own staff. We have encouraged OFTEL to conduct a similar exercise amongst business users and look forward to

the results of a survey of the call quality experienced by small businesses which is being carried out in conjunction with the National Federation of Small Employers early in 1990.

8.149 In an effort to raise our profile in the small business community generally, we took part in the Business Communications series of exhibitions held in Bristol, Birmingham, Manchester and Glasgow during the spring and early summer. We also had an information stand at the exhibition held in conjunction with the CBI Conference at Harrogate in November. We welcome enquiries and comments from small businesses about their telecommunications needs and problems at all times.

## CHAIRMAN AND MEMBERS OF THE COMMITTEE

### *Chairman*

**Mr M Ashton**

Chairman and Managing Director, Snell and Prideaux Ltd

### *Members*

**Mr P Agnew**

Chief Executive, Lanarkshire Industry Field Executive (LIFE)

**Mrs J Barden**

Director, Barville Productions Ltd

**Mr I Bell**

Managing Director, St Brides Hotel

**Mr R Frenzel**

Businessman, local interests

**Mr P Frymann**

Sales Administrator, Geoffrey E MacPherson Ltd

**Mr R Furey**

Managing Director, Systems Solutions Ltd

**Mr F Hawman**

Director, Distribution Management (UK) Ltd

**Mr M Jordan**

Managing Director, Cornish Stairways Ltd

**Mr T Nichol**

Director, Carefree Travel

**Mr E Roberts**

Chief Executive, Heath Springs Ltd

**Mr M Taylor**

Managing Director, Eric R Taylor (Transportation) Ltd

**Mr G Thorpe**

Proprietor, Supertech Electronics

**REPRESENTATIONS ABOUT PTO LICENSING  
AND RELATED ISSUES FOR THE PERIOD 1 JANUARY  
TO 31 DECEMBER 1989**

British Telecom	
Tariffs and charges	505
Installation, maintenance, ownership of wiring and equipment	327
Unfair competition	47
Emergency/Priority	11
Payphones	21
Equipment approval	12
Other	862
Mercury	85
Kingston Communications (Hull)	7
Branch Systems General Licence	38
Radiopaging/mobile radio	541
Cable	5
Satellite services	6
Other	20
<b>TOTAL</b>	<b>2,487</b>

**REPRESENTATIONS ABOUT PTO SERVICES RECEIVED  
BY OFTEL AND ENACT FOR THE PERIOD 1 JANUARY  
TO 31 DECEMBER 1989**

Disputed telephone accounts	15,273
Charges/rentals and other billing matters	3,955
Fault repair service	2,679
Provision of service	2,584
Standard of service	1,599
Compensation Scheme	932
Deposits	579
Payphones	536
Operator/Directory services	498
Other matters (advertising, electronic mail, etc)	3,009
<b>TOTAL</b>	<b>31,644</b>

## THIS APPENDIX CONTAINS A SELECTION OF INFORMATION ON THE UK TELECOMMUNICATIONS INDUSTRY AS BACKGROUND TO THE REPORT

### 1 AWARENESS OF OFTEL

#### 1.1 Percentage of people who have heard of OFTEL 1985–1989 Great Britain

	Percentages
August 1985	9
August 1986	12
August 1987	13
August 1988	30
August 1989	29

Source: 1985–1988 NOP (Market Research) face-to-face Random Omnibus Surveys (size of base sample varies from year to year), 1989 RSGB

### 2 TELEPHONE PENETRATION RATES

#### 2.1 Percentage of households with a telephone 1972, 1980–1988 Great Britain

	Percentages
1972	42
1980	72
1981	75
1982	76
1983	77
1984	78
1985	81
1986	83
1987	83
1988	85

Source: OPCS—General Household Survey

### 3 BT's EXCHANGE CONNECTIONS AND CALLS

#### 3.1 BT's exchange connections in service by type of subscriber 1980-1989 United Kingdom

<i>Year (at 31 March)</i>	<i>Total exchange connections (000's)</i>	<i>Residential subscribers (000's)</i>	<i>Business subscribers (000's)</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	22,857	18,145	4,712
1989	23,946	18,737	5,209

Source: British Telecom

#### 3.2 BT's public and private rented payphones in service 1980, 1984, 1986-1989 United Kingdom

<i>Year (at 31 March)</i>	<i>Public payphones (000's)</i>	<i>Private rented payphones (000's)</i>
1980	77	286
1984	77	286
1986	77	296
1987	78	306
1988	81	320
1989	86	358

Source: British Telecom

3.3 BT's number, and annual percentage growth, of effective telephone calls by type 1980–1989 United Kingdom

Year (ending 31 March)	<i>Inland</i>		<i>International</i>	
	<i>Total</i> (millions)	<i>% growth over previous year</i>	<i>Total</i> (millions)	<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	24,500	8	197	14
1986	26,200	7	219	11
1987	28,100	7	243	11
1988	30,300	8	277	14
1989	33,600	11	313	13

Notes: The figures for calls in 1985–1989 are OFTEL estimates rounded to three significant digits.

Source: British Telecom



## 4 BT's ITEMISED BILLING PROGRAMME

### 4.1 Availability of itemised billing to BT's customers 1989

	<i>Position as at:</i>			
	<i>Mar'89</i>	<i>Jun'89</i>	<i>Sept'89</i>	<i>Dec'89</i>
No. of exchanges	105	416	n/a	1,202
No. of working lines (millions)	0.9	1.9	3.1	5.6
<i>Penetration %</i>				
National	3.8	7.9	12.4	22.4
London & South East	6.3	10.9	15.7	24.4
Central & South West England and Wales	2.3	4.8	8.3	18.8
North of England, Northern Ireland and Scotland	3.6	9.0	14.2	24.8

