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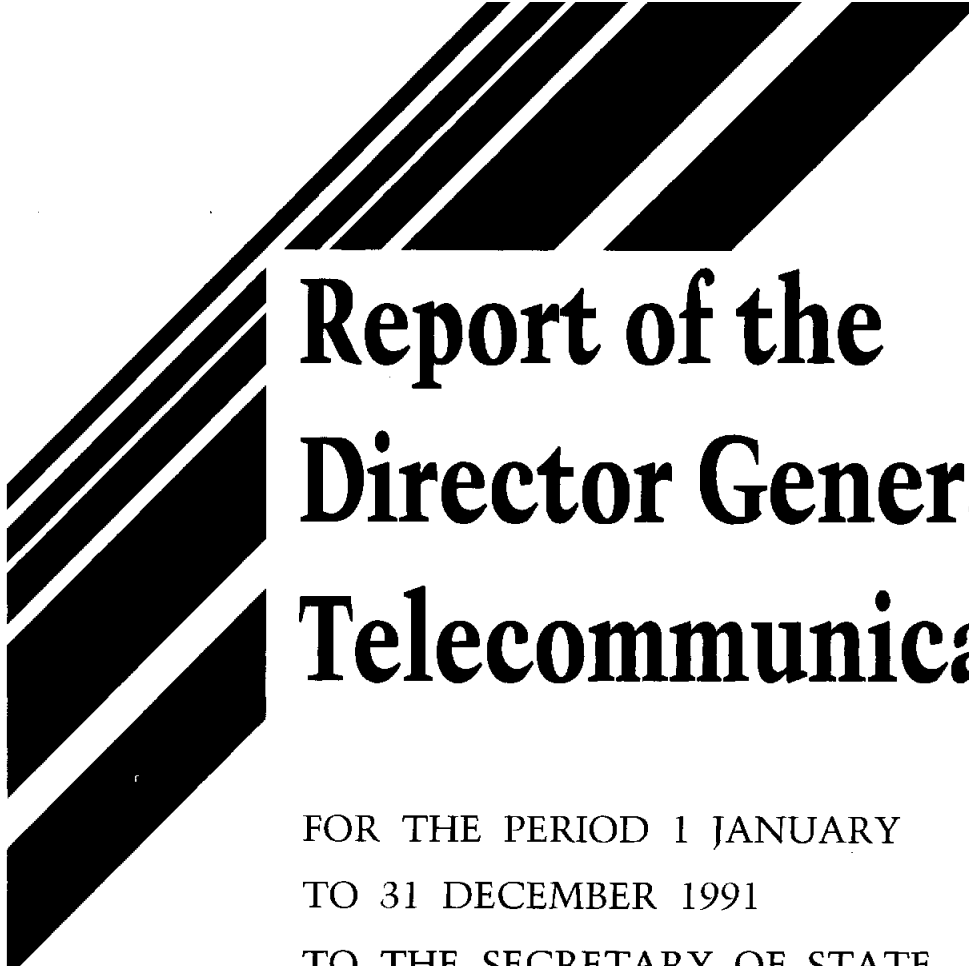
**ANNUAL REPORT**  
**1991**

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Office of  
Telecommunications

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# Report of the Director General of Telecommunications

FOR THE PERIOD 1 JANUARY  
TO 31 DECEMBER 1991  
TO THE SECRETARY OF STATE  
FOR TRADE AND INDUSTRY

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*Presented to Parliament  
in pursuance of section 55 of the  
Telecommunications Act 1984  
Ordered by the House of Commons  
to be printed 4 June 1992*

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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 1991. In the first section I comment generally on my activities during the period, with a particular emphasis on the conclusions of the so-called 'Duopoly Review' and their effect on the future of telecommunications in the UK.

Section 2 summarises the charges proposed as a result of the Duopoly Review and Sections 3-8 describe OFTEL's activities during the year. Section 9 contains the reports of the six statutory advisory committees on telecommunications.

No references were made by me to the MMC during 1991.

SIR BRYAN CARSBURG

*11 May 1992*

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# 1 A New Framework

## DIRECTOR GENERAL'S STATEMENT

1.1 I wrote my statement for OFTEL's 1990 Annual Report in the middle of the major review of competition policy known as the 'Duopoly Review'. The consultation period had just ended and we were preparing to make decisions. I noted that 1990 had been dominated by preparatory work for the Duopoly Review and I entitled my statement 'A Time of Transition' to reflect my view that the Duopoly Review would bring about major changes in the framework for the development of telecommunications in the United Kingdom.

1.2 The review has now been completed and it has indeed established a new framework. The decisions made by the Secretary of State for Trade and Industry and by me were described at length at the time and I will not re-examine the details here. However, I do want to comment on the position created by the Duopoly Review decisions, with the perspective gained from the passing of a few more months. I believe that the changes made provide the basis for important further devel-

opments of the telecommunications industry, developments which will bring great benefits to customers in the UK over the next decade. This will be the last statement I make for an OFTEL Annual Report, before I move to take up my appointment as Director General of Fair Trading. It is therefore an appropriate time to assess the state of the industry.

### **FULL DOMESTIC LIBERALISATION**

1.3 The key decision in the Duopoly Review was that the number of competitors operating telecommunications networks in the domestic market UK should no longer be limited as a matter of policy. Furthermore, there would be a presumption in favour of granting a licence unless a good reason existed for not doing so. Some licence applications may be refused – for example, because of a shortage of radio frequencies – but we hope to see more competition and we will encourage it.

1.4 The main practical effect of the new policy will be to end the position of British Telecommunications plc (BT), Mercury Communications Ltd (Mercury) and Kingston Communications (Hull) plc in Hull as the only permitted operators of networks to provide basic fixed public telecommunications services in the UK. New competitors of the same kind will be permitted to enter the market. However, the decision is also important for encouraging people to develop new technologies or new kinds of services because it gives them a basis for expecting that an application for a licence will be granted.

1.5 The decision to open domestic markets was made because we felt that the competition between BT and Mercury had been successful but competition between two does not hold out the prospect of sufficiently vigorous competition in the long-term and we wanted to carry competition further, to the limit of what the market could sustain. More fundamentally, a great deal of economic evidence suggests that competition should be allowed and encouraged unless a clear reason exists to expect that it will work against worthwhile objectives. Allowing competition without limit should be the normal situation and the case has to be made for any restrictions. I concluded, and this was my main advice to the then Secretary of State, which he accepted, that no good reason of policy existed for imposing a fixed limit on the number of competitors in telecommunications. The duopoly policy had served us well – it had made it possible for Mercury to become established and so ensured the presence of one strong competitor in the market-place, but the time had come to move on.

## **COMPETITION AND SOCIAL GOALS**

1.6 The main argument usually given against open competition in telecommunications is that it will inhibit the achievement of social goals such as the provision of telephone service to people living in rural areas at similar prices to those facing customers in urban

areas. The reason for this concern is that new entrants are likely to target urban areas, where the balance of costs and revenues provides the most attractive opportunities for profit, that this will cause the original supplier to reduce its prices in urban areas to match the competition and it will then have to increase prices in rural areas to maintain a reasonable level of profit. Competition, it is argued, will limit the possibility for cross-subsidisation between urban and rural customers. It will limit the possibility of averaging prices in different parts of the country.

1.7 I do not believe that this is a valid objection to competition in telecommunications. I believe that social objectives can be achieved more effectively under a competitive regime than under a monopolistic one, because of the incentives that competition gives to improved efficiency, provided that the appropriate regulatory structure is put in place. Both the Secretary of State and I stated, at the conclusion of the duopoly review, our continuing commitments to maintaining the present level of uniformity in prices in different parts of the country. The key regulation needed to ensure that this will be feasible is one making it possible to impose a levy on the competitors in the market place for the financing of the social objectives. Such a levy can create even competition among the competitors. It can be achieved through the pricing of the arrangements for interconnection – other measures may be needed in certain circumstances – and our regulations provide for the possibility of introducing such a levy. It has not yet been necessary actually to do so, and exemption from a contribution to social costs may be considered to be part of the desirable entry assistance for new competitors in the early stages of their development. However, the possibility exists and can be implemented if and when it is needed.

## **ENTRY ASSISTANCE**

1.8 Because of the above analysis, I found it relatively easy to advise the Secretary of State

to remove the limit on the number of domestic competitors he would be willing to license. This decision paved the way for a more complex one, concerning the amount and form of entry assistance that should be given. I have taken the view up to now that some entry assistance is desirable. Entry into network operation in telecommunications is a difficult matter. A great deal of investment is needed and time is needed to develop the network and obtain customers in order to reach the point where a sufficient volume of business is generated to bring unit costs down to a level at which they match the costs of the incumbent. The justification for providing some assistance is that the competition it enables is likely to encourage good quality of service and encourage efficiency so that value for money for customers improves overall. This view was based on careful assessment of the likely financial results of competition.

1.9 With the removal of the limit on the number of domestic competitors, however, a new policy was needed on entry assistance. If entry assistance were given to all new entrants, however many their number, the effect could be to encourage inefficient entry with the ultimate result of reducing value for money to customers rather than increasing it. Furthermore, I took the view that it was desirable to make policy on entry assistance better defined and explained. Precise statements of a future position are not attainable in areas where technologies and costs are changing rapidly. However, prospective new entrants, and existing operators, should be given guidelines to enable them to assess the broad prospects and develop sound plans accordingly.

1.10 Entry assistance has been given to Mercury in the past – although it has declined with the passage of time – in the form of favourable prices for interconnection. This can be regarded as exemption from some of the costs of meeting social objectives, especially if one recognises that the social objectives may involve not only provision of services in rural areas at the same prices as in urban areas, but also provision of exchange

lines at rentals and connection charges which are below their economic level, even in many urban areas. BT is in effect being required by the social constraints to make a contribution to these costs out of the charge for every telephone call it carries. Competitors could be required to make a similar contribution through the interconnection arrangements, where BT is collecting and delivering the calls. The entry assistance results when some or all of such contributions are waived for the competitors.

1.11 The arrangements for these contributions to the costs of meeting social objectives, which came to be known as *access deficit contributions*, were the subject of vigorous debate during the Duopoly Review. BT expressed concern about its vulnerability to entry assistance with no defined limits. Others, including Mercury, cable network operators and the holders of licences to provide mobile services, emphasised their continuing need for entry assistance, supported by detailed financial plans, and expressed their concern that BT's present costs in meeting social objectives were higher than they needed to be because of inefficiency.

1.12 After much debate and detailed financial analysis, I decided that it would be desirable for me to take explicit powers to continue to waive access deficit contributions for competitors who had a market share of less than 10% and also to continue the waiver on the first 10% until the operator concerned had a market share of 25%. After that, a full access deficit contribution would be payable on all business but without clawback of the benefits of past cost waivers. The rules gave BT an assurance that it would receive full access deficit contributions on interconnected traffic which fell outside the first 15% of market share taken by competitors. This meant that waivers would have to be limited with respect to the number of competitors or the market share of each one. However, it would allow the possibility of dividing the waivers between a few competitors to BT so that more than duopolistic competition would become a real prospect.

1.13 The exact level and extent of access deficit contributions will have to be decided on the basis of detailed arguments if and when applications are made to OFTEL for determinations of interconnection agreements. However, I take the view that it would not normally be appropriate to give such waivers to entrants who were concentrating on narrow segments of the telecommunications market – segments contributing to desirable cross-subsidies in BT's operations – and not planning to provide broadly based competition.

## THE BALANCE OF PRICES

1.14 The decisions on entry assistance also brought into focus a number of decisions relating to the balance of BT's prices. The possibility of entry assistance through the interconnection arrangements depends on BT's making a contribution to the costs of meeting social objectives out of call prices. The more BT reduces call prices in general, or offers special pricing packages incorporating lower call charges to certain categories of customers, the less the possibility of access deficit contribution waivers. As part of the Duopoly Review, BT sought my agreement to its altering the balance of prices faster than permitted by current regulations. I resisted this proposal and introduced an additional definition of the arrangements about the balance of prices, requiring increases in a statistical measure of the bill of the representative residential customers (the median residential bill) to be limited to the rate of inflation at a maximum.

1.15 I did, however, agree to give BT better defined flexibility to introduce optional tariffs which would benefit customers making high volume use of telephone services. Such tariffs are a normal feature of competitive markets and offer the particular benefit in telecommunications that they encourage use of the telephone network by bringing down call charges. However, I wanted to ensure that any such special tariffs were not anti-competitive and I also wanted to avoid

abrupt transitions of the sort that might cause disruption to customers and also to the basis for competition. I therefore established rules which required BT to phase in permitted changes over a period of five years and which would require any new tariffs to be applicable to a reasonably broad class of customers and to be justified by improvements in the relationship between the cost of serving different classes of customers and the revenues derived from them.

1.16 The decisions described above relate to competition in the operation of networks for transmitting telephone calls within the UK. In the field of international telecommunications, the Secretary of State decided, again consistently with my advice, that, although it would be desirable to allow international simple resale in certain circumstances and to allow satellite services without connections to public switched networks at both ends, it would be premature to license additional facilities-based international operators. Our difficulty was in the restrictions which prevent companies operating in the United Kingdom from providing competing international telecommunications services in other countries. I take the view that the best policy on international telecommunications, in the world-wide interest, would be one of openness towards competition in all countries. I look forward to the day when changes in international attitudes make it possible to allow further competition in the UK. However, we face the difficulty that, under circumstances where too many other countries adopt restrictive policies, openness in UK markets could allow the entry of overseas operators in a manner which would distort competition here and eventually make British customers less well off.

## EQUAL ACCESS

1.17 I want next to look at two more specialised aspects of competition in telecommunications. The first is equal access. This is an arrangement under which individual customers can enjoy the benefits of long-distance



competition, in a convenient manner, without the need to change their local supply arrangements. The fullest version of the system is one in which customers can keep their existing local line and choose among two or more long-distance operators by dialling different but equally burdensome access digits. Other features of calling should be equal, for example post-dial delay, and billing arrangements also are needed to support the facility either by having the local operator bill all calls and settle with the various long-distance operators or by passing information through the system to make it easy for all the long-distance operators to bill directly. Selection of the long-distance operator can be on a call-by-call basis or by periodic selection of a long-distance operator to carry all the calls of the customer concerned (in which case additional dialled digits are not needed).

1.18 I believe that 'equal access - type competition' should be introduced in the UK - it already exists for customers of Kingston Communications in Hull - provided that it is wanted and its costs are not excessive in relation to its benefits. The regulations introduced after the Duopoly Review contemplate the provision of equal access after 1 January 1993, if certain conditions are met. However, I emphasise two qualifications. First, equal access facilitates additional long-distance competition. This is valuable but it is no substitute for the much-needed competition at the local level. Because the largest costs are at the local level, and because it is here that services are most immediately provided to customers, I see the potential benefits of local competition as being particularly great and I would want equal access to be made available in a way which did not discourage local competition.

1.19 Equal access also raises issues for entry assistance and the waiver of access deficit contributions. One of the arguments in favour of giving waivers is the lack of equal access at present. Looked at from another point of view, equal access enables customers to switch suppliers very quickly and could quickly bring about just the kind of competi-

tion that would undermine the meeting of social objectives if regulatory arrangements were not made to prevent this. For these reasons, I decided that access deficit contribution waivers would not be made for services provided through equal access facilities. This means that competitors relying on equal access will be making a significant contribution towards the cost of meeting social objectives.

## NUMBERING

1.20 The other issue relating to competition concerns numbering. The licence modifications which concluded the duopoly review provided for OFTEL to take control of the national numbering plan. An important reason for this was the critical role numbering will play in providing for the entry of new competitors and in making room for the provision of new services. I announced, in September 1991, that the UK would move to a ten digit numbering system in 1994, the first step being the addition of a '1' in front of all existing geographical numbers. This proposal had been put forward by BT. My decision to go ahead was made after the most careful deliberations, after publishing a detailed consultants' study of the issues, after considering public comments on a consultative paper, and after considering advice from the Telecommunications Numbering and Addressing Board. The change involves significant costs. However, I was convinced that it was necessary for the full development of the competitive environment which is now under way in the UK. A number of important detailed decisions about the implementation of the Plan have yet to be made, and, in making them, I shall continue to consult widely and to take every economic step to smooth the transition and limit the burden on users.

1.21 Another very important aspect of numbering for the objectives of developing competition is local number portability. This is an arrangement under which a customer can, *inter alia*, change local supplier without changing the telephone number. This is

important to all customers, and particularly perhaps to business customers, because of the concern that changing their telephone number may lead to a loss of business. Number portability is therefore vital to the ability of new local telecoms operators to enter the market. I am firmly committed to introducing number portability as soon as possible provided that it is not unreasonably costly. Preliminary work on the issues is already under way at OFTEL.

## **PROGRESS WITH COMPETITION**

1.22 The decisions and regulatory changes I have described above have established a new basis for competition in telecommunications in the UK. Competition will now be encouraged more widely and the commercial framework for new competitors has been clarified in a manner that shows the feasibility of competition and affirms the pro-competitive regulatory stance. I expect to see strong developments in competition over the next few years.