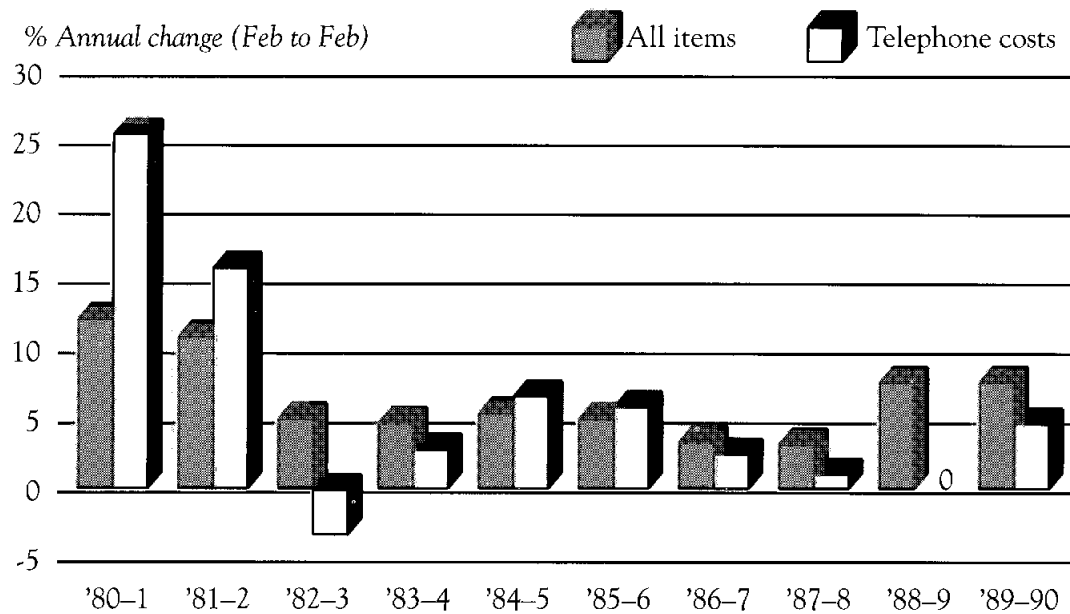
Note: n/a—not available

Source: British Telecom

## 5 BRITISH TELECOM'S PRICES

### 5.1 Annual percentage change in the Retail Prices Index for all items and the telephone costs components

1981-1990 United Kingdom



Note: February to February

Source: Department of Employment

5.2 Summary of BT price changes controlled by its licence (Condition 24)  
1984-1989

	Nov'84 %	Nov'85 %	Nov'86 %	Nov'87 %	Nov'88 %	Sept'89 %
Changes in RPI in base period	+ 5.1	+ 7.0	+ 2.5	+4.2	+4.6	+ 8.3
RPI minus 3 (4.5)*	+ 2.1	+ 4.0	- 0.5	+1.2	+1.6	+ 3.8
Permitted increase†	+ 2.1	+ 4.1	- 0.1	+1.3	+2.8	+ 3.8
Changes in the price of exchange line rental:‡						
domestic	+ 7.1	+ 8.5	+ 3.7	0.0	0.0	+10.0
business	+ 6.8	+ 8.8	+ 3.9	0.0§	0.0	+10.1
Changes in the effective price of:						
Local calls						
peak	+ 6.8	+ 6.4	+18.9	0.0	0.0	0.0
standard	+ 6.8	+ 6.4	+ 6.4	0.0	0.0	+ 4.3
cheap	+ 6.8	+ 6.4	- 3.6	0.0	0.0	+ 3.7
National 'a'						
peak	+ 6.8	+ 6.4	+ 1.6	0.0	0.0	0.0
standard	+ 6.8	+18.3	+ 1.1	0.0	0.0	0.0
cheap	+23.1	+ 6.4	+ 2.7	0.0	0.0	+ 3.6
National 'b1'						
peak	-10.3	-14.0	-12.0	0.0	0.0	0.0
standard	-10.2	-13.8	-12.0	0.0	0.0	0.0
cheap	+ 6.8	+ 6.4	-12.0	0.0	0.0	0.0
National 'b'						
peak	-14.0	- 6.2	-16.0	0.0	0.0	0.0
standard	-13.9	- 4.9	-17.0	0.0	0.0	0.0
cheap	+ 6.8	+ 6.4	- 6.2	0.0	0.0	0.0
Weighted average	+ 2.0	+ 3.7	- 0.3	0.0	0.0	+ 3.2¶

Notes:

\* 1984-1988, RPI minus 3; 1989, RPI minus 4.5

† After allowing for carry-over of unused allowances from previous years

‡ 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 was increased

|| In 1986, and again in 1989, routes were transferred from 'b' to 'b1' (see paragraph 2.53). Allowances have been made for this in computing the weighted averages

¶ The total price increase for the year was 3.5% due to a reduction in the number of concessionary days (see paragraph 2.52)

Source: OFTEL

## 6 BT's QUALITY OF SERVICE FIGURES

### 6.1 Network reliability 1983-1989

Year to 31 March	1983	1984	1985	1986	1987 Mar*	1987 Sept*	1988 Mar*	1988 Sept*	1989 Mar*	1989 Sept*
	%	%	%	%	%	%	%	%	%	%
Local calls failed (because of defective equipment or congestion)	2.7	2.4	2.0	1.7	2.2	2.2	1.9	1.7	1.4	1.1
STD calls failed (because of defective equipment or congestion)	5.9	5.1	4.4	4.1	5.4	4.3	3.6	3.5	2.4	1.7
Customer premises equipment and network faults per line per annum	0.55	0.54	0.53†	0.48	0.54	0.43	n/a	n/a	n/a	n/a
Network only faults per line per annum	n/a	n/a	n/a	0.20	0.25	0.20	0.22	0.19	0.21	0.17

**Notes:**

\* Figures for 1987-1989 are for the months of March and September only. Figures for the years to 31 March are not available

† Change in the definition from 'fault reports' to 'faults'  
n/a—comparable figures are not available

Source: British Telecom

### 6.2 Repair service 1983-1989

Year to 31 March	1983	1984	1985	1986	1987 Mar*	1987 Sept*	1988 Mar*	1988 Sept*	1989 Mar*	1989 Sept*
	%	%	%	%	%	%	%	%	%	%
Service interrupting faults cleared:										
by end of next working day†	85.1	85.7	89.9	87.1						
within two working days†					73.9	86.5	90.2	91.6	94.6	96.2

**Notes:**

\* Figures for 1987 to 1989 are for the months March and September only. Figures for the years to 31 March are not available.