1.23 Evidence of actual progress is also encouraging. Inevitably, considerable time is needed to build up competition in telecommunications. However, Mercury is now earning substantial accounting profits, even though its switched services began only in 1986. I am particularly encouraged also by developments in the field of mobile telecommunications and in the competition provided by cable companies. It is not the job of a regulator to pick winners but rather to create the conditions in which all technologies have a chance of developing their potential contribution to the full. However, I have long believed that mobile telecommunications networks have the potential to provide universal telephone systems towards the end of the decade and that their prices would then come down to a level which made a reality of competition between fixed and mobile services. The continuing progress of Cellnet and Vodafone and of the PCN operators towards the commencement of operations offer support for that view

and give a glimpse of the potential fruits of the UK pioneering in the development of the PCN concept.

1.24 The promotion of local level competition between fixed networks is another area in which the UK has been a pioneer. One of our key concepts has been the encouragement of competition in voice telephony by companies with local cable television franchises. This part of the industry had initial difficulties in obtaining financial support and it continues to have to deal with difficult economic conditions. However, I am greatly encouraged by recent signs of success in this part of the industry. Many franchises are now being actively developed, several indicate encouragingly high rates of take-up on the television side and early evidence also suggests that telephony has high potential for these companies. At the end of the year, about 25,000 customers were receiving telephony services from cable companies. It is a small part of the market but the evidence I have seen makes me confident that cable television is now becoming well established and that it will soon be in the position that early successes with customer take-up encourage the provision of finance that is needed for further development. I believe that local competition will become a reality in the UK.

1.25 I have also been pleased at the many other applications for licences received in the aftermath of the duopoly review and before the end of 1991. I am particularly encouraged by the variety of technologies which are being proposed for deployment.

1.26 These developments promise to make the United Kingdom one of the most dynamic telecommunications markets in the world. We have now established all the foundations. However, steady encouragement of competition over the next few years is a vital necessity for realising the potential. It will be some time before we can be confident that the growth of competition is no longer in need of nurturing. However, if a steady course is pursued, the potential gains are very large. The competition that is in prospect will bring

choice to virtually all customers in one way or another and in doing so will bring the benefits of telecommunications services which are not bettered anywhere in the world. I believe that the particular strength of the developments will be in the provision of innovative services and services having good quality although I also expect them to be provided at keen prices.

## **TRANSPARENCY IN COMPETITIVE CONDITIONS**

1.27 The Duopoly Review, inevitably, provoked a good deal of debate about the need to break-up BT in the interests of fostering competition. I took the view that the policies I have described provide the right kind of encouragement to competition and I did not think it right to support break-up in that context. Break-up along regional lines would not of itself create additional competition. It would create smaller units which might be more or less efficient than the present units but the present large BT will anyway be challenged by smaller local operators, for example in the cable television companies, and ultimately the benefits of size may be tested in the market place as they should be. A regional break-up would also make it more complicated to achieve uniform pricing in rural areas.

1.28 I have also taken the view that BT should not be required to separate its long-distance and international businesses from its local businesses, in the initial phase of development of competition. Useful additional flexibility is obtained by maintaining one unit through the high uncertainties of the development of competition. However, I have noted the strong arguments for the improvements in competition that could eventually flow from greater transparency in competitive conditions. Before long, the benefits of a structure in which BT's long-distance businesses are separate accounting units from the local businesses and deal with them through a published contract – such that interworking

is available on identical terms to all competitors both local and long-distance – will seem very great. I would go so far as to say that such an arrangement will eventually become inevitable. I believe that we should now plan to work towards this goal so that it can be fully implemented.

## **THE CITIZEN'S CHARTER**

1.29 1991 was a remarkably busy year for OFTEL and I want to comment shortly on two major initiatives that were started in 1991 after the conclusion of our work on the Duopoly Review. The first was a government initiative in promoting legislation to strengthen regulatory powers for the privatised utilities in the form of what is popularly known as the Citizen's Charter. The powers provided by this legislation, which was being considered by Parliament at the end of the year, will be very helpful to OFTEL if the legislation is enacted. The Bill contains a number of proposals on securing good quality of service. We have made excellent progress on quality of service in telecommunications, including the introduction of BT's plan for compensating customers for certain kinds of poor service, without formal regulatory powers. However, I welcome the provision of powers because the need for further action may arise in the future and the existence of formal powers is likely to make it possible to secure further improvements and resolve future problems with a minimum of difficulty and delay.

1.30 I particularly welcome the proposal in the legislation to enable regulators to approve a procedure which must be followed in handling customers' complaints. The improvement of the handling of complaints within BT has occupied a good deal of my attention over recent years. I still see too many cases in which complaints have been poorly handled. The danger of this can be diminished, I believe, by establishing formal procedures, although I recognise that a residue will always depend on the motivation and quality of the person handling the complaint and

these are not easily changed by formal procedures. However, I would like to see arrangements under which it is easy for customers to know how to complain, the person receiving the complaint will not be a member of the department which was the subject of the complaint, employees give their names to customers and take responsibility for seeing the complaint to a conclusion, a record is kept of steps in the handling of complaints, certain procedures are required to be carried out in the investigation of certain kinds of complaints, for example billing disputes, and defined escalation procedures are available for customers who are not satisfied with the reply at the first level.

1.31 Progress towards these goals has been made with BT but it is less complete and has been slower than I would have liked.

1.32 The legislation also proposes to make it possible for regulators to be given power to resolve billing disputes. This is a very important matter for telecommunications. BT's billing appears to have a high level of accuracy but we know that errors can arise. Furthermore, the difficulty for customers in keeping track of the telephone bill when it covers a three month period, in which they can forget what use has been made of the telephone and may be unaware of use by other members of the household, combined with publicity for certain major billing disputes, has weakened customers' confidence in billing arrangements.

1.33 I have taken important steps to improve justified confidence in the accuracy of bills. I have encouraged the provision of itemised billing by BT and this is now available to over 75% of customers nationwide. I have made arrangements under which independent quality assurance of metering and billing is being developed by the British Approvals Board for Telecommunications and I have published their first report. I expect their work to provide firmer information about the level and direction of billing error in telecommunications networks. Finally, whenever an actual error is identified, I investigate BT's

control systems and insist that action is taken to remedy any deficiencies. In two cases, I have reached agreement with BT that it should employ independent accountants to examine its control systems and recommend improvements.

1.34 However, it is still the case that individual disputes arise in which no evidence can be found to identify exactly what has happened: no evidence exists to show an error on BT's part but the behaviour of the customer makes one feel that the complaint is a sincere one and that some undetected and perhaps undetectable error may be at the root of the problem. It is not a comfortable arrangement to have BT as the final arbiter where a decision depends on a subjective weighing of the balance of probabilities, and recourse to the courts is expensive and may also be unsatisfactory. The provision of billing dispute resolution powers in the legislation offers a happy solution to deal with this weak link in existing procedures.

## REVIEW OF BT'S PRICE CONTROLS

1.35 The other major event of 1991, for OFTEL, was a commencement of preparations for the review of BT's price controls. The present controls run out in 1993 and a decision has to be made by the middle of 1992 about whether a satisfactory agreement can be made with BT or whether a reference to the Monopolies and Mergers Commission will be needed. To meet this timetable, we started work on preparing a consultative document on price control towards the end of 1991.

1.36 A good deal of debate took place in 1991 about the acceptability of the level of BT's profits, which some commentators regarded as unreasonably high. Some people concluded that the existing method of price control, the RPI-X price cap regulation, was not working effectively. I disagree with that view. I believe that the incentive properties of price cap regulation are extremely important.

The incentive to improve efficiency provided by this approach, in allowing the regulated company to keep unexpectedly high profits which it achieves by unexpectedly high improvements in efficiency, is a most desirable feature of price control. People who advocate limits on profits appear not to realise that this may mean higher prices to customers because there would no longer be a sufficient incentive on BT to limit costs and it is difficult for a regulator to judge exactly how much costs can be reduced by pressing efficiency to the limit.

1.37 BT's overall rate of return on capital employed during 1991, as measured under conventional accounting, was higher than my estimate of BT's cost of capital. The excess was attributable only in small degree to errors of estimation when the price cap was established in 1988, although some errors of forecasting are inevitable given that results depend on the rate of inflation, growth in demand, changes in the market shares of competitors, changes in technology and changes in other aspects of productivity. The main reason for the excess level of profitability was the decision not to control international call prices when BT was first privatised and again in 1988. The basis for this decision was the view that Mercury's competitive effort could be mobilised most swiftly to bring competitive pressures to bear in international call competition and also that a tight control in this area would impede the establishment of Mercury. However, in recognition of the higher-than-expected profits on international calls, a transitional control to deal with the situation was put in place during 1991, with the inclusion of international call charges in the basket of services subject to control and the tightening of control from RPI-4.5 to RPI-6.25. This tightened control will diminish BT's potential profitability up to the introduction of the new price cap in mid-1993.

1.38 The key challenge for a regulator in establishing a price control is to ensure that the control is fair to customers, fair to the regulated company and likely to encourage economic entry by competitors. Excessively low limits on price increases can destroy the attrac-

tiveness of the industry for competitors and may make customers worse off because the benefits of short term reductions in prices are offset, in the long term, by monopolistic inefficiencies. Judging this balance is not made any easier by present accounting practices which report BT's investment at original cost prices whereas economic prices, and the prices that need to be charged by new competitors, are related to the current prices of investment. Getting this balance right will be one of the key elements of my work at OFTEL in 1992.

## PUBLIC CONSULTATION

1.39 Numerous more detailed decisions have to be made as part of the price control arrangements but these will be a more fitting subject for next year's Report. I will restrict myself here to a comment about a matter of process. As the years have gone by, I have noted a greater interest, expressed in the media and in comments to OFTEL, in the desirability of having more financial information about BT in the public domain, to achieve greater 'transparency' of regulatory decisions. I believe that greater disclosure is desirable in the interest of creating greater confidence in regulatory decisions and better informed comment in the consultation phase. My statutory powers enable me to obtain relevant information from BT and to disclose it, where to do so would be conducive to the more efficient fulfilment of my functions. I therefore decided that I would disclose an analysis of BT's financial information to show the pattern of costs involved in providing main services. In the particular case of the price control consultation, this will enable commentators to comment more effectively on the case for rebalancing prices and perhaps to draw my attention to costing treatment that appears surprising.

1.40 I believe that this kind of disclosure should become a regular feature of regulatory consultations. I have also said, and I believe that it should become normal practice, that I will disclose the financial assessments on

which I have based the main decisions about price control when I come to undertake the public consultation which is required before I can confirm a licence modification. I am also very conscious that individual decisions or determinations I make may be relevant to other similar situations. In making such decisions and determinations, my policy is therefore to set out as far as possible the reasons for such decisions so that the market is generally aware of my regulatory approach.

## CONCLUSION

*1.41* I mentioned at the beginning of my statement that this would be my last contri-

bution to an OFTEL Annual Report before taking up my appointment as Director General of Fair Trading. The time for a more comprehensive review of the achievements and challenges of the first eight years of OFTEL's life will come later. However, as I look back on these years, I am particularly aware of my good fortune in having such energetic and loyal staff support. This was shown strongly during the Duopoly Review when my team had to work very long hours, under great pressure, in order to meet very tight timescales. Others have experienced less peaked but longer enduring pressures. Many have performed outstandingly and I thank them all warmly. I hope they have enjoyed it as much and found it as worthwhile as I have.



# 2

## The Duopoly Review

2.1 In March 1991 the Government, after consultation with the Director General, published the conclusions of the major review of competition policy in telecommunications (the so-called Duopoly Review) in a White Paper *Competition and Choice: Telecommunications Policy for the 1990s* (Command Paper 1461). The main question raised by the review was whether or not the policy of restricting the provision of long-line, fixed link services to two competitors (the BT/Mercury duopoly) should be ended. The conclusion announced was that the Government had decided, on the advice of the Director General, that the duopoly policy should cease and that, accordingly, they would consider applications from others for licences, under Section 7 of the Telecommunications Act 1984, for the provision of fixed link services. For the time being, however, the Government was unlikely to grant new international operating licences. Other decisions announced in the White Paper included the Government's intentions to:

- issue a class licence for the provision of satellite services via systems not connected to the public switched network;
- issue a class licence to allow the self-provision of circuits, irrespective of the distance between premises, provided they were not used to provide services to third parties and that capacity was not resold;
- permit international simple resale services including live speech and telex, but only in respect of countries whose regulatory regimes allowed the equivalent freedom; and
- consider, on their merits, applications from mobile operators to offer fixed services.

The White Paper also announced a number of decisions of the Director General which would involve him in initiating modifications to the Conditions of the licences of BT, Mercury and other PTOs.

2.2 The Telecommunications Act 1984 requires the Director General to publish any proposals for modifying the Conditions of telecommunications licences, allow at least 28 days for representations or objections to be made, and consider the comments received before reaching a decision. On 7 March the Director General published his proposals for modifying the Conditions of the licences of BT and Mercury, to give effect to the conclusions announced in the White Paper. The key proposals which would apply to both licences established arrangements for:

- strengthening interconnection arrangements, with provision for costs to be borne equitably, provision for penalties for late connection, provision for standard tariffs and improved enforcement arrangements;
- providing for equal access to long-distance operators to allow customers a simplified choice;
- enabling OFTEL to take over the administration of the numbering scheme and introducing number portability to assist the establishment of effective competition;
- requiring the respective operators to provide private circuits to other PTOs, subject to certain conditions;
- enabling retailers of telecommunications services to enter the market;
- requiring each licensee to allow other operators access to its directory information data base for the purpose of dealing with directory enquiries and routing calls; and
- giving the Director the power to specify essential interfaces which the licensee should make available in compliance with specified standards, in the interests of effective competition.

2.3 Other key proposals, which would apply only to BT's licence, were as follows:

- the inclusion of international calls in the basket of service which are subject to the main price control rule; the consequent tightening of the control from RPI-4.5 to

RPI-6.25; and an initial reduction of at least 10% in the prices of international calls;

- the establishment of arrangements to clarify BT's scope for introducing quantity discounts and other special tariffs; and
- the establishment of arrangements for access deficit contributions to be paid by competitors seeking interconnection with BT's network except that – where the other operator was a specified second national operator – lower rates would apply to the current level of business achieved by Mercury.

2.4 The Director General took the opportunity of publishing, at the same time, proposals for modifying the licences to introduce arrangements for quality assurance in respect of metering and billing by items; to clarify the arrangements for notification of prices and other terms and conditions applying to new services; and – for the BT licence alone – to require BT to give advance notice of price changes to those customers who request it.

2.5 The closing date for representations and objections regarding these proposed licence modifications was 8 April 1991.

2.6 On 10 May 1991 the Director General announced that the comments on the proposals which had been published had convinced him that he needed to take more time to consider the issues that had been raised, including arranging further meetings with respondents who wished for them to ensure that their views received full consideration. In his statement the Director General enlarged on the reasons for the proposed requirement that other operators should contribute to BT's access deficit – the shortfall of revenues from connection charges and line rentals as compared with the costs of providing and maintaining exchange lines – as expressions of concern about the original proposals had focused almost entirely on various aspects of this proposal.

2.7 On 3 July the Director General announced that he had decided not to imple-



ment the proposed modifications to the conditions of the licences of BT and Mercury which had been published on 7 March. On 25 July he published revised proposals, inviting representations or objections from interested parties by 27 August. The principal changes were to the proposed arrangements for requiring companies interconnecting with BT to pay access deficit contributions. The new proposals omitted the special arrangements for a second national operator, but would give the Director General the flexibility to waive some or all of the access deficit contributions for two or more wire-based competitors on the first 10% of market share of each, with the proviso that BT would receive full contributions, at the latest, after its market share had fallen below 85%. Full contributions would be payable in traffic handled through equal access arrangements and on all interconnected traffic by competitors whose market shares had exceeded 25%. The proposals also gave the Director General the flexibility to waive access deficit contributions payable by mobile operators irrespective of their market shares, taking account of the relationship between their call prices and those of BT and of actual and expected levels of costs. The power to waive access deficit contributions would expire on 30 June 1997, and the obligation to pay contributions would expire if restrictions on the rebalancing of BT's prices were lifted.

2.8 The revised proposals for modifications to the BT and Mercury licences also reflected a number of detailed changes resulting from representations made during the process of consultation on the original proposals.

2.9 After carefully considering all the comments received, the Director General modified the Conditions of the licences of BT and Mercury in September 1991 – with the agreement of each licensee – as proposed in his public notice of 25 July.

2.10 Towards the end of the year OFTEL commenced discussions with the other PTOs or their representative bodies for example, Kingston Communications and the cable operators with a view to initiating modifications to the Conditions of their licences, as appropriate, to implement the conclusions of the duopoly review.

2.11 By the end of 1991, 18 new licence applications had been received by the DTI and entered on the register in OFTEL's Library. Section 7 of the Telecommunications Act provides that licences may be granted by the Secretary of State after consultation with the Director General. OFTEL will therefore be actively involved with the DTI in considering new applications and drawing up detailed licences. OFTEL anticipates a considerable new workload and staff resources are being increased accordingly (see Section 8).



# 3

## PTO Licences and Competition

### BT'S NETWORK

3.1 BT's commitment to modernise its telephone network continues. Of its 7,470 exchanges, covering 26,294,621 connections, BT had, as at 31 December 1991, converted 3,652 to digital technology. Of the remaining 3,818 Exchanges, 541 had been upgraded to TXE4s – described as electronically controlled analogue switches.

### MERCURY COMMUNICATIONS LIMITED

3.2 During 1991 the Mercury network continued to expand and by the end of the year it comprised 3800 km of optical fibre cable and 4350 km of digital microwave links, serving 88 towns and cities in the UK. The network is accessible to nearly 80% of the UK population and carries over 7 million calls each working day. Mercury has approximately 5% (by revenue) of the total UK telecommunications

market, with over 140,000 residential customers and over half a million business lines at 65,000 sites.

3.3 The Mercury licence was amended in September in order to bring into effect some of the conclusions of the Duopoly Review (see paragraphs 2.7 – 2.9).

3.4 In April Mercury reduced the cost of national long distance calls by an average of 12% for directly connected customers, and by 11% for indirectly connected customers ie those who access the Mercury network by means of BT exchange lines. Further call charge reductions came into force in September when – for directly connected customers – there was an average 10.5% cut in long distance tariffs and 16.5% in international tariffs. For indirectly connected customers the cuts averaged 1% and 8% respectively.

3.5 At the same time Mercury introduced a Frequent Caller Programme under which

customers are able to make additional call charge savings in return for a flat rate quarterly fee. All customers were given the benefit of these further reductions from September to November inclusive without paying the quarterly fee.

3.6 During the year Mercury announced its intention to introduce a freephone service, under which the called party pays the whole cost of the call, and a Local Call Offset service, under which the cost of the call is split between the caller – who pays the standard charge for a local call – and the called party who pays for the balance of the cost of the call. These services will use the 0500 and 0645 prefixes respectively and will be similar to the 0800 and 0345 services already offered by BT. Trials of both services were commenced in 1991.

3.7 Other developments during 1991 included the introduction of the indirect service in Northern Ireland; the opening of direct telephone services to an additional 12 countries, bringing to 43 the number of countries with which Mercury has two-way direct working; and the abolition of the minimum 5p charge for calls made with Mercury cards from payphones.

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

### **Directory Enquiry charges**

3.8 In October Kingston Communications introduced a charge for directory enquiry calls in respect of national and international numbers. For a charge of 37p per call (plus VAT) a caller may request a search for up to two telephone numbers, (including dialling codes), or dialling codes, in the UK or overseas. However, enquiries for numbers within Kingston's licensed area remain free of charge, as do all Directory Enquiry calls from public payphones.

3.9 As required by Condition 3.4 of its operating licence, Kingston Communications has also introduced a scheme to enable those of its customers who are so blind or otherwise disabled as to be unable to use a telephone directory to continue to make directory enquiry calls without incurring charges. This involves the issue of personal identification numbers which callers give to the operator when calling directory enquiries. Kingston has agreed a reciprocal arrangement with BT which will allow people registered with Kingston to receive free directory enquiry calls when phoning from a number connected to the BT network and vice versa. The introduction of a charge for directory enquiries brings Kingston into line with BT and Mercury, which began charging for this service in April 1991 and January 1990 respectively.

### **Reduced charges for regional, national and international calls**

3.10 Also in October Kingston reduced many of its charges for direct dial regional, national and international calls routed via the BT and Mercury networks. There was no change to charges for local calls within the Kingston area. The call charge reductions should have the effect of balancing the additional revenue generated from Directory Enquiry charges.

### **Increased charges for private circuits**

3.11 On 1 October Kingston Communications increased its charges for analogue private circuits and external extensions (Accesslines). The previous tariff for these items had not been changed since 1982, and Kingston's stated aim was to increase its revenue from the services by 50%. This compared with rises in the Retail Prices Index and Kingston's labour charges of 61% and 141% respectively over the same period. At the same time Kingston adjusted the structure of its private circuit tariff so that charges are no longer distance related but more in line with the cost of providing the service.

3.12 As a result of this adjustment certain customers with very short distance circuits faced increased charges well in excess of the average level of 50%, and OFTEL received several complaints about this. Condition 23 of the Kingston licence requires the company to notify OFTEL of amendments to its charges for certain items, including private circuits, but it does not give the Director General the power to approve or reject such amendments. However, OFTEL raised the matter with Kingston Communications and suggested that the increases might be staged over an extended period.

3.13 Kingston declined to take up this suggestion but decided instead that in those cases where the customers found the price rise difficult to bear it would consider taking the first year's increased payment by instalments. The company also indicated that in future it would review its private circuit charges on a more regular basis and would aim to provide more information so that OFTEL could consider the likely effects on individual customers.

3.14 At the end of the year the form that a future price control regime for Kingston's network services might take was under consideration.

### **Licence amendments**

3.15 As mentioned elsewhere in this Report the BT and Mercury licences were amended during 1991 in order to bring into effect some of the conclusions of the Duopoly Review. It will also be necessary to make similar amendments to the Kingston licence, and OFTEL has approached the company seeking its agreement to such modifications. The process will be completed in 1992.

### **General**

3.16 In September SCL Group plc changed its name to Kingston-SCL in line with its new role as a wholly owned subsidiary of Kingston Communications. The Edinburgh based company provides software solutions

to the mobile telecommunications industry, and has found a ready market in Europe for its MOBILE billing, accounting and administration system. Kingston-SCL provided this system to the world's first GSM (Global System for Mobile Communications) network in Finland, which was opened in July. A new company, Kingston-SCL GmbH, has been established in Germany to spearhead the company's drive into Europe as the barriers between individual countries' mobile communication networks are broken down.

## **CELLULAR RADIO**

3.17 The cellular mobile radio networks operated by Telecom Securicor Cellular Radio Ltd (TSCR or Cellnet) and Vodafone Ltd continued to grow in 1991. By the end of the year there were approximately 1,225,000 subscribers registered on the networks, an increase of 85,000 over the previous year.

3.18 On 10 September 1991 the Director General announced the results of an investigation into a complaint about the way in which TSCR had introduced its 'Callback' messaging service. In his statement he also set out his views on the application of fair trading rules for value added services, such as voice messaging, provided over cellular radio telephone networks.

3.19 The complaint alleged that the terms unfairly disadvantaged operators wanting to offer competing messaging services on TSCR's system and breached the conditions of TSCR's licence on unfair cross-subsidisation, undue preference and linked sales. The Director held that modified plans and tariffs which TSCR and Cellnet Ltd (a new messaging subsidiary it had set up) intended to introduce in December 1991 did not breach these conditions. However, he concluded that TSCR had shown undue preference to Cellnet Ltd by making technical information available to it in advance of it becoming available to others. The Director issued a determination to that effect on 9 September.

3.20 In discussions with OFTEL, Cellnet Ltd agreed to refrain from tariffing the Callback service on a subscription-free basis until 1 December 1991, and TSCR agreed to make available to competitors the same information and terms for the use of enhanced network facilities as it was providing to Cellnet Ltd. In the light of this undertaking the Director also issued a notice on 10 September saying that he was satisfied that the duties imposed on him pursuant to section 16(5) of the Act precluded the making of a provisional or final order for the purpose of securing compliance with Condition 10 of the licence. Discussions on the implementation of TSCR's undertakings regarding use of the enhanced network features were still continuing with TSCR and the complainant at the end of the year.

3.21 At the beginning of the year it was agreed, in consultation with the operators, to commission an independent drive round survey to measure quality of service on the cellular networks. The main purpose of the survey will be to provide an objective measure of network quality of service, as perceived by the customer, which can be published on a regular basis. As the first step in setting up this survey Chameleon Ltd, in conjunction with Ken Baker Associates, was commissioned to design the statistical sampling scheme to be used in the drive round exercise. Survey Research Associates has since been selected as the company to undertake the continuous fieldwork based on this sampling scheme and OFTEL expects to commence publication of quality of service indicators towards the end of next year.

## REPRESENTATIONS

3.22 There was a very slight increase in the number of representations received about mobile services as a whole, with 1,342 received in 1991 compared to 1,340 in 1990. Representations concerning cellular radio services decreased by 8% but were still by far the largest category (see Appendix 1). There was

a significant increase in the number of representations concerning radiopaging services.

3.23 The principal reason for the increase in radiopaging representations was customers' inability to contact their supplier in order to discuss billing/accounting problems. The 8% decrease in cellular radio services representations is almost certainly attributable to improvements in service providers' dealings with customers and their complaint handling procedures. Despite this reduction in representations, the main areas of complaint continued to be quality of service, billing issues and contractual disputes.

3.24 There was an increase in the number of complaints received regarding the charges the network operators make for calls into the cellular network which result in a recorded message, and OFTEL began an investigation into the matter. In October 1991 NOP conducted a survey to establish whether customers found the information given in the recorded announcements useful. A total of 1,851 people aged 16 and over were asked about their experiences of making calls to a mobile telephone, of which 31% said they had made at least one such call. Of the 31% who had made calls, 59% had at some time received a recorded announcement telling them that the mobile telephone was switched off and 48% had received an announcement telling them that the called party was unavailable. Most people who received the announcement said it was helpful. However, as regards each of the announcements, slightly more than half said that they were not aware that they were charged for such calls and fewer than 20% thought that it was reasonable to charge. The matter is now being taken up with the operators concerned.

### Personal Communications Networks (PCNs)

3.25 On the 9 July 1991 the licences for the three PCNs were signed by the Minister of State for Corporate Affairs. These licences have been issued to the following companies which have been given the status of Public

Telecommunications Operators: Hutchison Microtel Ltd, Unitel Ltd, and Mercury Personal Communications Ltd (MPC). Service on the networks is expected to commence during 1993.

### **PTO Cable Systems**

3.26 1991 saw continuing growth in OFTEL activity with respect to the PTO broadband cable operators. Of the 134 franchises originally let by the Cable Authority (whose functions were transferred at the beginning of the year to the Independent Television Commission) 50 are currently operational and providing services to customers. The cable operators extended their networks to pass some 1.4 million homes by the end of the year and had connected some 269,000 customers.

3.27 Over the year OFTEL has continued to advise the DTI on the licensing of the successful franchise applicants under the Telecommunications Act 1984. The number of operators licensed under section 7 of the Act and specified as PTOs increased during 1991 from 79 to 118. In October the DTI made it clear to those operators yet to obtain a licence under the 1984 Act that they had only until the end of January 1992 by which to convince the Secretary of State that the necessary resources had been secured and that they were in a position to fulfil the conditions of the proposed licence. By the end of that month, the Secretary of State had agreed to grant licences in respect of three franchises and to give the operators in a further eight, who seemed likely to be able to find the resources required, a limited extension to the deadline.

3.28 The majority of OFTEL's activities in relation to the cable operators in 1991 was thus concerned with monitoring licensees' compliance with their licence conditions and taking enforcement action where this proved necessary. The key areas of the licences on which OFTEL has concentrated include: monitoring progress against network construction obligations, technical requirements,

ensuring that operators have made sufficient provision for funds for meeting their liabilities, that operators lodge with OFTEL copies of their charges, terms and conditions when they propose to offer services and that these are consistent with the obligations laid down in the licences.

3.29 The Director General agreed to modify the interim construction obligations for 15 licences as he was satisfied that the relevant modification would enable each licensee to comply more easily with the obligation to complete the network by the prescribed date. These modifications relate to the licences for the franchises covering: Birmingham, Bolton, Cambridge, Derby, Haringey, Harlow and Bishops Stortford, Kingston and Richmond, Lambeth and Southwark, Northampton, Norwich, Nottingham, Peterborough, South Hertfordshire, Wandsworth and West Glamorgan. The Director General also agreed to modify the licences granted to the franchises in Cambridge and Ealing to allow them to install technologically different systems from those required in the original licences.

3.30 On 21 March 1991 the Director General, after considering objections and representations made in response to notices published on 14 December under section 17 of the Telecommunications Act 1984, made final orders under section 16 of the Act to enforce Condition 1.2, relating to the construction timetable, of the licences issued to Broadband Ventures Ltd as a joint licensee in the Coventry and Westminster franchise areas. Final orders with respect to the other joint licensee in these two franchise areas, Coventry Cable Ltd and Westminster Cable Company Ltd, had been made on 1 October 1990. The Orders established a new timetable by which construction of the cable systems must be completed. The construction of the Coventry system was completed in March 1991 and the first interim build obligation specified in the order with respect to the Westminster franchise area was met at the end of September 1991.

3.31 Similar orders under section 16 of the Act made by the Director General on 1 October 1990 in relation to the North West Glasgow and Clydebank and Guildford franchise areas remained in force at the end of the year.

3.32 Speaking at the Cable Television Association Convention in October 1991 the Director General announced a major development in the way in which OFTEL intended to monitor the build obligations of the cable operators. OFTEL will in future consider requests from operators with more than one franchise area to modify the build milestones in their licences where this would produce greater efficiency in network construction. Operators will, in return, be expected to maintain or even increase the overall rate of investment and construction and to complete the networks within the timescales originally agreed to.

3.33 The involvement of cable operators in the provision of voice telephone services continued to increase during 1991. The Director General made a further 15 determinations permitting cable operators to provide voice telephony within parts of their franchise areas in competition with BT and Mercury. By the end of the year six operators – Birmingham Cable, Cable London, Cable Telecom, East London Telecommunications, United Artists/US West and Videotron – had been granted determinations to offer voice telephony in 16 franchise areas: Avon, Birmingham, Camden, Croydon, Ealing, Enfield, Hackney and Islington, Haringey, Hillingdon and Hounslow, Kensington and Chelsea, Kingston and Richmond, Lambeth and Southwark, Merton and Sutton, Southampton, Tower Hamlets and Newham and Windsor. Latest estimates are that the cable operators are installing some 2,000 new exchange lines each month and that by the end of the year over 20,000 such lines had been installed.

3.34 Towards the end of the year OFTEL distributed to each cable licensee a set of draft licence modifications to implement the decisions taken as part of the Duopoly Review

and to establish as far as possible standardisation between the licences. The key modification proposed will see cable operators being able to offer voice telephony in their own right rather than as an agent of BT or Mercury. OFTEL looks forward to as many operators as possible taking up this option and contributing positively to greater competition in the market for local telephony services.

## **Representations**

3.35 During the year OFTEL received 12 representations about the activities of broadband cable operators. They concerned failure to provide cable television or voice telephony services, disputes over billing for cable television services, damage caused by the installation of cables and proposed changes to the technical specifications of a cable system.

## **Review of '999' Emergency Call Arrangements**

3.36 The '999' emergency call review continued to make satisfactory progress in 1991. As mentioned in last year's report, the review has been instigated by the Director General with the aim of ensuring that the emergency call service operates in a way which is best designed to meet the needs of the public and the emergency organisations. The review has been carried out by a working group chaired by OFTEL and has included representatives of the public telecommunications operators (PTOs), the emergency services, and other government departments concerned.

3.37 In June the Director General issued a consultative paper which invited comments on proposed changes to the operation of the emergency call service. The paper recommended that a Call Handling Agency (CHA) should be introduced, to which '999' calls from all telephone networks would be initially routed and from which they would then be forwarded to the appropriate Emergency Authority (EA) control room. The second recommendation was that further consideration should be given independently, within the

context of the *major review of radio communications* being carried out by the Home Office, to the feasibility of developing an integrated call handling and despatching operation. A total of 29 organisations responded to the consultative paper. Of these, 23 generally favoured the introduction of a CHA, while six were opposed.

3.38 The objective behind the introduction of a CHA is that it should result in a single highly efficient and effective service which should provide a solution to problems that have arisen from the proliferation of network operators with licence obligations relating to '999' emergency calls. Under the CHA arrangements, all calls would be routed to the EAs from a single source which would greatly simplify the operation. A CHA would also improve the service provided to the public. CHA operators would become specialists in handling '999' calls (at present this is just one of many tasks undertaken by operators); they would be equipped to pass on to the EAs the exact location from which '999' calls are made (with the exception of mobile services); and they would be better equipped to meet the needs of disabled and elderly people, particularly deaf people.

3.39 The review group submitted its final report to the Director General in December. He accepted its recommendations which were unchanged from the earlier consultative paper. He has informed the relevant Government Ministers accordingly and sought their endorsement of his proposal to aim for implementation of the CHA within a timescale of some two and a half years. At the end of the year the Director General was awaiting their response.

3.40 Various options will need to be considered with regard to the structure/organisation and finance of a CHA. OFTEL is already in discussion with the PTOs on these issues, including the question of the appointment of consultants to provide more comprehensive independent advice, to validate the proposals and prepare an implementation plan for a CHA. Subject to Ministerial approval, the

Director General intends to appoint consultants early in 1992.

## NUMBERING

3.41 In March 1991 the final report of the study carried out by Ovum Ltd was published by HMSO entitled *Numbering for Telephony Services into the 21st Century – A report to OFTEL by Ovum*. The overall conclusion of the report was that a move to ten-digit numbering was required in order to provide sufficient numbering capacity for UK telephony services into the 21st century. In addition to the final report a volume of supporting papers was also published by HMSO.

3.42 On the 5 September 1991 the Director General gave his approval in principle to proposals put forward by BT and Mercury for the implementation of a new ten-digit numbering plan for the UK fixed telephone network, to come into effect in April 1994. This will mean that numbers for geographically significant termination points within the UK will expand from nine digits to ten digits (excluding the initial '0'). For long-distance calls to ordinary (non-mobile) telephones an extra digit '1' will be inserted after the initial '0' and before the remainder of the STD code, eg the code for Bristol 0272 will become 01272. No change will take place to the dialling of local calls. This move is required because of strong growth over recent years in the demand for telephone numbers and codes. This trend is expected to continue, particularly as a result of the Duopoly Review conclusions, and if capacity were not increased the development of new and innovative telephone services would be inhibited. Further details of the new scheme, and the future of numbering arrangements for paging, mobile, premium, freephone and local call rate services, are still under consideration. Announcements will be made as soon as possible.