† Basis for calculation changed in 1987

Source: British Telecom

### 6.3 Operator service and Directory Enquiries 1983–1989

Year to 31 March	1983	1984	1985	1986	1987 Mar*	1987 Sept*	1988 Mar*	1988 Sept*	1989 Mar*	1989 Sept*
	%	%	%	%	%	%	%	%	%	%
Operator calls										
answered in 15 secs	86.8	86.0	84.6	85.6	83.5	79.4	86.7	80.5	86.1	80.6
Directory Enquiries†										
answered in 25 secs	82.5	80.5	80.0	83.7						
answered in 15 secs				74.0	77.0	75.1	81.2	81.3	85.1	82.6

**Notes:**

\* Figures for 1987–1989 are for the months of March and September only. Figures for the years to 31 March are not available

† Basis changed from 25 seconds to 15 seconds in 1987. Comparable figure for 1986 is included.

Source: British Telecom

## 7 MERCURY'S QUALITY OF SERVICE

### 7.1 Availability of service 1987–1989

Year:	1987	1988	1988	1988	1988	1989	1989	1989	1989
Quarter of year:	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th
	%	%	%	%	%	%	%	%	%
Average availability of all circuits:									
MCL faults only*	99.8	99.9	99.9	99.9	99.9	99.9	99.9	99.9	99.9
all outages	n/a	n/a	n/a	n/a	n/a	99.9	99.8	99.8	99.8
Circuits with availability more than 99.5%:									
MCL faults only*	96.9	96.8	98.3	98.0	98.3	98.2	96.9	97.0	96.5
all outages	n/a	n/a	n/a	n/a	n/a	96.7	90.6	90.6	93.8

**Notes:**

Availability of each directly-connected customer circuit

\* Excluding planned outages (normally arranged to minimise the effect on customers) and those due to other administrations

n/a—not available

Source: Mercury

## 7.2 Service restoration time

1988-1989

Year:	1988	1988	1988	1988	1989	1989	1989	1989
Quarter of year:	1st	2nd	3rd	4th	1st	2nd	3rd	4th
	%	%	%	%	%	%	%	%
Faults per line per annum	n/a	n/a	n/a	n/a	0.032	0.029	0.027	0.020
Faults attended within 4 hours	n/a	n/a	85.6	86.0	*	*	*	81.5
Faults repaired within 6 hours	82.4	80.7	82.7	78.2	*	*	*	74.5
Faults repaired within 48 hours	94.9	98.3	98.6	98.3	*	*	*	95.2

### Notes:

Mercury 2100 switched telephone service, national and international leased services and Mercury 2110 Centrex service

\* Data not consistent with other periods

n/a—not available

Source: Mercury

## 7.3 Directory Enquiries service

1989

Year:	1989	1989	1989	1989
Quarter of year:	1st	2nd	3rd	4th
	%	%	%	%
Calls obtaining ringing tone	25.2	9.7	10.2	22.4
Answered in 15 secs*	83.2	82.2	84.7	77.9

Note: \* Percentage of calls connected

Source: Mercury

## 8 TELEX AND FACSIMILE SERVICES

### 8.1 Number of telex exchange connections (BT only)

1980-1989 United Kingdom

<i>Year at 31 March</i>	<i>Number of exchange connections (000's)</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

Source: British Telecom

### 8.2 Estimated numbers of facsimile terminals

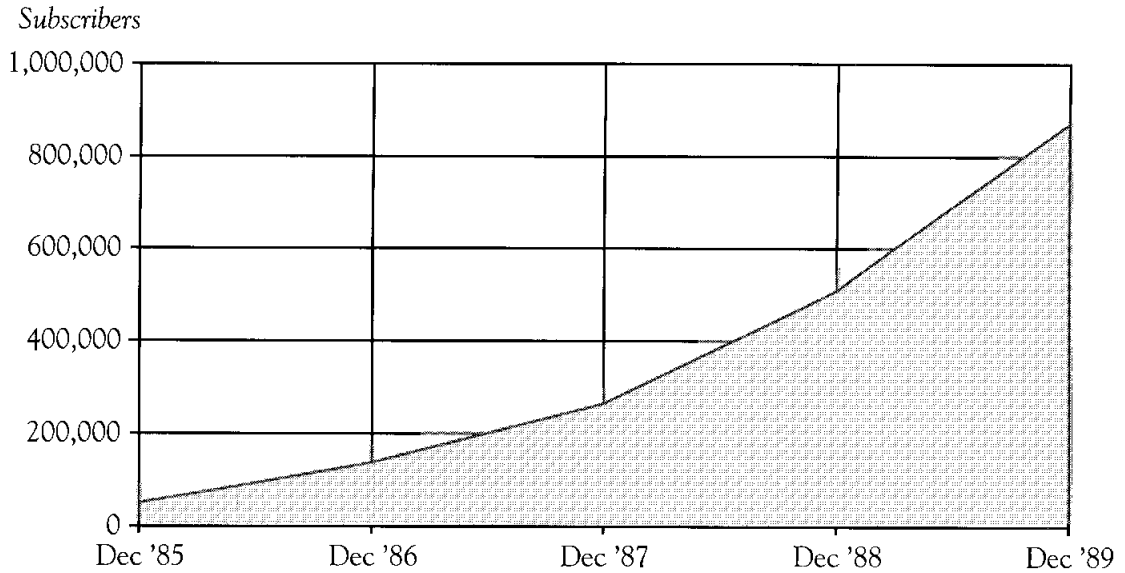
1986-1989 United Kingdom

	<i>Number (000's)</i>
December 1986	86
December 1987	173
December 1988	370
December 1989	556