3.43 After consideration of a wide range of options the move to ten digits was selected



because it offered the best balance between ease of use, ease of understanding, minimum disruption, assisting effective competition, flexibility for service provision and availability of capacity. As regards the latter, a move to ten digits will increase UK numbering capacity by ninefold.

3.44 In addition to the move to ten digits it has been recognised that OFTEL needs to have a more central role in the administration of the UK numbering scheme, and arrangements are in progress for it to take over the allocation of numbers to PTOs from BT during 1992. The licences of BT and Mercury have now been amended to give effect to a new Numbering Condition, under which the DG will be able to determine a 'Specified Numbering Scheme' (in effect a national numbering scheme), and, after consultation with interested parties, to publish a set of principles and rules known as numbering *Conventions*. The DG will allocate numbers to the PTOs, who will have to submit numbering plans in conformance with the *Conventions* for numbers allocated. The PCN licences also now have the new numbering Condition, and the Cellular and cable licences will be similarly amended in due course.

3.45 During the year, formal applications for Data Network Identification Codes (DNICs) were received from six companies. OFTEL asked the CCITT (through the DTI) to add to the register the allocation of DNICs to two of these applicants – BT and Barclays Network Services – bringing the total in the UK to 12.

## CONTROLLED PRICES

### Telephone Services

3.46 In August, BT announced a set of price changes under the price control rule which the Director General agreed with the company in March (see paragraph 2.3). This new price control rule limited the average increase in the price of a basket of services – domestic and business exchange line rentals, direct dialled inland and international calls and the

main operator services – to 6.25 percentage points below the change in the Retail Prices Index (RPI) as measured in June each year. Charges for calls to the Directory Enquiry service (see paragraph 3.53) which were announced by BT in October 1990 took effect from April 1991 and are also included in the basket. Individual prices within the basket are not controlled by the rule, but the agreement in March maintained the previous limitation to RPI+2 for exchange line rentals and for connection and takeover charges, with the exception of multiline businesses for which a higher limit of RPI+5 now applies.

3.47 The increase in the RPI for the year ending June 1991 was just over 5.8% which means that the ceiling on BT's price increases for the price control year commencing 1 August 1991 is -0.23 per cent (5.84% less 6.25% + 0.18% arising from the under-utilisation of permitted price increases in the previous year). The set of price changes introduced in September represented an average decrease of 1.03% and BT has therefore complied with its licence obligation.

3.48 Residential exchange line rentals were increased by 7.8% to £18.46 and new residential connections by 7.7% to £139.36 (excluding VAT). The increases for business customers were similar with the exception of wholesale lines for which the increases in rentals and new line connections was 10.8%. These increases also complied with the new limits.

3.49 OFTEL also monitors the effect of BT's price changes on a typical residential customer (the 'Median Residential Bill') by assessing a representative pattern of usage and measuring the increase in the bill for this usage. The Director General has said that he would be concerned if the increase in this bill were to be higher than the rate of inflation. OFTEL's calculations showed that the price changes in September increased the Median Residential Bill by 4.9%, nearly one percentage point below the increase in RPI.

3.50 Although the typical residential customer is experiencing a lower level of

increase in telephony prices than the general level of inflation, OFTEL is aware that the higher than average increase in exchange line rental affects low users of the telephone service particularly harshly and that low users are often elderly people and others with low incomes. In order to help such people, the Director General discussed with BT its plans to replace its Low User Rental Rebate Scheme with a better focused scheme for low users which would avoid giving benefits to customers whose low usage arises because the line concerned is a second line – for example, one used for an alarm line or in a second line. Supportline, which was introduced in September, is considerably more generous to those low users who are eligible for it than is the Low User Rental Rebate Scheme, which will be phased out over time (see paragraphs 5.22 to 5.25). Supportline will make an important contribution to ensuring that the rebalancing of prices does not alter the burden of costs in such a way that the telephone service can no longer be afforded by the poorest members of the community.

3.51 BT introduced, as part of its revision of tariffs in September, a new structure of prices involving discounts of the standard unit fee for high volume users. It also introduced optional tariff packages, targeted at high volume business users, in which the payment of a fixed quarterly fee entitles the customer to discounts off the standard unit fee. The level of discount increases as different thresholds of usage are reached. The Director General said in March that he would wish to ensure that such discounts and packages should not be anti-competitive in intent or effect, and that the benefits of such discounts and packages should not be targeted too narrowly at a small group of customers. The modifications to BT's licence, which the Director General signed on 24 September, specified the following conditions for discounts and packages. No service should be priced below its full cost; discounts should reduce the margin between tariff and full cost in stages over a five year period; the discounted tariff structure should be broadly based and not focused on a narrow group of customers; and the

overall effect of the packages should be to make more uniform the ratio of revenues to incremental costs for serving different classes of customers. OFTEL has checked BT's new tariffs and has found that BT complied with these rules.

### **Directory Enquiry Charges**

3.52 In April 1991, BT introduced a charge of 9 call units – 37.8p (excluding VAT) – for calls to its Directory Enquiry (DQ) service. BT had announced in October 1990 its intention to introduce such a charge. Charges for DQ calls are included in the basket of services controlled by Condition 24A of BT's licence which meant that BT had to make off-setting reductions in other prices to keep within what was then the overall limit of RPI-4.5. The unit charge which applies to all telephone calls was reduced from 4.4p to 4.2p (excluding VAT) and there was an increase in the time allowance for long distance calls to produce an average decrease of 7.3% in long-distance prices. The charge for a DQ call was unaffected by the price changes introduced by BT in September.

3.53 The introduction of a charge for the service resulted in a significant drop in the number of calls made to the service. It remains to be seen whether the sharp increases in demand observed before the introduction of charges will resume.

### **Private Circuits**

3.54 In his Statement on BT's private circuits in September 1989, the Director General announced that he had agreed with BT that for the period up to 31 July 1993, private circuit prices of domestic services should, on average, be limited to the actual increase in RPI. In the Director General's statement of 30 September 1991 it was made clear, in respect of BT's licence, that international services including private circuits were now to be included in the price control rules. BT and Mercury are now required, as a result of the September modifications, to provide private circuits to other PTOs unless any reasonable

demand would be met by other means, or that the PTO in question would then be unduly reliant upon services provided by another operator.

3.55 Under the price control formula BT were allowed to increase the prices of inland services on average by 7.4% from 1 December with, in general terms, the prices for analogue services increasing by 12.9% and the prices for digital circuits decreasing by 1.6%.

3.56 Following a number of complaints, the Director General expressed his concern at the recent pattern of price changes for BT's analogue and digital private circuits and the implications this might have for decisions by businesses regarding provision of the services. He consequently instituted a review of the basis of the recent tariff changes and this review is expected to be completed in the spring of 1992.

## **OTHER PRICES**

### **BT's Hard-wired Telephone Rental Charges**

3.57 After receiving representations about the rental charge for hard-wired telephones the Director General sought further information from BT in order to enable him to assess the reasonableness of the charges. The Director General, having carefully considered all the information available, was inclined to the view that there might be a case for reducing the rental of the hard-wired telephone and put his arguments to BT. At the end of the year discussion with BT was continuing, and it is expected the issue will be resolved early in 1992.

## **COMPETITION ISSUES**

### **BT's Apparatus Supply Business (ASB)**

3.58 Condition 18 of BT's Licence prohibits the unfair cross-subsidy of BT's ASB. One of

the purposes of the licence condition is to ensure that competitors have a fair opportunity to compete with BT while it retains a dominant position in the supply of apparatus.

3.59 In 1986 BT provided the Director General with unaudited accounting information which indicated that the ASB was making significant losses. The Director General formed the tentative view that the ASB was being unfairly cross-subsidised and considered issuing a direction to BT requiring it to submit a business plan for approval describing how the ASB was to be put onto a profitable footing. During discussions with BT assurances were given that the ASB would be managed firmly with the objective of achieving a reasonable level of profitability on a fully allocated cost basis by 1990. Proposals included appointing a senior manager to have 'end to end' responsibility for this business. BT also agreed to supply quarterly budgets and actual results with explanations of any material variances. The Director General consequently agreed that he would not issue a formal direction but would closely monitor the position. The full year audited results for 1987/88 showed a considerable improvement. After 1987/88 however the profitability of the Apparatus Supply Business steadily deteriorated. Accounting information provided by BT originally showed a loss for 1989/90, though this was revised to give a small profit; and in 1990/91 the ASB made a loss.

3.60 The Director General's statutory duties require him, among other things, to act in a manner best calculated to maintain and promote effective competition in the supply of telecommunications apparatus in the UK. The Director General takes the view that these duties call for the use of fully allocated cost in measuring the results of the ASB and if the business fails to make an adequate return after covering its fully allocated costs then a cross-subsidy exists. If the extent of any cross-subsidy was measured on the basis of long run incremental costs as proposed by BT, the provision of competition in apparatus supply

by businesses without network operations would face a severe handicap.

3.61 Condition 18 of BT's licence applies only when a cross-subsidy is 'unfair'. The Director General takes the view that a cross-subsidy of the ASB must normally be presumed to be unfair because it is likely to inhibit competition and damage BT's competitors by limiting the prices they can charge to uneconomic levels. Although some representations were received from BT's competitors about the charging of uneconomic prices in particular situations, the Director General does not consider that representations were necessary to establish that any cross-subsidy is unfair.

3.62 The Director General issued a direction on 6 December requiring BT to produce detailed budgets, by product area, demonstrating how the ASB is to make progress towards achieving a reasonable rate of return over time. The budgets are subject to the Director General's approval and are to be produced according to a set timetable. The purpose of the direction is to enable the Director General to satisfy himself as to the business plans and to monitor BT's performance closely against these plans. For this reason BT will provide the Director General with quarterly results compared to the budget and explain the reasons for any material variances. The Director General will be monitoring BT's compliance with the direction he made very closely and will make public statements from time to time about his findings.

### **Advertising of BT's Network Services**

3.63 In January the Director General received a complaint from a manufacturer of telecommunications apparatus that BT's advertising leaflet on Network Services (previously promoted as Star Services) linked the supply of BT equipment with the provision of the advertised network services. The concern was that the leaflet seemed to suggest that the services could only be accessed by using BT telephones sold under the company's trademark TouchTone, while in practice the

services may be accessed from any multifrequency tone dialling telephone, irrespective of the manufacturer or supplier. BT was pressed to revise the leaflet to correct this misleading impression, and a revised edition, acceptable to OFTEL, was subsequently issued and the old version withdrawn from stock. At the same time, BT also confirmed that it would not object to other suppliers stating that their telephones are compatible with BT's TouchTone network signalling, as long as they mentioned in a footnote that "TouchTone" is BT's registered trade mark for tone signalling telephone services.

3.64 At the end of the year OFTEL was in correspondence with BT about similar issues arising from other promotional advertising, including advertisements that appear in BT's business catalogue.

### **Competition in the Provision of DQ Services**

3.65 In March, BT introduced two new services, Phone Base and Phone Disk for companies who regarded themselves as above average users of BT's Directory Enquiry (DQ) service. Phone Base enables subscribers to gain direct access to BT's computerised directory information and Phone Disk is an electronic version of phone books supplied on compact disks which are updated by BT at regular intervals. The launch of these services and the subsequent charging for calls to BT's DQ service, generated considerable interest in the DQ market with the result that OFTEL began to receive enquiries from companies and individuals interested in the possibility of offering a competitive DQ service to that provided by BT but using number information contained in Phone Base and Phone Disk.

3.66 OFTEL approached BT for their views on the matter. BT was aware of the interest generated by the launch of these services but was initially unable to license the use of Phone Base and Phone Disk for use by third parties to provide directory information services. This was because Phone Base and Phone Disk contain both residential and business line list-

ings and before licensing such a database, BT had to seek clearance from the Data Protection Register (DPR) on the status of residential listings and third party use of such information for DQ purposes. Clearance from the DPR was obtained later in the year with the result that on 13 September BT launched a licence enabling third parties to set up a directory enquiry service in direct competition with BT. By the end of the year, BT had received 91 enquiries about the licence, with five licences having been signed of which four are in force.

### **BT's International Featurenet Service**

3.67 As mentioned in last year's report, at the end of 1990 OFTEL was investigating a complaint by Mercury about BT's International Featurenet service, which had been launched commercially in November of that year. The service, which is aimed at large customers with private networks, provides access to overseas virtual private networks (VPNs), together with its own connection to the international switched telephone service. Calls made to overseas VPNs are described as being 'on-net' whilst those calls to all other overseas switched telephone networks are 'off-net'. Call charges for both 'on-net' and 'off-net' usage are significantly lower than normal international direct dialling charges.

3.68 Mercury had complained that the charges for 'off-net' calls were predatory and that they infringed Condition 17 of BT's licence which prohibits the company from showing undue preference or undue discrimination towards particular customers or classes of customers. After a detailed investigation the Director General informed Mercury that he was satisfied, from a regulatory point of view, with the terms on which the service was offered. However, he took note of Mercury's argument that failure to promote the service to all customers who could benefit might be unfair. This might

arise, for example, if the service was marketed only to potential customers of Mercury. OFTEL have asked BT to provide details of its marketing arrangements in order to be satisfied that all potential customers are aware of the service.

### **Complaints About Yellow Pages**

3.69 In January the Director General received a complaint from a competitor of Yellow Pages (YP) which raised a number of alleged cross-subsidy issues relating to BT and YP and which the complainant considered hampered competition in the provision of directory services. In particular, the key issue was whether BT should be required to separate its directory related activities in a way that involves it having a transparent contract between its core business and the directory business on terms which are available to others who wish to compete in the directory business. The Director General's first concern was whether he could and should take action to modify BT's licence to achieve the desired result or whether it would be more appropriate for the Office of Fair Trading (OFT) to investigate YP either under the Competition Act 1980 or the Fair Trading Act 1973. The Director General subsequently became aware of the OFT's interest in certain other activities of YP. On the basis of legal advice he decided to refer the matter to OFT, who are now making informal inquiries into the issues raised by the complaint.

### **BT SHARE SALE**

3.70 In December, HM Treasury offered for sale up to 1350 million shares in BT reducing their ownership of shares from 47.7% to 25.8% of the company. OFTEL had no locus in the share sale but the Director General provided a statement on regulatory policy for the section of the prospectus covering *Regulation, Competition and Prices*.



# 4

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

### NON-PTO LICENCES

4.1 As a result of the Duopoly Review and the subsequent publication of the White Paper, 'Competition and Choice: Telecommunications Policy for the 1990s', a number of significant changes were made in the year to the non-PTO licensing regime.

#### Self-Provision Licence

4.2 As mentioned in the last OFTEL Annual Report, the Secretary of State had assumed the discretion to specify self-provision of circuits where premises comprised in the system fell outside the 200m rule. A number of such specifications were issued by the Secretary of State.

4.3 A new class licence was issued by the Secretary of State on 2 August 1991 permitting the self-provision of telecommunication systems irrespective of the distance between separate premises linked within the system, although not permitting the sharing of such

systems with third parties, the resale of spare circuit capacity in the system, or the provision of services for a consideration.

4.4 The Self-Provision Licence does, however, allow for separate maintenance of serially connected equipment, in accordance with the decision in the White Paper.

4.5 Following the issue of the Self-Provision Licence, all those licensees, in respect of whose systems specifications of self-provision of circuits had been issued, were contacted to ascertain whether they wished, in future, to operate under the Self-Provision Licence. By the year end 16 out of a total of 29 licensees with specifications had elected to operate under the new class licence.

#### Branch Systems General Licence (BSGL)

4.6 In accordance with the decision in the White Paper, the Secretary of State for Trade and Industry issued, on 28 June 1991, a speci-

fication under the BSGL removing the restrictions of paragraph 14.2 of the BSGL and allowing any international services other than international simple resale services to be provided. As a result, except for international simple resale, all restraints on international services over circuits leased from PTOs have been removed.

4.7 In the latter part of the year, the Secretary of State issued a consultative version of a licence to replace the BSGL. In this, in addition to proposed changes in respect of international services and various other textual amendments, the proposed requirements for system maintenance were amended to allow for separate maintenance of serially connected equipment.

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

4.8 As noted in last year's Report, although the VADS licence emerged unchanged from the review which resulted in the issue of the revised BSGL in November 1989, it marked the beginning of its end. Licensees continue to have the option of operating under either class licence but the VADS licence is now more restrictive than the BSGL. This has had the effect that most of those registered under the VADS licence have chosen to operate under the BSGL. Only one Major Service Provider (and no Trilateral Service Providers) continues operating under the VADS licence.

#### **International Simple Resale Licence**

4.9 Another decision in the White Paper was that international simple resale services should be permitted between the UK and countries offering equivalent freedom to providers of such services from the other end. After consideration of the licensing arrangements, the Secretary of State decided that any licensee wishing to operate an international simple resale service would be required to apply for an individual licence. A consultation process on the draft standard licence similar to the BSGL was carried out in the

year by the Secretary of State. The results of this consultation are under consideration by the Department of Trade and Industry.

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

4.10 With the introduction of the Self-Provision Licence, the majority of PMR licensees will be able to run their systems under the new class licence. All PMR licensees were approached to determine whether they wished to exercise this option and, by the year end, 38 out of a total of 44 licensees had said they would. Some PMR licensees were unable to take advantage of the provisions of the new class licence because they wished to share their system or resell spare capacity from it. We understand it is the intention of the Secretary of State to issue a further class licence (mid-1992) to allow licensees running small PMR systems to self-provide systems whilst being allowed to share with third parties and to resell spare circuit capacity.

#### **Band III – Trunked PMR**

4.11 Modifications were made to the operating licence of Band Three Radio Ltd in accordance with the procedure laid down in Section 12 of the Telecommunications Act 1984. These modifications implemented the proposals, announced in 1990, to allow new freedoms to mobile network operators to market their services direct to the customer as well as through the service providers.

4.12 This year saw an increase in the number of regional Band III networks offering service. In addition to the regional networks already providing service, five more networks commenced service in the London area (these were Metrorola-Storna Airtime services Ltd, London Radio Networks Ltd, Trunked Radio Networks Ltd, Radionet Ltd, and Mercantile Radio Services Ltd) and Wessex Radio Networks commenced services in the Southampton and Portsmouth areas.

4.13 In June 1991 the Minister of State for Corporate Affairs decided that the regional

Band III networks should be allowed to interconnect their systems, lifting a restriction imposed when the first such networks were licensed in 1988.

### **Wide Area Radiopaging**

4.14 Early in the year Hutchison Telecom (UK) Ltd acquired the paging network of Millicom Information Services Ltd and is now running this network as Hutchison Paging (UK) Ltd.

4.15 During the latter part of the year Air Call announced that it would merge its paging network with that of Digital Mobile Communications (DMC). With effect from 31 December 1991 all of DMC's business has been operated through Air Call.

4.16 In November Hutchison Paging (UK) Ltd took over full ownership of Euromessage Ltd. Euromessage Ltd was the joint venture of six UK wide area paging companies to provide a European system within the UK. The Company will still be licensed to provide this service but will now be known as Hutchison Euromessage Ltd.

4.17 The 1990 Report referred (paragraph 3.17) to discussions with interested parties on whether paging equipment connected to the public networks should remain subject to approval under section 22 of the Act. It remains the intention to ease the approval requirements for paging apparatus, but the precise form of the licence amendments required awaits the outcome of a more general review of the appropriate approval regime for the system apparatus of non-PTO telecommunications networks.

### **Telepoint**

4.18 Of the four telepoint operators originally licensed by the DTI in 1989 three suspended their services during 1991. Zonephone and Callpoint terminated services to customers in July and the Phonepoint consortium announced the suspension of its services in October. The reason given for this course of

action was described as adverse market conditions for a telepoint service in the UK. Hutchison Telecommunications (UK) Ltd, which has acquired the licence originally issued to the BYPS consortium, still plans to launch a national telepoint service, and is expected to do so during the latter part of 1992.

### **Mobile Data**

4.19 Three companies have been granted licences to provide mobile data services. These are Cognito Group Ltd, Hutchison Telecommunications (UK) Ltd, and Ram Mobile Data Ltd. The licensees are setting up dedicated networks throughout the country designed specifically for the digital transmission of data, at high speed, by radio. Using mobile, portable or handportable terminals customers can communicate with their host computer at a fixed site. This method of communication should be useful where for example, a sales representative in the field needs to obtain or send information on orders, stock control or credit status checking.

### **Satellite Services**

4.20 1991 was a year of considerable activity for the specialised satellite service operators. Further temporary licences were granted to British Aerospace Communications Ltd (BAeCOM), Satellite Information Services Ltd (SIS), Uplink Ltd and Kingston Communications (Hull) plc. Maxwell Satellite Services Ltd was granted its first temporary licence. In addition further temporary downlink licences were granted to BAeCOM and SIS to allow them to retransmit messages for their customers.

4.21 Three of the specialised satellite service operators – BAeCOM, SIS and Uplink Ltd – provided satellite news gathering (SNG) links during the Gulf War on behalf of US and UK broadcasters. Between them, the operators provided seven transportable earth station units, complete with crews, in Jordan, Saudi Arabia, Israel and Dubai.



4.22 In March, the Government announced that it intended to issue a class licence for the provision of satellite services. The licence was issued on 2 August 1991 and allows anyone in the UK (except the BBC, which is not allowed to provide such services to third parties) to operate a satellite earth station for the reception and/or transmission of messages, such as voice, video and data, via satellite provided that the messages are not conveyed over the public switched network at either end. This licence has now superseded the temporary licences granted to the specialised satellite service operators.

4.23 There was much debate within Europe during the year on the European Commission's Green Paper on satellite communications which was published in November 1990. This proposed a number of options for increasing competition in the supply of satellite services, including liberalising the supply of space segment. As might be expected, the Commission received a mixed response to its proposals with some respondents seeking to limit the scope of the changes proposed by the Commission while others sought greater freedom. At a meeting held on 4 November 1991, the Council of Ministers passed a resolution accepting the broad thrust of the Commission's proposal.

4.24 The review of BT's Signatory Affairs Office continued during the year, delayed slightly so as to take into account the decisions arising from the Duopoly Review and the EC's proposals on satellite services. It is expected that the outcome of this review will be announced during the first half of 1992.

## **Representations**

4.25 During the year OfTel received 12 representations about the activities of broadband cable operators. They concerned failure to provide cable television or voice telephony services, disputes over billing for cable television services, damage caused by the installation of cables and proposed changes to the technical specifications of a cable system.

4.26 In addition, one representation was received about the provision of space segment by BT and another about the effects on the environment arising from the growth in the number of satellite dishes.

## **Licences for Broadcasters**

4.27 In 1991 OFTEL commenced the monitoring of the licences for the broadcasting transmission systems of National Telecommunications Ltd and the BBC. The Broadcasting Act 1990, whose main provision came into effect on 1 January 1991, repealed section 6(1) of the Telecommunications Act 1984 which had exempted from the licensing requirements of that Act telecommunications systems used to broadcast programmes for general reception. The Broadcasting Act also provided for the transfer of the broadcasting transmission business of the former Independent Broadcasting Authority to a company nominated by the Secretary of State (National Telecommunications Ltd) which was owned by the Crown prior to its privatisation towards the end of the year. This, and the repeal of section 6(1) of the Telecommunications Act, were the first steps in implementing the Government's announced intention of moving terrestrial broadcasting transmission systems progressively into the private sector.

## **Outside Broadcast Systems**

4.28 A class licence was issued on 9 August 1991 for the purpose of regulating the licensing status of outside broadcast links. The licence authorises the running of outside broadcast sound and vision and associated programme control links by or on behalf of broadcasters and independent programme makers. Licensees may run outside broadcast equipment of any kind under this licence, including microwave radio transmitters and receivers, cameras, microphones and public address systems. This equipment must be used to convey material to and from outside broadcast sites, but it may be sited anywhere, at outside broadcast sites, studios or intermediate relay points for example. Licensees may

run equipment at outside broadcast sites for a limited period of time only but they can apply to OFTEL to have this time limit extended or waived. Licensees must register with the Department of Trade and Industry but no licence fee is payable.

### **Non-PTO Cable Licences (SMATV)**

4.29 The Broadcasting Act 1990 introduced a revised licensing regime for SMATV cable systems. With effect from 1 January 1991 the Cable Authority ceased to exist and its licensing function was taken over by the newly formed Independent Television Commission (ITC). From that date, cable systems covering less than 1,000 homes no longer require a licence issued by the ITC although they still require a Telecommunications Act licence. However, most of these systems have been authorised to provide services under a class licence, although multi-premise SMATV systems are required to be registered with OFTEL. During 1991, a total of 1,751 applications for registration under the class licence were received, of which 1,599 were registered. The remaining 152 applications were subject to the exercise of right of first refusal by broadband cable operators (see paragraph 4.30 below) and will be the subject of separate licences issued to those operators on an individual franchise basis.

4.30 Under the transitional arrangements contained in the Broadcasting Act 1990, operators of existing broadcast relay systems which, on 31 December 1990, were carrying the four terrestrial channels and all five DBS channels and had registered with OFTEL before that date were eligible to apply for automatic registration under the SMATV Class Licence. Where applications for registrations under the class licence were made to OFTEL after 31 December 1990 and covered a location within the broadband franchise area the broadband operator was offered the right to install a similar or superior system (the right of first refusal). In total 400 applications went to the right of first refusal and of these the broadband operator took up its right in

109 cases with 43 cases awaiting a response from the broadband operator.

4.31 Six complaints about the activities of SMATV operators were received by OFTEL during 1991. Three related to the quality of programme reception, while others concerned programme charges, an unlicensed SMATV system and an alleged trespass by a SMATV operator.

### **Alarm Systems**

4.32 As indicated in last year's Report, the Secretary of State issued a new class licence for fixed link radio alarm systems in June 1990. This permitted the running of fixed-link radio alarm links between two sets of premises provided that a PTO private circuit was already in place between the premises. Following the White Paper, it was decided by the Department of Trade and Industry that this restriction should be lifted and a new class licence was issued on 6 December 1991. The proposal to issue a class licence for old peoples' alarm systems, anticipated in last year's Report, has been abandoned since these systems can now operate under the Self-Provision Licence.

## **INTERNATIONAL AFFAIRS**

4.33 European developments were first mentioned in OFTEL's Annual Report for 1988, on the formation of the European Telecommunications Standards Institute (ETSI), and OFTEL's application to become a member. Since then the amount of time spent each year on international affairs has increased, representing not only increased activity of international organisations but also increased overseas interest in the UK and its liberalisation process.

### **International Visitors to OFTEL**

4.34 During the year more than 260 visitors from over 30 different countries have been welcomed at OfTel. With all of these there has

been a stimulating and interesting exchange of views. Colleagues from other administrations who wished particularly to discuss the background to and consequences of the duopoly review included visitors from Austria, Canada, Denmark, Finland, the Maldives, Malaysia, the Netherlands, Singapore, South Africa and Sweden. Groups or individuals with a special interest in telecommunications economic matters included visitors from Australia, France, Germany, Hong Kong, Italy, Japan, Malaysia, the Netherlands, Saudi Arabia, the USA and Zambia. Visitors who were interested in one particular issue, such as quality of service or mobile services, included those from France, the Gambia, New Zealand and Portugal. The UK liberalisation experience was of special interest to many visitors this year from Australia, Canada, Czechoslovakia, Hungary, Korea, Malaysia, Pakistan, Romania and Venezuela.

4.35 Visitors from some countries have visited OFTEL on more than one occasion, allowing a very valuable exchange. Privatisation and the introduction of network competition were introduced in Australia under the aegis of the regulator, Austel, and we have been pleased to exchange views with them on many occasions. OFTEL enjoys increasingly close and good relations with telecommunications bodies in France, especially France Télécom and the Direction de la Réglementation Général, the French government regulator, with visits in both directions. OFTEL has been pleased to see groups on many occasions from the Japanese Ministry of Posts and telecommunications, from Nippon Telegraph and Telephone (NTT), from Kokusai Denshin Denwa (KDD), respectively the major national and international Japanese carriers, and from various Japanese academic bodies.

### **Overseas Speaking Engagements**

4.36 Apart from attendance at formal bilateral discussions or international meetings, members of OFTEL have, during the year,

spoken at or attended conferences on telecommunications matters in Finland, France, Germany, Hong Kong, Hungary, Italy, Korea, Japan and the USA (see also paragraph 6.19).

### **European Developments**

4.37 Most effort in the international field, however, has gone into developments in the European Community. Although it is for the Department of Trade and Industry to take the lead, OFTEL has closely followed progress in various EC fora, and advised the DTI.

### **New Directive for Mutual Recognition of Type Approvals**

4.38 After prolonged discussion between member states, the European Parliament and the European Commission, on 29 April 1991 agreement was reached by the Council of Ministers on a new Directive for terminal apparatus (Council Directive of 29 April 1991 on the approximation of the laws of the Member States concerning telecommunications terminal equipment, including the mutual recognition of their conformity (91/263/EEC) known as the 'Second Phase Directive'. When this Directive comes fully into force on 6 November 1992, it will replace an earlier Directive (Council Directive of 24 July 1986 on the initial stage of the mutual recognition of type approval for telecommunications terminal equipment (86/361/EEC)) with a comprehensive regime for type approvals, against harmonised requirements prepared by the European Telecommunications Standards Institute (ETSI) which, once adopted by the Community, will be known as Common Technical Regulations (CTRs), and which will succeed 'Normes Europeennes de Telecommunications' (NETs).

4.39 Provided apparatus is within the scope of the Directive, meets its 'essential requirements' through conformity with all relevant CTRs and has assurance of production quality control, it will receive a certificate of conformity and administrative approval by a

notified national body and can be freely placed on the market and connected to the public telecommunications network in any member state, and also in EFTA countries, depending on the outcome of negotiations on a EC/EFTA bilateral agreement.

4.40 Where CTRs do not exist for any types of apparatus, national standards such as British Standards will continue to be used for approvals, but the expectation is that in time national standards will be replaced by CTRs.

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

4.41 In October 1991 the new TRAC came into being. For the time being, both the old TRAC and new TRAC continue to operate in parallel but, as the NETs are phased out and replaced by CTRs, the work of the old TRAC will diminish and this body will eventually cease to function. The new TRAC will have a very important role of providing advice to the CEC and the responsible authorities of the EFTA countries on matters related to CTRs. It will be responsible for establishing a technically consistent framework for CTRs and defining their scope and contents. It will also advise the CEC on the transposition of NETs to CTRs. OFTEL continued to participate in the TRAC meetings in support of DTI as UK delegate.

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

4.42 The ACTE was established under the Directive 91/263/EEC. The ACTE has an advisory, regulatory and surveillance role to play in shaping the future policy on the type approval of terminal equipment. In 1991, ACTE met four times. It has discussed and agreed the scope statements on ten candidate CTRs prepared by TRAC. The UK delegation comprises DTI and BABT. OFTEL participates in these meetings as an expert to enhance the UK delegation.

### **European Telecommunications Standards Institute (ETSI)**

4.43 During the year, OFTEL continued its limited activities in ETSI's standard making activities, in particular in the Terminal Equipment (TE) and Network Aspects (NA) Technical Committees, and participated also in the Technical and General Assemblies as part of the UK delegation.

### **Open Network Provision (ONP)**

4.44 Neither the ONP Framework Directive (Council Directive of 28 June 1990 on the establishment of the internal market for telecommunications services through the implementation of open network provision – 90/387/EEC) nor the Services Directive (Commission Directive of 28 June 1990 on competition in the markets for telecommunications services – 90/388/EEC) has had a direct impact on telecommunications in the UK because the Framework Directive amounted largely to a blueprint on which to base further, more specific, measures; and the requirements of the Services Directive were already met by the competitive and regulatory situation in the UK. However, progress has been made in 1991 on several of the ONP measures planned to flow from the Framework Directive which are likely to have most of an impact – a Directive on leased lines, a Directive on voice telephony, a Recommendation on public packet-switched data networks and a Recommendation on ISDN. Each of these measures, if adopted, will affect PTOs and users in the UK. They follow the pattern of the Framework Directive in laying down conditions, to be common throughout the Community, on which access to the public network and the various services will be supplied by PTOs. To ensure that there is something for the conditions to apply to, each measure defines a minimum set of services which must be provided.

4.45 Discussions on the proposed ONP Leased Lines Directive proceeded in various fora throughout the year, culminating in the

adoption of a common position on 4 November. The Directive is expected to be adopted in 1992. It will require PTOs all over the Community to supply leased lines on standard terms and conditions to all users, irrespective of the use the user intends to make of the lines and, in particular, irrespective of whatever service to third parties, other than basic voice telephony, the user intends to offer. This is in keeping with the general aim of the ONP process at facilitating the provision of services across the Community by private service providers. It also requires certain standard leased line offerings to be available in every member state.

4.46 The ONP Recommendations on Packet-Switched Data Services and on Integrated Services Digital Networks (ISDN) were proposed by the Commission to the Council during the year, but neither has yet been discussed by the Council. They cover packet-switched data services and ISDN in much the same way as the Leased Lines Directive covers leased lines. The ONP Directive on Voice Telephony remains in draft form.

4.47 The Directive on electromagnetic compatibility (Council Directive of 3 May 1989 on the approximation of the laws of the Member States relating to electromagnetic compatibility - 89/336/EEC) relates to electromagnetic interference caused by electrical equipment of all sorts, including telecommunications equipment. It was due to come fully into effect on 1 January 1992. However, following representations by member states, the Commission is preparing an amending Directive which would extend the transitional period for implementation by four years, to 31 December 1995.

### **Single European Emergency Call Number**

4.48 In July 1991 the Council adopted the Decision on the introduction of a single European emergency call number (91/396/EEC). This requires member states to adopt, in parallel with existing national

emergency call numbers, a single European emergency call number (112).

### **Harmonization of International Access Codes**

4.49 In February 1991 the Commission drafted a proposal for a Council Decision on the harmonisation of the international telephone access code in the European Community which would require member states to use double zero (00) as the standard international access code. A common position was adopted by the member states.

### **Data Protection**

4.50 There was also Community activity in the field of data protection. Two directives have been proposed to the Council, one on data protection in general (Proposal for a Council Directive covering the protection of individuals in relation to the processing of personal data) and one specifically aimed at the telecommunications sector (Proposal for a Council Directive concerning the protection of personal data and privacy in the context of public digital telecommunication networks, in particular to integrated services digital networks (ISDN) and public digital mobile networks). The latter made little progress during the year.