Source: British Facsimile Industry Consultative Committee

## 9 MOBILE SERVICES

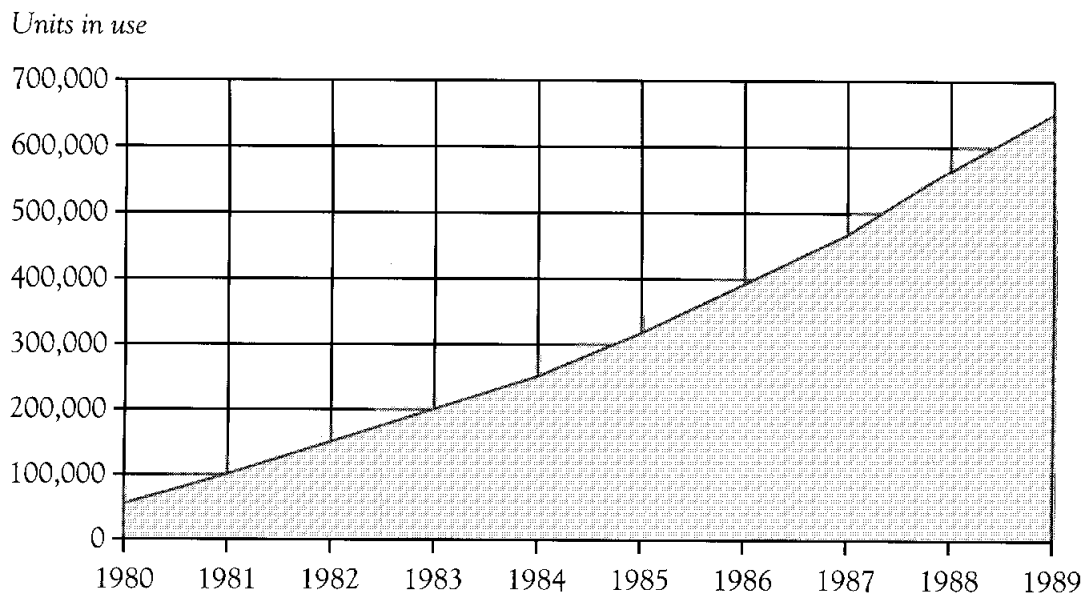
### 9.1 Estimated number of cellular radio subscribers 1985-1989



**Notes:** Cellular radio services commenced in January 1985. The figure for 1988 is a revised figure

**Source:** CIT Research and other sources

### 9.2 Estimated number of wide area radiopagers in use 1980-1989 United Kingdom



**Note:** Year ending 31 December

**Source:** CIT Research and other sources



## 10 TELEGRAPH AND TELECOMMUNICATIONS EQUIPMENT INDUSTRY DATA

### 10.1 Sales, output and employment in the UK telegraph and telecommunications equipment industry 1980-1988

Year	Total sales* (£m)	Output (volume, 1980=100)	Employment (000's)
1980	1,067	100	n/a
1981	1,238	103	n/a
1982	1,362	103	n/a
1983	1,424	104	n/a
1984	1,524	106	47
1985	1,773	115	n/a
1986	1,939	119	n/a
1987	1,939	†	32
1988	2,419‡	†	n/a

**Notes:**

\* Sales figures exclude production of other goods by the industry, and include production of telegraph and telecommunications goods by other industries

† Indices relating to output of this industry are no longer available

‡ Revised figure

Sources: Business Statistics Office—Business Monitor PQ3441. During 1989 PQ3441 was discontinued. Also Department of Employment.

### 10.2 Sales of telephone and telegraph equipment by UK manufacturers to BT, other UK companies and for export 1981-1988

Year	Percentage of total sales going to:		
	BT	Other UK	Export
1981	76	15	8
1982	76	16	8
1983	78	13	9
1984	76	15	9
1985	70	18	12
1986	70	21	10
1987	62	28	10
1988*	58	27	15

Note: \* Revised figures

Source: Business Statistics Office—Business Monitor PQ3441. During 1989 PQ3441 was discontinued

10.3 Sales of telephone exchange equipment by UK manufacturers  
1980–1988

Year	Public telephone exchange equipment		Private telephone exchange equipment		Total telephone exchange equipment
	Electro-mechanical (£m)	Electronic (£m)	Electro-mechanical* (£m)	Electronic (£m)	Electronic (£m)
1980	149.6	310.2	54.0	27.8	338.0
1981	187.8	336.9	47.0	92.6	429.5
1982	170.9	406.5	19.7	131.8	538.3
1983	115.5	418.6	5.4	144.7	563.3
1984	64.0	422.9	2.5	154.3	577.2
1985	13.3	573.7	0.6	228.9	802.6
1986	0.7	662.0	0.5	230.0	892.0
1987	—	501.5	—	229.2	730.7
1988†	—	499.2	—	281.2	780.4

Notes:

\* Includes PMBX equipment (falling from £9.9m in 1980 to zero in 1986)

† Revised figures

Source: Business Statistics Office—Business Monitor PQ3441. During 1989 PQ3441 was discontinued

**10.4 Proportion of new PABXs and key systems supplied by BT (based on number of extension lines supplied) by size of system**  
1980–1989

Year ending 31 March	Small systems %	Medium systems %	Large systems %	Total systems %
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*	66	46	37	52

**Notes:**

Small systems—up to 16 lines

Medium systems—17 to 500 lines

Large systems—over 500 lines

\* Figures for the years 1987 and 1988 are January to December 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. 1986–1989: MZA Consultants

**10.5 Proportion of new telephones and answering machines supplied by BT (ex manufacturers' deliveries)**  
1984–1988

Year ending 31 March	Telephones %	Telephone answering machines %
1984–1985	83	n/a
1985–1986	79	25
1986–1987	66	25
1987	54*	25
1988	51*	30*

**Notes:**

n/a—not available

\* January to December figure. Figures for the year to 31 March are no longer available

Source: MZA Consultants

## 11 MERCURY GROWTH STATISTICS

### 11.1 Mercury capital investment and network growth 1984-1989

	Cumulative capital investment* (£m)	Towns with one or more MCL node†	MCL access areas‡
March 1984	10	—	—
March 1985	90	6	—
March 1986	140	25	—
March 1987	295	38	66
March 1988	510	51	103
March 1989	795	67	118
December 1989	n/a	76	231§

**Notes:**

\* Includes expansion of the network, customer installations and investment in joint venture businesses

† A node is a point of access for directly-connected MCL customers. MCL's licence determined that service should be provided to 19 locations by November 1989

‡ MCL access areas are STD code areas in which choice of MCL 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 1987-1989

	Telephone call volume (outgoing paid PSTN calls) per working day (millions)
March 1987	0.05
March 1988	0.3
March 1989	1.3
September 1989	2.1

Source: Mercury

**11.3 Ordered PSTN lines\* by type of Mercury service  
1987-1989**

	<i>Numbers of lines (000's)</i>		
	2100†	2200‡	2300§
March 1987	5	2	—
March 1988	26	12	6
March 1989	58	52	15
December 1989	89	100	28

**Notes:**

\* Cumulative numbers of lines (including some not installed by date shown)

† Directly-connected service for larger businesses

‡ Indirectly-connected service for small and medium-sized businesses

§ Indirectly-connected service for single line residential and small business customers

Source: Mercury

## NON-PTO LICENCES ISSUED DURING 1989 UNDER THE TELECOMMUNICATIONS ACT 1984

<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Licence granted to Dean & Dyball Properties Ltd to run cable systems in the Hythe Marina Village area	Indefinite	6/1
Temporary licence granted to LeSet Ltd for the running of telecommunication systems to receive messages from earth orbiting apparatus	3 months	20/1
Temporary licence granted to DER Ltd for the running of telecommunication systems to receive messages from earth orbiting apparatus	3 months	20/1
Temporary licence granted to Multibroadcast Ltd for the running of telecommunication systems to receive messages from earth orbiting apparatus	3 months	20/1
Temporary licence granted to Radio Rentals Ltd for the running of telecommunication systems to receive messages from earth orbiting apparatus	3 months	20/1
Temporary licence granted to Agence France Presse for the running of telecommunication systems to receive messages from earth orbiting apparatus	3 months	20/1
Temporary licence granted to Cole Brothers for the running of telecommunication systems to receive messages from earth orbiting apparatus	3 months	25/1
Temporary licence granted to F H Alston & Sons Ltd for the running of telecommunication systems to receive messages from earth orbiting apparatus	3 months	25/1
Temporary licence granted to P S Hibbert for the running of telecommunication systems to receive messages from earth orbiting apparatus	3 months	25/1
Temporary licence granted to Mercury Communications Ltd for the running of systems providing short range radio services	6 months	31/1

<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Renewal of temporary licence granted to Satellite Information Services Ltd for the running of telecommunication systems to receive messages from earth orbiting apparatus	3 months	3/2
Class licence granted for the running of telecommunication systems to receive messages from earth orbiting apparatus	12 years	3/2
Renewal of temporary licence granted to Rediffusion Business Electronics Ltd for the running of telecommunication systems to receive messages from earth orbiting apparatus	3 months	5/2
Renewal of temporary licence granted to the British Museum (Natural History)	1 year	10/2
Renewal of temporary licence granted to the University of Birmingham	1 year	12/2
Renewal of temporary licence granted to the City of Stoke-on-Trent Council to run telecommunication systems for the purpose of providing assistance to elderly and infirm people in an emergency	6 months	20/2
Renewal of temporary licence granted to Marconi Command and Control Systems Ltd	1 year	22/2
Renewal of temporary licence granted to the City of Glasgow	1 year	25/2
Temporary licence granted to the Boots Company plc	1 year	25/2
Renewal of temporary licence granted to Cadbury Schweppes plc	1 year	1/3
Renewal of temporary licence granted to Premier Brands Ltd	1 year	1/3
Temporary licence granted to Burmah Oil Trading Ltd	1 year	1/3
Temporary licence granted to the University of Leeds	1 year	6/3
Temporary licence granted to the TSB Group plc	1 year	16/3
Temporary licence granted to the Corporation of Lloyds	1 year	18/3
Renewal of temporary licence granted to Electronic Data Systems Ltd	1 year	20/3

<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Renewal of temporary licence granted to Goldman Sachs International Corporation	1 year	25/3
Renewal of temporary licence granted to the Independent Broadcasting Authority to run a privately provided radio link between Piccadilly Radio and their Ashton Moss transmitter	6 months	28/3
Temporary licence granted to Wirral Metropolitan Borough Council	1 year	31/3
Licence granted to Cablevision Bedfordshire Ltd to run cable systems in the Houghton Regis, Hockwell Ring/Lewsey Farm area	Indefinite	31/3
Temporary licence granted to BICC plc	1 year	31/3
Renewal of temporary licence granted to the Borough of Newcastle-under-Lyme to run telecommunication systems for the purpose of providing assistance to elderly and infirm people in an emergency	6 months	31/3
Licence granted to the University of Wales College of Cardiff	10 years	3/4
Temporary licence granted to the Electricity Boards	1 year	4/4
Licence granted to Racal Data Networks Ltd	12 years	6/4
Licence granted to Cablecom Investments Ltd to run cable systems in the Burtonwood, Cheshire area	Indefinite	7/4
Licence granted to Cablecom Investments Ltd to run cable systems in the Molesworth, Cambridgeshire area	Indefinite	7/4
Licence granted to Cablecom Investments Ltd to run cable systems in the Saxmundham, Suffolk area	Indefinite	7/4
Licence granted to Cablecom Investments Ltd to run cable systems in the Yaxley, Huntingdonshire area	Indefinite	7/4
Licence granted to DTR Audio Visual Ltd to run cable systems in the King George Square, Richmond, Surrey area	Indefinite	7/4
Licence granted to DTR Audio Visual Ltd to run cable systems in the Marlow Bridge, Buckinghamshire area	Indefinite	7/4



<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Licence granted to Cablevision Bedfordshire Ltd to run cable systems in the Manor Park, Steventon, Oxfordshire area	Indefinite	7/4
Licence granted to Cablevision Wellingborough Ltd to run cable systems in the Wellingborough, Northamptonshire area	Indefinite	7/4
Licence granted to Dragon Cablevision Ltd to run cable systems in the Neath and Port Talbot area	Indefinite	7/4
Temporary licence granted to Redditch Borough Council to run a mobile radio telecommunication system	1 year	7/4
Renewal of temporary licence granted to Allied Lyons plc	1 year	10/4
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	11/4
Renewal of temporary licence granted to the Borough of Crewe and Nantwich to run telecommunication systems for the purpose of providing assistance to elderly and infirm people in an emergency	6 months	11/4
Renewal of temporary licence granted to the Institute of London Underwriters	1 year	12/4
Licence granted to British Aerospace plc to transmit certain messages to earth orbiting apparatus	6 months	14/4
Class licence for the running of short range radio alarm systems	12 years	20/4
Licence granted to British Satellite Broadcasting Ltd to transmit certain messages to earth orbiting apparatus	6 months	24/4
Renewal of licence granted to National Mobile Radio Ltd to run telecommunication systems for the provision of private mobile radio telecommunications services within the area of the M25 Motorway	3 months	24/4
Renewal of licence granted to National Mobile Radio Ltd to run telecommunication systems for the provision of private mobile radio telecommunications services in the Manchester and Merseyside area	3 months	25/4