### **CEPT/ECTRA**

4.51 One of the requirements of the Services Directive was that the regulation of telecommunications should be separated from its operation. Accordingly, all over the Community the national telecommunications operator is being given a legal status and functioning reality separate from that of the government department which controls telecommunication policy. This has had profound consequences for other European organisations, in particular the Conference of European Posts and Telecommunications (CEPT). First, in 1990, it formed the European Committee of Telecommunications Regulators (ECTRA) and then, in the autumn of 1991, resolved formally to become solely a

regulators' body. OFTEL has been intensely interested in these developments and has been an active member of ECTRA since its inception.

## APPROVALS

### Transfer of Approval Authority to BABT

4.52 In November, the DTI initiated steps to extend the Fees Order, SI 1990 No 1679, to include Call Routing Apparatus (CRA). Once this comes into force, it will enable BABT to assume full responsibility for granting type approvals under the authorisation given by the Secretary of State for Trade and Industry on 10 September 1990. OFTEL will continue to grant general approvals and site specific approvals.

### Type Approval of Apparatus

4.53 A total of 880 items of apparatus were granted type approval during 1991. Of these, 851 were granted by BABT. No approvals were withdrawn but 322 existing approvals were varied. These resulted mainly from enhancements to approved apparatus, the granting of unqualified approval to apparatus approved under BABT's interim arrangements, or approvals to facilitate field trials or testing and development of CRA. A number of variations were made because the holder no longer wished to supply that type of apparatus in the UK.

### Payphones

4.54 A total of 14 new payphones gained approval against the OFTEL approval requirements for payphones (OTR 002: 1988) during the year, bringing the number of approved payphones, at 31 December 1991, to 42.

4.55 A revised version of OTR 002: 1988 was issued at the end of December as OTR 002:1991 after clearance by the European Commission under procedures set out in the

Council Directive 83/189/EEC of 28 March 1983 laying down a procedure for the provision of information in the field of technical standards and regulations. After a transitional period the revised approval requirements will take place on 1 July 1992.

### General Approvals

4.56 Manufacturers or suppliers of apparatus covered by a General Approval need take no steps to gain legal approval of their apparatus – this is automatic provided that the apparatus concerned meets the requirements of the General Approval. Normally, if appropriate, a statement must be provided to the user that the apparatus is approved, quoting the General Approval number that applies. OFTEL issued five General Approvals in 1991.

4.57 A General Approval (NS/G/1234/M/100007) was issued in February 1991 for apparatus forming part of a licensed trunked private mobile radio network operating within the frequency band 174-225MHz.

4.58 A General Approval (NS/G/1235/M/100009) was issued in February 1991 to cover cable, wire and wiring accessories to be used between digital interfaces for the conveyance of messages or signals in digital form.

4.59 With effect from 1 January 1991, under the Broadcasting Act 1990, broadcasting equipment connected to public telecommunication networks required approval under the Telecommunications Act 1984. To assist in meeting this requirement, General Approval NS/G/123/L/100011 was issued, which covered existing apparatus connected to the public network with the agreement of the PTOs concerned. On 20 December, the temporary status of the approval was removed and the scope of the General Approval extended to cover new operators.

4.60 During the year, two further General Approvals for broadcasting apparatus were issued. The first (NS/G/123/M/100014) was issued in June 1991 and gave approval for the

connection of broadcasting apparatus at non-PTO switching centres and transmitter sites. The second (NS/G/123/M/100016), issued in August, approved the connection of apparatus used for outside broadcasting.

4.61 A General Approval (NS/G/123/M/1000150) was issued on 21 August 1991 and permitted the connection of certain apparatus to telecommunications systems via earth orbiting apparatus. All or parts of these General Approvals for broadcasting apparatus may be withdrawn if and when suitable standards become available for type approval to be granted.

### **Wiring**

4.62 In March 1991 OFTEL announced its policy of reducing the mandatory requirements relating to wiring in favour of voluntary compliance with a Code of Practice called *The Wiring Code*, which contains the technical information necessary for the design of satisfactory wiring systems. The Wiring Code follows the issue of two general approvals for cable, wire and wiring accessories used for the connection of analogue voiceband telecommunication services and for the connection of certain digital telecommunications apparatus (General Approvals numbers NS/G/23/L/100005 and NS/G/1/100009 respectively) (see also paragraph 4.41 above), and a General Variation (NS/V/1235/M/100012), also issued in March 1991, which removed from existing type approvals all restrictions on the maximum length of cable which can be used to provide connection to the public network. Further information on customer premises wiring was given in Oftel Update SA52 issued in March 1991.

4.63 *The Wiring Code* is being published by OFTEL in three parts to give the information that is necessary to enable installations to be designed with a high probability of satisfactory operation.

4.64 *The Wiring Code, Part 1: Domestic and Other Simple Installations* was published in

March 1991. It gives guidance on how to wire domestic extension sockets and gives advice on the maximum lengths of wiring that may be used with ordinary exchange lines that terminate in a master socket.

4.65 *The Wiring Code, Part 2 : Business and Other Complex Installations* was published in September 1991. It covers wiring for analogue services and digital services, including ISDN, and wiring connected to Call Routing Apparatus (CRA). It also gives guidance on the length of cabling to be used for complex (mainly business) installations.

4.66 In September, OFTEL set up a Working party to study the performance of shared cabling, between analogue and digital services and between various types of digital services. The results will be published in *The Wiring Code, Part 3*, in mid 1992.

### **CRA Maintenance Contractor Approvals**

4.67 During 1991 a total of 402 approvals under section 20 of the Telecommunications Act 1984 were granted to independent contractors wishing to maintain items of CRA. Of these, 26 were contractors who received approval for the first time during the year. Three approvals were withdrawn because the holders no longer wished to maintain the type of apparatus concerned. At 31 December 1991 there were 147 contractors covering 258 models of CRA.

### **New Certification Arrangements for Approval of CRA Maintainers**

4.68 In September 1991, OFTEL appointed National Quality Assurance Ltd and Yarsley Quality Assured Firms Ltd to compete with the BSI in the assessment to BS 5750 of companies wishing to offer maintenance services for CRA. The companies making the assessment may recommend to the DG the approval of contractors under section 20 of the Telecommunications Act 1984. This liberalisation means that potential contractors will have a wider choice of certification bodies

giving them an opportunity to arrange the best possible deal to suit their needs. More certification bodies may be appointed if they meet the requirements. At the same time, the old Working Party on Approval of Call Routing Apparatus Maintainers (CRAM WP) was wound up and an enhanced CRAM WP established under OFTEL's chairmanship.

## STANDARDS

4.69 Apparatus is normally approved in the UK by testing against regulatory standards. Most apparatus is tested against British Standards (BSs) or European Standards (NETs) where these exist, although these are supplemented by interim standards produced by the DTI in the past, and now by OFTEL. The interim standards will be replaced by BSs in due course, and eventually by new European Common Technical Regulations (CTRs) as they become available.

### Technical Requirements for Private Branch Exchanges with Telecommunication Ports

4.70 In January 1991, BSI issued for public comment the draft BS 6450: part 4 which will replace OFTEL's OTR 001 as the UK standard for type approval of CRA. OFTEL has continued to participate in work undertaken in BSI's TCT/8 Committee to consider the various technical and policy issues arising from comments received by BSI on the draft standard.

### Metering

4.71 OfTel continued to take an active part in discussions with DTI and BABT on the Meter Approval scheme, with three objectives:

- to designate a standard (OTR 003);
- to obtain a Statutory Fees Order, to enable BABT to make charges for metering approval;

- to introduce a meter approval scheme, following amendment to the metering condition in the BT and Mercury licences.

Progress has been made on the designation of standard OTR 003 and the Statutory Fees Order. The meter approval scheme should be introduced in the first quarter of 1992.

## MARKING AND LABELLING

4.72 OFTEL continued its regulatory and advisory role to the public, Trading Standards Officers and others on the provisions of the Telecommunication Apparatus Marking, Labelling and Advertising Orders. OFTEL continued to warn advertisers, suppliers and publishers that it was illegal to advertise or place on the market equipment which did not carry the markings required under the Orders.

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

4.73 The Working Group on Telecommunications for the Hearing Impaired (WGHI) advises the Director General on technical problems in meeting the telecommunications needs of both hearing and speech-impaired people. The WGHI has continued to combine an overview of practical problems experienced by hearing-impaired users of telecommunications services with the study of specific topics in some detail. It has kept in touch with related work through cross-membership of COST (European Co-operation in the field of Scientific and Technical research), CCITT (International Telephone and Telegraph Consultative Committee), ETSI (European Telecommunications Standards Institute) and BSI (British Standards Institution). It values the information received in this way and hopes that this will continue. The Group was also pleased to note that a substantial part of



the contributions to hearing-impaired standard activities had been based on the work of WGHI members.

4.74 The WGHI values its contacts with the Advisory Committee on Telecommunications for Disabled and Elderly People (DIEL), which is primarily responsible for advice to the Director General on general matters of policy involving the needs of disabled telephone users.

## **TEXT COMMUNICATIONS AND '999' SERVICES**

4.75 The WGHI has been reviewing text terminal standards in the light of representations made to it on the incompatibility of some types of text terminals being marketed for use by disabled people and those who need to contact them. The need to consider text communication standards has been emphasised by comments made in connection with the review of '999' emergency call arrangements and by the launch of the Royal National Institute for the Deaf's 'Typetalk' Service. The WGHI has made suggestions for the possible adoption of standards as a matter of urgency to enable common access to public services for users of text terminals.

## **INDUCTIVE COUPLING**

4.76 The availability of telephones with a facility for inductive coupling to hearing aids is seen as an enduring feature that should be assured as technical developments of both telephones and hearing aids continue to take place. The WGHI is considering a technical

study into the likely evolution of telephone receivers (for example, use of piezo-ceramic receivers) and the future prospects for inductive coupling.

4.77 Changes in hearing aid design are also relevant to the future of inductive coupling. Miniaturisation, particularly the increasing use of in-the-ear aids, could reduce the provision and effectiveness of inductive coupling. The WGHI hopes to be able to arrange discussions with clinical and supply interests in order to assess the likelihood of any possible future difficulties in this area.

4.78 The WGHI intends to consider direct coupling of hearing aids to a telephone set and proposes to co-ordinate closely with the relevant ETSI project.

## **INTERFERENCE**

4.79 The WGHI has been told of occasions where interference with hearing aids from audio-frequency induction fields has been caused by telecommunications apparatus. The Group is trying to substantiate these reports and to find out if the matter is being adequately considered, in the light of the EMC (electromagnetic compatibility) Directive (see paragraph 4.47), noting that practical standards of hearing aid sensitivity for use with audiofrequency induction loops already exist.

## **PAYPHONES**

4.80 The WGHI noted the changes to the approval requirements for payphones and made appropriate proposals..



# 5

## Consumer Affairs

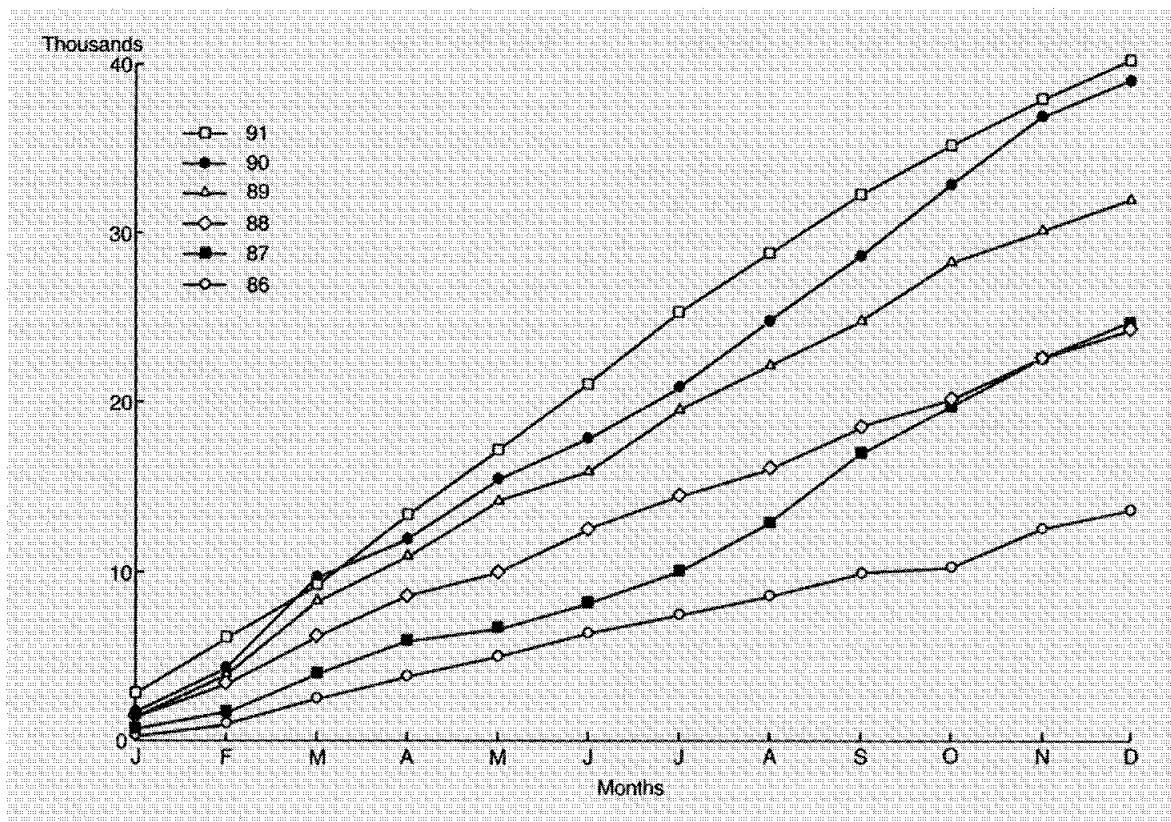
### REPRESENTATIONS ABOUT TELECOMMUNICATIONS SERVICES

5.1 The Telecommunications Act 1984 requires the Director General to consider any representations made to him (excluding those that are frivolous) about telecommunications services or apparatus. In general, however, OFTEL deals with such matters only after the PTO concerned has had the opportunity to consider the matter. In addition to helping individual customers obtain fair treatment, the analysis of the representations provides invaluable information about the underlying causes of customer and public concern. Should a PTO's policy or practice give cause to widespread public concern, OFTEL will consider whether change is needed and where appropriate seek to introduce this through discussion or, failing that, by the exercise of the regulatory powers available to the Director General. Most of the issues reported in this section were first brought to

OFTEL's attention by the representations made by consumers.

5.2 Each OFTEL Annual Report, with one exception, has recorded an increase in the number of representations received by OFTEL and the English Advisory Committee for Telecommunications: 8,765 (1985), 13,660 (1986), 24,186 (1987), 23,782 (1988), 31,644 (1989) and 38,530 (1990). During 1991 OfTel and the English Advisory Committee for Telecommunications received 41,393 representations (see Appendix 2 for a breakdown). However, the increase in 1991 of 7% over the previous year was lower than the 34% and 21% increases recorded in the previous two years. Whether this slackening in the rate of increase presages a trend towards reduction cannot yet be determined. The number of written representations made in 1991 (11,645) was an 8% reduction compared with 1990 but telephone calls increased by 13% to 29,748.

5.3 The number of written representations about disputed bills received in 1991 (5,432)



**Total consumer representations received by OFTEL and ENACT (1986-1991)**

compared favourably with those received in 1990 (7,063) (respectively 46.6% and 56.7% of the total in each year). The number of telephone calls about disputed bills dropped as well to 4,831 (16.4% of the total), a decrease of 46.8% from 1990 (9,084). The decrease in the number of representations about bills meant that, overall, only 24.9% were about disputed bills (compared to 42% in 1990). However, the large number of representations about this one topic continues to give concern. The increasing availability of itemised bills (see paragraph 5.10 below) assists customers in checking their own bills, although this then gives rise to representations about specific calls on itemised bills – very largely calls to premium rate services.

5.4 During the summer, the clerical tasks associated with the handling of representations to OFTEL were transferred on to a computer system. This technology has improved the speed with which OFTEL deals with representations and also provides its staff with detailed management information and statistics about complaints. This information now

permits to a far greater extent than was possible previously the analysis of the causes of representations, their types and origins. This is necessary to fulfil the obligations and duties explained in paragraph 5.1 above.

### **BT's Complaints Handling**

5.5 As anticipated in OFTEL's Report for 1990, BT introduced new complaints handling procedures in April 1991, coinciding with the major reorganisation known as 'Project Sovereign'. However, continuing weaknesses in these procedures, demonstrated by complaints made to OFTEL, have resulted in further discussions between BT and OFTEL on additional enhancements. OFTEL will continue to monitor closely the way in which customers' complaints are handled by BT. The Competition and Services (Utilities) Bill, if enacted in its present form, will give the Director General new powers in relation to complaints handling procedures.

## **Control of Chatline and One-to-One Services**

5.6 Chatlines and One-to-One services may be provided on PTO networks only if the Director General has recognised Codes of Practice governing such services. The recognised Codes are administered by the Independent Committee for the Supervision of Standards of Telephone Information Services (ICSTIS). In June 1991 the Committee published a report of its work during 1989/90. This showed a rapid growth both of the services and in the number of complaints received by ICSTIS. The Code has to make adequate provision for compensating those who suffer as a result of the use of their telephones to make unauthorised calls to such services. The number of claims for compensation was reported to be rising and in June 1991 the Adjudicator of the Compensation Fund reported that over £270,000 had been paid out to telephone customers.