<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Renewal of licence granted to National Mobile Radio Ltd to run telecommunication systems for the provision of private mobile telecommunications systems in the Birmingham, Rugby, Great Malvern and surrounding area	3 months	25/4
Renewal of temporary licence granted to American Express Europe Ltd	1 year	29/4
Temporary licence granted to Thorn EMI	1 year	30/4
Temporary licence granted to Phonepoint Ltd for the running of systems providing short range radio services	6 months	30/4
Licence granted to a class of persons for the running of CT2 portable apparatus	6 months	30/4
Temporary licence granted to the Metropolitan Borough of St Helens	1 year	1/5
Temporary licence granted to BP Exploration	1 year	3/5
Renewal of temporary licence granted to Amoco (UK) Exploration Company	1 year	3/5
Licence granted to British Aerospace plc to run telecommunication systems for the provision of satellite telecommunication services	6 months	5/5
Renewal of temporary licence granted to British Geological Survey for the running of systems to transmit messages to, and receive messages from, earth orbiting apparatus	6 months	8/5
Renewal of temporary licence granted to Broadland District Council to run a mobile radio telecommunication system	1 year	12/5
Renewal of temporary licence granted to Suffolk Coastal District Council to run a mobile radio telecommunication system	1 year	16/5
Renewal of temporary licence granted to Somerset County Council	1 year	19/5
Temporary licence granted to Plastiglide Products	1 year	24/5
Licence granted to Cablecom Investments Ltd to run cable systems in the Alconbury, Cambridgeshire area	Indefinite	26/5

<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Licence granted to Cablecom Investments Ltd to run cable systems in the Wethersfield, Essex area	Indefinite	26/5
Licence granted to Cablecom Investments Ltd to run cable systems in the Chicksands, Bedfordshire area	Indefinite	26/5
Licence granted to Cablecom Investments Ltd to run cable systems in the Croughton area	Indefinite	26/5
Licence granted to Cablecom Investments Ltd to run cable systems in the Fairford area	Indefinite	26/5
Licence granted to Cablecom Investments Ltd to run cable systems in the Greenham Common area	Indefinite	26/5
Licence granted to Cablecom Investments Ltd to run cable systems in the High Wycombe area	Indefinite	26/5
Licence granted to Cablecom Investments Ltd to run cable systems in the Lakenheath, Suffolk area	Indefinite	26/5
Licence granted to Cablecom Investments Ltd to run cable systems in the Upwood, Huntingdonshire area	Indefinite	26/5
Licence granted to Cablecom Investments Ltd to run cable systems in the Compton Bassett area	Indefinite	26/5
Licence granted to Cablecom Investments Ltd to run cable systems in the Chelverston area	Indefinite	26/5
Renewal of temporary licence granted to the Borough of South Tyneside	1 year	29/5
Renewal of temporary licence granted to Clifton College	1 year	30/5
Renewal of temporary licence granted to Ferranti Creditphone Ltd for the running of systems providing short range radio services	6 months	31/5
Renewal of licence granted to a class of persons for the running of CT2 portable apparatus	6 months	31/5
Temporary licence granted to the Central Electricity Generating Board	1 year	1/6

<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Renewal of temporary licence granted to Metropolitan Borough of Stockport	1 year	5/6
Licence granted to British Telecommunications plc for the running of land mobile satellite systems	6 months	8/6
Renewal of temporary licence granted to Digital Mobile Communications Ltd to run a mobile radiopaging telecommunications system	6 months	9/6
Renewal of temporary licence granted to the Marconi Company Ltd to run certain telecommunication systems on the Hillend and Donibristle Industrial Estates	1 year	10/6
Licence granted to Digital Mobile Communications Ltd to run telecommunication systems for the provision of radiopaging services	25 years	19/6
Licence granted to Inter-City Paging Ltd to run telecommunication systems for the provision of radiopaging services	25 years	19/6
Temporary licence granted to Stafford Borough Council to run telecommunication systems for the purpose of providing assistance to elderly and infirm people in an emergency	6 months	19/6
Renewal of temporary licence granted to Oxford City Council to run telecommunication systems for the purpose of providing assistance to elderly and infirm people in an emergency	6 months	19/6
Temporary licence granted to British Telecommunications plc for the running of land mobile satellite systems	6 months	20/6
Licence granted to RT Radiophones Ltd to run telecommunication systems for the provision of private mobile radio telecommunications services in Lincolnshire, Humberside and Yorkshire	3 months	28/6
Licence granted to Zycall Ltd to run telecommunication systems for the provision of private mobile radio telecommunications services in the East Midlands	3 months	28/6
Renewal of temporary licence granted to the British Waterways Board to run a mobile radio telecommunication system	1 year	30/6

<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Renewal of temporary licence granted to the University of Newcastle upon Tyne	1 year	1/7
Renewal of temporary licence granted to the Wolverhampton and Dudley Breweries Ltd	1 year	11/7
Temporary licence granted to Phillips Petroleum (UK) Ltd	1 year	11/7
Temporary licence granted to SNEC SA for the running of land mobile satellite systems	1 year	14/7
Temporary licence granted to Magnavox Ltd for the running of land mobile satellite systems	1 year	14/7
Renewal of temporary licence granted to Basingstoke and Deane Borough Council	1 year	18/7
Renewal of licence granted to National Mobile Radio Ltd to run telecommunication systems for the provision of private mobile radio telecommunications services within that area bounded by the M25 motorway	1 year	25/7
Renewal of licence granted to National Mobile Radio Ltd to run telecommunication systems for the provision of private mobile radio telecommunications services in the Manchester and Merseyside areas	1 year	25/7
Renewal of licence granted to National Mobile Radio Ltd to run telecommunication systems for the provision of private mobile radio telecommunications services in the Birmingham, Rugby, Great Malvern and surrounding areas	1 year	25/7
Licence granted to Ferranti Creditphone Ltd to run short range radio telecommunication systems for the provision of short range radio telecommunications services	6 months	25/7
Class licence for portable apparatus connected to short range radio telecommunications services	6 months	25/7
Licence granted to Barratt International Resorts Ltd to run cable systems in the Carrbridge, Invernesshire area	Indefinite	28/7
Licence granted to Barratt International Resorts Ltd to run cable systems in the Pennal, Powys area	Indefinite	28/7

<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Licence granted to Barratt International Resorts Ltd to run cable systems in the area of Aberfoyle, by Stirling	Indefinite	28/7
Licence granted to Northaw Place Management Company Ltd to run cable systems in the Northaw, Hertfordshire area	Indefinite	28/7
Licence granted to Broadband Ventures Ltd to run cable systems in the Harlow, Essex area	Indefinite	28/7
Temporary licence granted to Gwent Cablevision Ltd to run cable systems in the Ebbw Vale area	Indefinite	28/7
Temporary licence granted to Mercury Callpoint for the running of systems providing short range radio services	6 months	31/7
Licence granted to a class of persons for the running of CT2 portable apparatus	6 months	31/7
Renewal of temporary licence granted to the British Railways Board	1 year	1/8
Licence granted to London Band Three Network Company Ltd to run telecommunication systems for the provision of private mobile radio telecommunications services within that area bounded by the M25 motorway	6 months	4/8
Renewal of temporary licence granted to the North of Scotland Hydro-Electric Board	1 year	7/8
Licence granted to British Satellite Broadcasting Ltd to transmit certain messages to earth orbiting apparatus for the purposes of telemetry, tracking and control	15 years	9/8
Licence granted to Phonepoint Ltd to run short range radio telecommunication systems for the provision of short range radio telecommunications services	6 months	15/8
Renewal of temporary licence granted to the City of Stoke-on-Trent Council to run telecommunication systems for the purpose of providing assistance to elderly and infirm people in an emergency	6 months	20/8
Renewal of temporary licence granted to Northern Ireland Airports Ltd	1 year	8/9

<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Licence granted to the University of St Andrews	12 years	20/9
Temporary licence granted to North East Derbyshire District Council to run telecommunication systems for the purpose of providing assistance to elderly and infirm people in an emergency	6 months	22/9
Licence granted to the Science and Engineering Research Council	1 year	22/9
Temporary licence granted to the Metropolitan Borough of Stockport to run telecommunication systems for the purpose of providing assistance to elderly and infirm people in an emergency	6 months	27/9
Renewal of temporary licence granted to the Independent Broadcasting Authority to run a privately provided radio link between Piccadilly Radio and their Ashton Moss transmitter	6 months	28/9
Renewal of licence granted to Zycall Ltd to run telecommunication systems for the provision of private mobile radio telecommunications services in the East Midlands	6 months	28/9
Renewal of licence granted to RT Radiophones Ltd to run telecommunication systems for the provision of private mobile radio telecommunications services in Lincolnshire, Humberside and Yorkshire	6 months	28/9
Renewal of temporary licence granted to the Borough of Newcastle-under-Lyme to run telecommunication systems for the purpose of providing assistance to elderly and infirm people in an emergency	6 months	30/9
Temporary licence granted to the Ffestiniog Railway Company	1 year	2/10
Renewal of temporary licence granted to the Borough of Crewe and Nantwich to run telecommunication systems for the purpose of providing assistance to elderly and infirm people in an emergency	6 months	11/10
Renewal of temporary licence granted to the University of Aberdeen	1 year	12/10
Renewal of temporary licence granted to the University of Strathclyde	1 year	14/10

<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Licence granted to Satellite Information Services Ltd to run telecommunication systems for the provision of satellite telecommunications services	6 months	16/10
Renewal of temporary licence granted to the Electricity Boards	1 year	26/10
Temporary licence granted to Polytechnic South West	1 year	27/10
Temporary licence granted to Trans World Airlines to run a radio telecommunication system	1 year	31/10
Licence granted to Euromessage Ltd to run telecommunication systems for the provision of radiopaging services	6 months	3/11
Renewal of licence granted to British Aerospace plc to run telecommunication systems for the provision of satellite telecommunication services	6 months	3/11
Renewal of temporary licence granted to Sunderland Polytechnic	1 year	4/11
Temporary licence granted to Leicester Polytechnic	1 year	6/11
Renewal of temporary licence granted to British Geological Survey for the running of systems to transmit messages to, and receive messages from, earth orbiting apparatus	6 months	8/11
Class licence for the running of Branch Telecommunication Systems	25 years	8/11
Temporary licence granted to the Independent Broadcasting Authority to run privately provided radio links	1 year	13/11
Class licence for portable apparatus connected to short range radio telecommunications systems	6 months	15/11
Licence granted to Mercury Callpoint Ltd to run telecommunication systems for the provision of short range radio telecommunications services	6 months	16/11
Temporary licence granted to the British Railways Board to run a radio telecommunication system	1 year	30/11
Licence granted to the British Broadcasting Corporation to run telecommunication systems to receive messages from earth orbiting apparatus	6 months	5/12



<i>Title</i>	<i>Period</i>	<i>Date of issue</i>
Licence granted to TV-AM plc for the running of telecommunication systems to receive messages from earth orbiting apparatus	6 months	5/12
Licence granted to WH Smith Television for the running of telecommunication systems to receive messages from earth orbiting apparatus	6 months	6/12
Renewal of temporary licence granted to BP Exploration	1 year	11/12
Licence granted to Satellite Information Services Ltd to run telecommunication systems to receive messages from earth orbiting apparatus	6 months	12/12
Temporary licence granted Stafford Borough Council to run telecommunication systems for the purposes of providing assistance to elderly and infirm people in an emergency	6 months	13/12
Renewal of temporary licence granted to Oxford City Council to run telecommunication systems for the purpose of providing assistance to elderly and infirm people in an emergency	6 months	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 Air Call Communications Ltd to run telecommunication systems for the provision of radiopaging services	25 years	19/12
Temporary licence granted to British Telecommunications plc for the running of land mobile earth stations	6 months	20/12
Temporary licence granted to Satellite Information Services Ltd to run telecommunication systems to receive messages from earth orbiting apparatus	6 months	20/12
Temporary licence granted to CBS News Inc for the running of telecommunication systems to receive messages from earth orbiting apparatus	6 months	22/12