5.7 In 1991, 14 service providers were disconnected by BT, on the instructions of the Director General, for breaches of the Codes of Practice. In addition two of these companies subsequently took legal action following ICSTIS's recommendation to the Director General that he should instruct BT to disconnect and no disconnection took place.

5.8 Condition 33A.8 of BT's licence and the equivalent Condition in Mercury's licence provide for the Director General to determine that any of the Chatline or One-to-One services should not be treated as such for the purpose of the licence Condition. By the end of the year OFTEL had received applications for 178 services to be exempted from the regulatory controls. The 140 exemptions granted were in respect of the more serious information (as opposed to entertainment) services, which involved the conveyance of specific information and did not constitute a serious risk either of unauthorised use of the telephone or of callers becoming addicted to the services.

## **Call Barring**

5.9 The Director General regards the ability of customers to control the use of their telephones as very important. As foreshadowed in last year's Annual Report, in February 1991 BT, following discussions with OFTEL, introduced, free of charge, optional call barring to premium rate services, including recorded messages and chatlines for customers on digital exchanges. It enabled these customers to choose whether or not they wish premium rate services to be made from their telephones. There were delays in publicising the availability of call barring but further discussions took place during the latter part of year on a refinement of the proposal. This led BT in December to announce the introduction of a change to the system, enabling customers to bar calls to adult and chatline services, or to general information and family services, or to both. The Director General welcomed this initiative and looks forward to the day when the service is available to all customers. The delay in publicising the facility to customers meant that at the end of the year only 95,588 customers had requested call barring.

## **Itemised Billing**

5.10 BT first introduced itemised billing in 1988. OFTEL continued to monitor BT's progress in making itemised billing available to customers following the modernisation of its exchanges. Further significant progress was made in 1991, as the number of working lines on which this facility could be offered rose from 17.6 million to 20.6 million representing a national availability of about 78.6%. BT's target of 75% availability by the end of 1992 has been achieved ahead of schedule. For the longer term, BT's aim remains to achieve virtual completion by the end of 1995.

5.11 OFTEL continued to monitor carefully the discussions about the concerns expressed by caring and counselling agencies relating to the loss of confidentiality that occurs when itemised bills are issued. This could result in a bill payer learning of calls which other members of his or her household made to any

helpline, perhaps contrary to the caller's wishes, if the calls used 10 or more BT dialled units (calls of shorter duration are not at present itemised by BT).

## OTHER CONSUMER ISSUES

### Deposits

5.12 In 1990 BT introduced a new policy for requiring deposits from new customers, under which deposits of up to £750 were required. This led to a number of complaints as a result of which OFTEL started an investigation into the operation of this policy to see if it complied with BT's Licence obligations. This investigation was completed in 1991, and came to the provisional conclusion that BT's policy breached Conditions 1 and 17 of the Licence. On being informed of this provisional conclusion, and that formal regulatory proceedings were about to commence, BT agreed to modify its policy voluntarily to bring it into line with its Licence obligations.

5.13 The modified policy was introduced by BT on 15 August 1991. The new policy eliminates the use of non-personal data to predict the likely risk of default, and sets national deposit levels at £150 (maximum), £125 or £75 depending on the measured risk. As before, about 60% of new customers are not asked for a deposit at all.

5.14 The number of representations reaching OFTEL about BT's deposit policy has fallen rapidly. However, there is still concern that some vulnerable groups, for example those who can receive help to have a telephone installed from their Local Authority under the Chronically Sick and Disabled Persons Act, are being denied access to the telephone system by the operation of BT's deposit policy. BT continues to look at ways of refining its policy to meet the needs of these, and other, customers with a view to eliminating as many barriers as possible to access to the telephone system. For example, BT are conducting a number of experimental trials of

different deposit policies, or alternative payment systems, to see if the requirement to pay a deposit can be relaxed further.

### Directory Enquiries

5.15 On 2 April 1991 BT introduced charges for Directory Enquiry calls at a rate of 9 units (37.8p before VAT) for up to two searches of the number database. The customer pays for the search regardless of whether the number can be traced or is ex-directory. On the introduction of this charge, BT's call charges were reduced from 4.4p to 4.2p per unit and changes were made to certain time allowances to offset the call revenue BT would generate from Director Enquiry calls (see paragraphs 3.52 and 3.53). In accordance with its licence, calls to BT Directory Enquiries remained free of charge, under a special procedure, to those customers who are blind or whose disabilities prevent them from using a Phone Book and who have registered with BT. Kingston Communications (Hull) plc took similar action on 10 October 1991. Mercury already charged for Directory Enquiry calls.

5.16 The Director General considers it is both fair and equitable that those customers who use the service, and thus create a cost to BT, should pay for it. The Director General considered the previous arrangements unfair in that the costs of the service were shared amongst all customers, including those who rarely used Directory Enquiries. The Director General is content with the principle of charging for DQ calls according to actual usage, that the call charge is reasonable in relation to BT's costs to provide the DQ service and maintain the number database. He was also content that all customers previously paying for the service indirectly through higher call charges would benefit from a reduction in call charges by an average of 6%.

5.17 The Director General continues to be concerned about the provision of alternative means of directory service and the quality of phone books. The Competition and Service (Utilities) Bill, if enacted in its present form,

will give the Director General new powers in relation to certain directories.

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

5.18 Although, under the terms of Condition 9.1 of the BSG, people can already register an objection to the receipt of unsolicited advertising calls from a particular source by contacting that source work continued during the year towards recognising schemes under the terms of Condition 9.2 of the BSG. Under this Condition people who object to receiving unsolicited sales messages by telephone or fax can be recorded centrally. Persons who send messages of a specified type would be obliged to make arrangements that persons registering under the scheme do not receive such messages.

5.19 Detailed discussions continued through the year on a telephone preference scheme put forward by the British Direct Marketing Association (BDMA). The BDMA hope to present a final plan to the Director General early in 1992. Discussions also continued with Hutton and Roston Data Processing Ltd of a similar fax preference service.

### **Code of Practice For Consumers**

5.20 In accordance with Condition 27 of its Licence, BT consulted the Director General in 1990 about the operation of its Code of Practice for consumers. Discussion of the proposed modifications took longer than anticipated, but the final revised version was published in March 1991. Since then BT has reviewed and announced improvements to its Customer Service Guarantee.

5.21 If BT fail to keep an appointment to install a new exchange line on the agreed date, or if BT fail to repair a faulty exchange line before the end of the working day following the notification of the fault, the residential customer is entitled to compensation at the rate of one month's rental for every day, including week-ends, that the required work remains uncompleted. For business

customers the rate of compensation is £25 a day per line. In addition, customers now have four months, from the date of the incident, to lodge a claim.

### **Supportline**

5.22 BT has introduced a new facility, Supportline, as an eventual replacement for its Low User Rental Rebate (LURR) Scheme. Under the LURR Scheme any BT residential customer using less than 120 units a quarter automatically receives a rebate. The LURR Scheme will continue to operate for about 12 months, when it will be reviewed, with possible eventual withdrawal. The new Supportline is BT's response to the suggestion in paragraph 6.17 of the Duopoly Review White Paper that it should produce a more effective, and better targetted, low user scheme.

5.23 Unlike the LURR Scheme, Supportline is not automatically calculated by BT at point of billing. It is being introduced gradually, to enable customers to decide for themselves whether they are eligible and will benefit from the new scheme, and so should register for it. For those customers taking advantage of Supportline, the quarterly line rental charge will be reduced to 50% of the normal charge, and the first 30 units in every quarter will be free of charge. The next 120 units will be charged at the rate of 15.85p, before the standard unit charge of 4.2p again becomes payable at over 150 units. Thus, customers who use more than 120 units in a quarter will be worse off if they register under Supportline. This is designed to discourage such customers, for whom the scheme is not intended or appropriate, from applying.

5.24 BT's existing residential customers who regularly receive the benefit of LURR are being contacted individually and invited to register for Supportline. However, Supportline will exclude some present regular recipients of LURR, such as second-home telephones, Mercury customers, etc, who are not eligible. Only customers who **regularly** use less than 120 units a quarter, and who

need the telephone for outside contact, will benefit from this scheme.

5.25 OFTEL had detailed discussions with BT over the precise operation of the Supportline scheme, the way it was introduced and the publicity given to it. Some of the discussions continue, and OFTEL will carefully watch and monitor the impact of the new facility.

### **The New Rate of VAT**

5.26 When VAT was increased to 17.5% in the 1991 Budget, BT decided to apply the new rate to all bills which it issued as from 1 April. This would have meant that some customers would pay 17.5% on services provided before 1 April 1991, when VAT was 15%. The Director General took this matter up with BT as a matter of urgency because of his duty to ensure that customers are treated fairly. After further examination, and discussions with Customs and Excise, BT decided that residential customers would be charged at the new rate only on the part of their bills incurred after 1 April and would receive a refund in subsequent adjusted bills on any excess VAT paid. Special arrangements were made to ensure that exempt and partially exempt business customers were able to obtain refunds of the additional VAT they had paid from BT.

### **Malicious Telephone Calls**

5.27 As part of a package of initiatives to tackle the problem of malicious telephone calls, set up after the Director General expressed concern about the problem, BT carried out further research into the problem of malicious calls and, in 1990, set up an experimental Malicious Calls Bureau in Canterbury. This proved to be successful and in 1991 BT took steps to extend the number of these bureaux so that eventually there will be one in every BT Zone. Staff are currently being trained, and it is planned that these will be fully operational by July 1992. National procedures are being drafted for Customer

Reception staff to ensure proper handling of customers experiencing such calls.

5.28 An OFTEL survey in 1991 suggested that there had been a fall in the number of obscene calls to women. The Director General hopes this is an indication of the success of the measures BT has introduced and is planning to introduce. The DG will continue to monitor the achievement of BT's targets in this field, and the performance of the bureaux, and to explore and urge the adoption of all reasonable measures to curb the malignant nuisance of these calls.

### **BT Price Increases**

5.29 Following the completion of the Duopoly Review, BT has introduced a new scheme, where customers can register with the company to receive early notification of its price increases (see paragraph 2.4). By the end of December 15,000 customers (2,000 business and 13,000 residential) had registered.

5.30 The scheme was publicised generally and notified to bill-payers in the third quarter of 1991. BT intends that bill-payers will receive an annual reminder about the scheme.

### **The Citizen's Charter**

5.31 As part of the Government's 'Citizen's Charter' initiative, the *Competition and Service (Utilities) Bill* was introduced to Parliament in October 1991 and, at the end of the year, it had completed its passage through the House of Commons. If enacted in its present form, the Bill will give the Director General new powers in respect of voice telephony services, fax, rental of permanently wired-in telephones, the preparation and provision of certain directories, directory information services and public call boxes, when they are provided:

- by a company which has more than 25% of the market for voice telephony services in the area it serves and has been designated

by the Secretary of State (such companies are referred to as *designated operators*); and

- to homes and small business customers (those with only one telephone line from a designated operator).

5.32 After consultation with consumer bodies, where required by the Bill, and with the consent of the Secretary of State, the Director General will be able to set guaranteed standards of service to individual customers and require the payment of compensation if they are not met. He will be given powers to set overall standards for a designated operator, enforceable in the same way as a licence condition. He will be required to collect and publish information from designated operators about the payment of compensation and on how well they are meeting the overall standards. He will have to approve a procedure by designated operators for dealing with complaints from customers, and for their

rules on requiring deposits, and their amounts. The Bill also provides that in relation to any genuine dispute about charges for any of the services covered by the Bill, the designated operator is not be allowed to disconnect the customer. The Director General will have powers to resolve disputes arising out of whether compensation should be payable in respect of individual standards of service; about undue discrimination or preference in relation to charges; about whether the deposit rules have been applied correctly and whether they are appropriate; and, subject to the making of regulations by the Secretary of State, about the amount which the designated operator is entitled to recover from the customer in relation to billing disputes.

5.33 Implementation of the Bill in its present form will require some strengthening of OFTEL's resources and, it is foreseen, some changes to its organisation.





# 6

## Information and Publicity

### STATUTORY REGISTERS

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

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

6.2 At the end of 1991 the register of licences numbered 879 excluding renewals. The number of new licences issued in 1991 was 101. 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.

6.3 The approved contractors' register consists of particulars of contractors approved by the Secretary of State since 5 August 1984. A total of 1392 were in force at 31 December 1991 held by 147 contractors in respect of 258 models of Call Routing Apparatus (CRA). Details of the 1991 approvals for contractors are given in Section 4.

6.4 The approved apparatus register includes documentation on individual items of apparatus approved by the Secretary of State since 5 August 1984, by the Director General since 1 December 1986 and by BAPT since 10 September 1990. At 31 December 1991, there were 10,296 approvals in force. Details of 1991 approvals are given in Section 4.

6.5 To facilitate the handling of enquiries, OFTEL has access to three separate register databases. Two of these, dealing with licences and approved contractors, are maintained by OFTEL while the third, dealing with approved apparatus, has been maintained by

BABT since 1990. During the year a total of 489 public enquiries were satisfied by accessing the databases. All registers are available for public inspection at OFTEL's Library between 10 am and 4 pm on normal working days.

6.6 Following the Duopoly Review, OFTEL began a register of licence applications received by the DTI (see Section 2). At 31 December 1991 the number of applications on this register stood at 18.

## PUBLICITY ACTIVITIES

6.7 As anticipated, 1991 proved to be a very active year in all the media for coverage of OFTEL and its activities. The main focus of interest was the Duopoly Review (see Section 2). During the year the Director General issued four major statements on this subject which stimulated a lively debate in the press and on television and radio. Towards the end of the year OFTEL was again under the media spotlight in anticipation of the price formula review due to be launched in early 1992. The interest partly arose from discussion of the BT share sale (see paragraphs 3.70).

6.8 OFTEL's exhibition programme was also very full this year with *Telecom '91* in Geneva forming the highlight. At both the exhibition and conference there was considerable interest in OFTEL's activities and in the views of the Director General. This emphasised the position of OFTEL at the forefront of regulatory innovation on the international scale.

6.9 One possible result of the intense media attention was that, according to the annual survey conducted by RSGB (Research Surveys of Great Britain) Ltd in August, the percentage of people asked who had heard of OFTEL increased from 31% in 1990 to 35% in 1991.

## PUBLICATIONS

6.10 A total of 44 titles were published this year, ranging from consumer booklets to technical standards. Statements issued by the Director General, in addition to those on the Duopoly Review, covered subjects such as the future of numbering, BT's deposit policy and the provision of value added services on the cellular networks.

6.11 A consumer guide to BT's new prices – *The Cost of BT's Telephone Calls* – was published in October. This aimed to give a clear picture of actual costs and to explain new tariff options such as the Supportline scheme. The leaflet proved very popular and will be updated regularly. Another major new publication for the residential customer was Part 1 of OFTEL's *Wiring Code* which gives advice on installing simple telecommunications systems. Part 2, dealing with more complex and business systems, was published later in the year. The new *Wiring Code* incorporated moves towards simplifying the wiring regulations and making compliance in some instances voluntary rather than mandatory. Among the other more technical publications issued was a new revised edition of OFTEL's payphone standard (OTR 002). The full study of numbering for telecommunications services carried out by Ovum Ltd was published through HMSO.

6.12 During the year a survey was conducted to investigate readers' opinions on various aspects of *OFTEL News*, OFTEL's regular newsletter. The results showed that the journal is highly valued with the Director General's newsletter and articles dealing with OFTEL's, BT's and Mercury's activities proving particularly popular. Among the suggestions for future editorial policy were increased coverage of European and international issues and more articles explaining technical aspects for the general reader. The survey also revealed a high readership per copy distributed. At the end of the year nearly 19,000 copies of each issued were being sent out through OFTEL's mailing list.

6.13 During the year 4 issues of *Newslines* were published. This newsletter ensures that the Advisory Committees are kept informed of recent developments. In May OFTEL on behalf of BACT (the Advisory Committee on Telecommunications for Small Businesses) launched a new occasional newsletter – *BusinessLine* – which aims to highlight issues of particular relevance to small businesses. A second issue was published later in the year and the distribution list for the newsletter had reached over 1300 by the end of the year.

6.14 OFTEL's internal desk top publishing (DTP) programme continued to expand and many publications are now produced by this method. DTP has led to more economical and faster production of literature which has resulted in more publications being viable in areas such as prices and newsletters where the information is quickly out of date.

6.15 A full list of OFTEL's publications during 1991 is given in Appendix 6.

## **PRESS AND BROADCASTING**

6.16 A total of 29 press releases were published in 1991. Although fewer in total than for 1990, this was a busy year for press activity and many of the subjects covered were of far-reaching importance such as the Duopoly Review, numbering, the Citizens Charter, BT's deposits policy, cable build obligations and cross-subsidisation. Other issues which caused considerable media interest were BT's application of the new VAT rate, Chatline services and OFTEL's *Telephone Service in 1991* report published at the end of the year.

6.17 During the year the Director General was interviewed in the press and gave several press briefings to ensure that the complex issues arising in 1991 were accurately reported and understood by the public through the media. He also took part in DTI press conferences on the Duopoly Review and the proposals for the utilities in the Citizen's Charter.

6.18 The Director General appeared on many television and radio programmes, mainly those covering news and current affairs. During 1991, he took part in the following programmes:

### **Radio**

*Radio 4:* BBC news, PM programme, Financial World Tonight, You and Yours.