**BROADBAND CABLE OPERATORS LICENSED AS PTOs  
UNDER SECTION 7 OF THE TELECOMMUNICATIONS  
ACT 1984 DURING 1989**

<i>Cable operator</i>	<i>Franchise area</i>	<i>Period</i>	<i>Date licensed</i>
Southampton Cable Ltd	Southampton and Eastleigh	15 years	23/1
East Lancashire Cablevision Ltd	East Lancashire	15 years	21/6
Andover Cablevision Ltd	Andover	15 years	28/6
Cable Camden Ltd	Camden	23 years	7/8
Cablevision Bedfordshire Ltd	South Bedfordshire	15 years	23/8
Merseyside Cablevision Ltd	Liverpool South	23 years	14/10
Lancashire Cable Television Ltd	Central Lancashire	23 years	14/10
Birmingham Cable Ltd	Birmingham	23 years	2/11
East London Telecommunications Ltd	Greater London East	23 years	16/11
West Country Cable Ltd	Avon	15 years	5/12
Cable North (Motherwell) Ltd	Motherwell	15 years	21/12
Cable North (Cumbernauld) Ltd	Cumbernauld	15 years	21/12
Cable North (Dumbarton) Ltd	Dumbarton	15 years	21/12
United Cable Television (London South) plc	Merton and Sutton	15 years	21/12

## LIST OF OFTEL PUBLICATIONS IN 1989

The following publications were issued by OFTEL during 1989. They are available free of charge unless otherwise indicated. All OFTEL publications can be obtained from OFTEL's Library (tel: 071-822 1665). The OFTEL reference number of the publication is shown in brackets where appropriate.

### GENERAL

A Guide to the Office of Telecommunications. *Updated edition (4/89)*

BT's September 1989 Price Changes. *A Statement by the Director General of Telecommunications*

The Telecommunications Needs of Disabled and Elderly People *by Anthea Tinker. £4.00*

The Control of the Quality and Prices of British Telecom's Private Circuits. *A Statement by the Director General of Telecommunications*

Numbering for Telephony Services into the 21st Century. *A Consultative Document (13/89)*

Review of British Telecom's Arrangements for the Provision of Space Segment. *A Statement by the Director General of Telecommunications*

### CONSUMER

A Basic Guide to Telex, Electronic Mail and Fax Services for Small Businesses. *Updated edition (8/89)*

Quality of Service on the Cellular Networks. *A Report by the Director General of Telecommunications (9/89)*

A Guide to Cellular Radio (18/89)

Chatline and Message Services. *A Report by the MMC*

Publication of MMC Report on Chatline and Message Services. *A Statement by the Director General of Telecommunications*

Modification of Licence Conditions to Control the Provision of Chatline and One-on-One Services. *A Statement by the Director General of Telecommunications*

Modification of Licence Conditions to Control the Provision of Chatline, One-on-One Services and Interactive Games. *A Statement by the Director General of Telecommunications*

BT's Contract Terms and Conditions for Telephone Service. *A Statement by the Director General of Telecommunications*

Code of Practice for the Supply of PABXs and Enhancements (19/89)

Telephone Service in 1989. *A Report by the Director General of Telecommunications (23/89)*

BT's Customer Guarantee Scheme. *Leaflet*

## LICENSING

Further Deregulation for Business Users of Public Telecommunications Systems. *A Consultative Document (1/89)*

Class Licence for the Running of Branch Telecommunication Systems Granted by the Secretary of State for Trade and Industry under Section 7 of the Telecommunications Act 1984. £5.00

Class Licence for the Running of Short Range Radio Alarm Systems granted by the Secretary of State for Trade and Industry under Section 7 of the Telecommunications Act 1984. £2.00

Licence granted to a Class of Persons under Section 7 of the Telecommunications Act 1984 for the running of CT2 Portable Apparatus. £1.00 (Separate licences for Phonopoint, Mercury Callpoint and Ferranti Creditphone equipment).

Connection and Preconnection Inspection of Call Routing Apparatus. *A Consultative Document (5/89)*

## TECHNICAL

**OTR 001** Technical Requirements for Private Branch Exchanges with Telecommunication Ports. *Issue 3*. Price on application

Code of Practice for the Design of Private Telecommunications Networks (NCOP). *Revised edition*

The Application of Design Criteria to Private Telecommunication Branch Networks *A Consultative Document (22/89)*

Future Allocation of Data Network Identification Codes (DNICs)

Standard for Simple Telephones with Additional Receive Amplification *Working Group on Telecommunications for the Hearing Impaired*. £1.00

### **Updates** (A series of technical fact sheets)

OFTEL Technical Requirements OTR 001:1988; DTI Interim Technical Requirement (84/012) 1988; Amendment of BSI BS6450 (SA28)

Approval of Indirectly Connected Apparatus (SA29)

Approval of Acoustically Coupled Signalling Devices (SA30)

Extension of NCOP Temporary Scheme for Site-Specific Approval (SA31)

Technical Requirements for Private Branch Exchanges with Ports (SA32)

Safety Standards for Telecommunications Equipment Approval (SA33)

Parallel Attachments to Payphones (SA34)

Private Branch Exchange Consoles for Visually Handicapped Telephonists (SA35)

Safety Standards for Telecommunications Equipment Approval (SA36)

Further Deregulation for Business Users of Public Telecommunications Systems (BSGL4)

Network Code of Practice (BSGL5)

## ECONOMICS AND STATISTICS

**Statistical Note no 1.** International Comparisons of Telephone Charges

**Statistical Note no 2.** Monitoring the Telephone Bill of a 'Typical' Residential Customer

## NEWSLETTERS

**OFTEL News.** Quarterly newsletter

**Newsline.** Series of information sheets sent to local Telecommunications Advisory Committees (TACs)

*OFTEL News and the series of Updates are circulated, free of charge, through OFTEL's mailing list. Telephone 071-822 1519 (OFTEL's Press Office) for more details.*

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