*Others:* Independent Radio News, South Coast Radio, Midlands Today.

### **Television**

ITN, BBC News, Channel 4 Business Daily, The Money Programme.

## **CONFERENCES AND SEMINARS**

6.19 The Director General and senior OFTEL staff continued to discuss new developments in the UK regulatory regime through an extensive programme of speaking engagements at home and abroad. The Director General spoke in Geneva, Budapest, The Hague, Hawaii, New York, Washington and Korea.

## **EXHIBITIONS**

6.20 OFTEL's exhibition programme continued to play a key part in keeping both general and specialist audiences up to date and aware of OFTEL's activities and developments in regulatory affairs. For the telecommunications industry *Telecom '91* in Geneva was the largest and best attended venue at which OFTEL participated but *Communications '91*, the TIA (Telecommunications Industries Association) and the TMA (Telecommunications Managers Association) exhibitions were also well supported showcases for the industry. On the consumer side, OFTEL joined forces with OFWAT (the water regulatory body) in a series of *Regulators Roadshows* held in venues such as shopping centres in major towns and cities throughout the

country. These proved successful in reaching an audience with very little knowledge of OFTEL or what it does. OFTEL continued to support events such as the Consumer Congress and the Annual Conference of the National Association of Citizens Advice Bureaux. The information pack for elderly and disabled customers published on behalf of DIEL (see Section 9) was updated during the year and again proved very popular on the OFTEL/DIEL stand at *Naidex* in October.

6.21 A full list of events attended by OFTEL follows:

#### *Telecommunications Industry*

September Annual Conference of the Telecommunication Industries Association – NEC Birmingham

Comex '91 (mobile telecommunications) – Wembley

October Telecommunications '91 – Geneva

November Annual Conference of the Telecommunications Managers Association – Brighton

#### *Consumer Events*

April Consumer Congress – Belfast

July Royal Show – Kenilworth  
Royal Welsh Show – Builth Wells

October National Association of Citizens Advice Bureau Annual Conference – York

#### *Advisory Committee on Telecommunications for Disabled and Elderly People*

October Naidex – Alexandra Palace

#### *Regulators Roadshow in association with OFFER AND OFWAT*

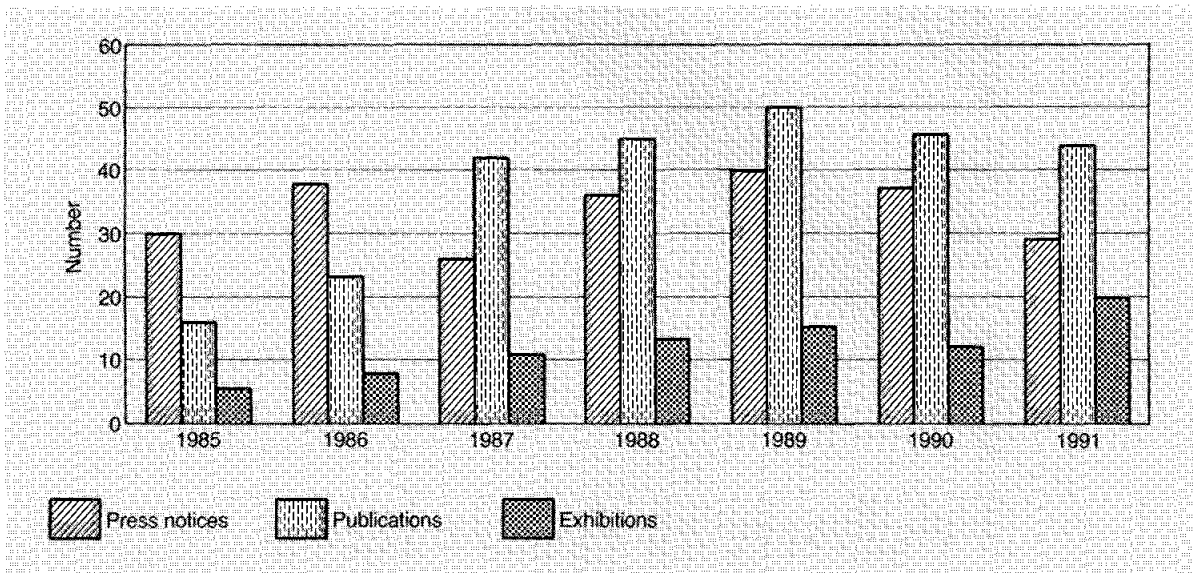
Bristol, Nottingham, Gateshead, Swansea, Ipswich, Reading, Lewisham, Manchester, Plymouth

### **OFTEL'S LIBRARY**

6.22 The Library's main function is to provide an efficient and cost-effective library and information service for OFTEL staff. Members of the public are admitted, by appointment, to use the Library's resources for research purposes and for inspection of the public registers of approved apparatus, contractors and licences. During a particularly busy year, a total of 931 private researchers visited the Library in 1991 and over 11,000 enquiries were answered.

6.23 The Library also acts as the sales point for prices publications, including licences, and distributes a monthly list of publications. Although many OFTEL publications are free of charge, a total of 3,279 items were sold during the year accounting for £22,485 worth of sales.

6.24 Towards the end of the year, the Library produced a draft *Standards of Service* document outlining specific performance targets for improving our service to library users.



Some of OFTEL's information activities (1985–1991)



# Technical Activities

7.1 Throughout the year, the Technical Branch has been under some pressure in pursuing the technical aspects of many matters receiving OFTEL attention, some of which are mentioned below. The Branch has continued to seek coherent and enduring solutions to a wide variety of old and new problems. As anticipated in last year's Report, the process of questioning long-established positions has continued in order to allow greater flexibility and to encourage the shift of decision-making responsibility towards customers and end-users.

7.2 There has been a small decrease in the number of consumer representations referred to the Branch for technical assessment. This is thought to be due partly to the increased availability of itemised billing, although this has in turn given rise to some new types of investigation. Also, information on previous cases, now more readily available through the computerised complaints handling system (see paragraph 5.4), allows some new cases to be processed by the staff concerned,

without further technical assessment. However, the remarks apply mainly to the well-established fixed-network operators, and a detectable rise in representations about other systems is expected to continue.

7.3 With a view to obtaining a more precise measurement of the quality of service available to subscribers to the Vodafone and Cellnet cellular radio systems, the Technical Branch has been advising on the techniques and methodology to be used in the drive around survey (see paragraph 3.21). Various systems have been evaluated in the process of reaching the best compromise between statistical validity of the results and the costs of different methods and levels of measurement.

7.4 Work has continued on the revisions of British Standards for complex terminal apparatus to bring them into line with the advisory status of the *Network Code of Practice*, issued in November 1990. Unfortunately this is taking British Standards Institution (BSI) longer than OFTEL had anticipated and is

giving rise to some problems for suppliers seeking approval of enhancements to apparatus previously approved against various earlier specifications. While those writing standards endeavour to adopt a technology-neutral approach, some clauses reflect requirements arising from obsolescent technology, and others prove to be inappropriate when applied to new technologies. In these circumstances, OFTEL has sought to influence development of the specifications used for mandatory approval of apparatus so that they address only essential requirements, while enhanced features can be covered by voluntary conformance with published reference specifications.

7.5 Services such as Centrex and Virtual Private Networks (VPNs), now being offered by public network operators, may present interfaces at customers' premises rather different from those generally presented on public exchange lines. The Technical Branch has been studying the technical standards that might be appropriate for the Centrex and VPN services with a view to minimising the mandatory approval requirements for apparatus connected to these services. It has been seeking voluntary conformance with, and publication of, reference specifications for other characteristics of these interfaces so as to allow more flexibility in the evolution of such services, without limiting the scope for competition in the supply of customer premises equipment. This approach corresponds with that adopted for digital private circuits where the specification for the Digital Private Network Signalling System (DPNSS) has been lodged with OFTEL's Library as a reference for voluntary conformance and competitive supply of apparatus.

7.6 Earlier work on codes of practice for wiring on customer premises culminated in the publication of *The Wiring Code*, Parts 1 and 2 during 1991 (see paragraphs 4.62-4.66). Further study of the extent to which wiring may be shared between different systems and services is being carried out by the Technical Branch in conjunction with representatives from industry in a Working Group on Shared

Cabling. *The Wiring Code*, Part 3, reflecting the Group's conclusions is scheduled for publication in 1992.

7.7 The Technical Branch's interest in definition of the public network interfaces was exercised in conjunction with the DTI during the year following the launch of the Duopoly Review in 1990. This led to the subsequent declaration in the Duopoly Review White Paper (clause 7.32) that the Government will help facilitate the establishment of a UK consultative forum in which operators, manufacturers and users can address the standards and related technical issues associated with the introduction of more competition. The role of this forum would be to advise the Director General in relation to any essential network interfaces. An OFTEL proposal for a corresponding Network Interfaces Co-ordination Committee, bringing together representatives from relevant interest groups, is currently being considered informally by a few experts prior to wider consultation on its formation.

7.8 The prospect of further liberalisation of telecommunications, as confirmed by the White Paper, gave rise to many informal technical enquiries and discussions relating mainly to the means of interconnecting potential new systems with the systems run by established network operators. While not in a position to commit the PTOs to any particular solution, experienced staff of the Technical Branch were able to help licence applicants identify the matters that needed to be addressed, and to indicate practical solutions that had been used in previous situations. Subsequently the Technical Branch has been participating in more formal discussions to assist those in OFTEL and DTI responsible for licences, with the technicalities of the systems and services being proposed by the licence applicants. The Branch continues its endeavours to ensure that end-to-end performance on call paths through several different systems continues to satisfy users' expectations.

7.9 A second important subject raised by licence applicants has been numbering and the availability of number ranges for new systems and services. These enquiries coincide with another consequence of the White Paper (see paragraphs 2.2 and 3.44) whereby responsibility for the UK numbering plan is to be transferred from BT to OFTEL. Throughout the year the Technical Branch has been considering the evolution of the UK numbering plan generally, and proposals from BT and Mercury for expansion to ten nationally significant digits in detail. Branch initiatives have informed the OFTEL consultative process and solicited constructive responses from the Telecommunications Numbering and Addressing Board. However, much more work needs to be done in formulating a long-term numbering plan and the Conventions which will be adopted by OFTEL and others involved in the administration of number ranges.

7.10 The Branch has been studying technical methods of providing *number portability*

which, if available, would allow an existing customer connected to one local network, to transfer to an alternative local network without a change of number. OFTEL will use the results of these studies in future cost-benefit analyses, with a view to number portability being made available in justified cases.

7.11 Technology and technical standards continue to evolve and while it is not possible for Technical Branch staff to attend many of the national and international standards meetings, a carefully targeted participation helps to maintain the Branch's awareness of developments and provides the opportunity to exert influence as and when appropriate. Particular involvements include some of the Telecommunications Technical Committees of the BSI and two of the Technical Committees of the European Telecommunications Standards Institute (Network Aspects and Terminal Equipment). CCITT, ETSI and BSI documents form important reference material for the Branch's work.





# 8

## OFTEL's Resources

8.1 OFTEL's funding is provided by Parliament and is subject to cash limits and running costs control, but the cost is recouped from licence fees which, in the case of the larger PTOs are, or will be, broadly related to the size of the turnover of the licensed business. Where possible the figures given in this part of the Report have been extrapolated to cover OFTEL's activities for the calendar year of 1991 although, for accounting purposes, OFTEL uses the April to March financial year.

### STAFF

8.2 For the financial year ending 31 March 1992 the Director General had a ceiling of 150 posts. The corresponding figure for the previous year was 131 posts. Taking 1991 as a whole, OFTEL employed, on average, a total of 143 permanent staff. Additional casual staff were employed during the year particularly to assist with statistical surveys.

8.3 The permanent staff were divided as follows:

Senior staff (Grade 7 and above including professional and technical members of staff)	29
Other professional and technical staff	9
Executive staff	40
Clerical and support staff	65
	<u>143</u>

8.4 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	3
Librarians	2
Internal auditors	2

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

## RESOURCE REQUIREMENTS

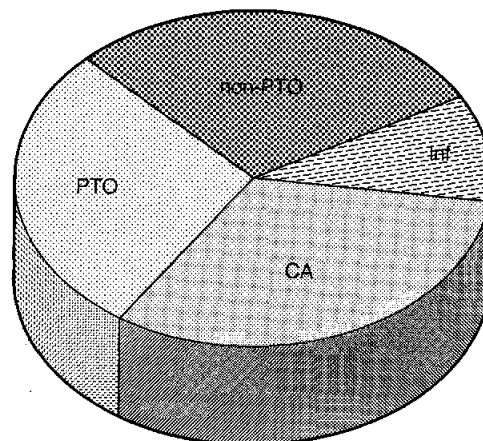
8.6 Following the joint review of the telecommunications 'duopoly review' by OFTEL and DTI in 1990-91, there has been an expected expansion in the regulatory oversight of cable television licensees with a resultant increase in staff resources in Branch 1. During 1991-92 the total number of of consumer representations made to OFTEL continued to rise, with a corresponding impact on response time for handling complaints in the Consumer Representations Section. OFTEL has endeavoured to improve both the response time and the quality of replies through the commissioning in August 1991 of a dedicated computer system which will, for the first time, allow performance targets to be set and measured.

## BUDGET

8.7 The Director General had a cash limit of £7.5 million for the financial year ending March 1992 and a corresponding figure of £6.9 million for the previous financial year. Salary costs accounted for 39% of the total spend. In addition, during the year specialist consultants were taken on in order to undertake particular research projects providing expert support to the Director General, the Technical

Directorate and Consumer and International Affairs Branch.

8.8 The diagram shows how OFTEL's budget was divided in 1990 between the four main areas, for accounting purposes, within OFTEL:



The division of OFTEL's budget

- work related to PTO licences and competition;
- 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).

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



# 9

## Reports of the Advisory Committees on Telecommunications

9.1 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).

9.2 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.

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



# Report of the English Advisory Committee on Telecommunications for the year ending 31 December 1991

## THE COMMITTEE

9.4 The English Advisory Committee on Telecommunications (ENACT) was established by the Secretary of State under Section 54(1) and (2) of the Telecommunications Act 1984. It was not actually brought into being until 1986. Its function – like that of the similar advisory bodies for Scotland, Wales and Northern Ireland – is to advise on any matter in respect of which any of the Director of Telecommunications functions is exercisable, and which is referred to it by the Director or on which it considers it should offer its advice. Members of the Committee are required to be familiar with the special requirements and circumstances of consumers, purchasers and other users of telecommunications services and apparatus. The Committee is required to report annually to the Director: hitherto this report has been included in the Annual Report of OFTEL but this year, for the first time, ENACT's report is also being published separately.

## INTERNATIONAL DEVELOPMENTS

9.5 Developments in telecommunications in recent years have had the effect of greatly reducing the impact of distance. As a conse-

quence, international considerations – particularly in the context of the European Community – have figured prominently in the work of the Committee. The European Commission's proposal for a Directive on data protection, and a related one on data protection in telecommunications, received particular attention from the Committee which was able to support the basic concept behind these measures. However, a number of the more detailed issues contained in the drafts gave rise to concern. In particular, the Directive more specifically dealing with telecommunications could interfere with itemised billing by preventing the display of the number of the party called, and other proposals could impose unreasonable costs on operators or users in general. Developments within Europe on Open Network Provision and harmonised standards for terminal operators were also followed closely.

## COMPETITION AND CHOICE

9.6 In 1990 the Department of Trade and Industry (DTI) published its consultative document about telecommunications policy for the 1990s. The Committee supported the main proposal in the document to the effect that the existing duopoly policy should be

ended – new licences should be considered for local, trunk and international networks. The broad thrust of the Government's other proposals was similarly approved, particularly those giving greater freedom to mobile and cable operators. The Committee accordingly welcomed the Government's subsequent White Paper *'Competition and Choice: Telecommunications Policy for the 1990s'*. Ending the duopoly of BT and Mercury appears to offer users of telecommunications the best prospect of efficient service at the lowest level of prices. Placed in the essential context of the development of international telecommunications, the Government's proposals give the UK telecommunications industry a real chance of remaining in the forefront of liberalisation and innovation.

9.7 Whilst welcoming the developments foreseen by the White Paper, concern was expressed by a number of potential operators at the effect of the modifications proposed to BT's licence, particularly with reference to the access deficit charges which new operators would have to pay to BT. We supported greater flexibility in access charging arrangements and agreed that this flexibility should apply to more than one competitor in each sector of the market. Accordingly, we were pleased when the Director General and BT reached agreement on new proposals for modifications to BT's licence which brought about this necessary flexibility.

9.8 The Committee noted the subsequent issue of class licences for self-provided circuits and for the provision of satellite telecommunications services not connected to the public switched network. The Committee also welcomed the fact that 18 formal applications had already been submitted for licences following the White Paper, and that more applications seemed likely to be forthcoming.

## PRICE CHANGES

9.9 During the latter part of the year, BT announced changes to its prices and tariffs

and introduced new pricing packages for both business and domestic customers. Mercury responded by offering its own packages for customers. As far as BT's changes were concerned, the Committee continued to believe that prices should more accurately reflect the identified costs of service provision to particular customers: further rebalancing of prices between different aspects of services is therefore inevitable, but the Committee continued to view the immediate impact of this essential rebalancing on domestic customers with great concern. The Committee will want to look very closely at this area when the current arrangements for controlling BT's prices are reviewed in 1992, but is convinced that the movement towards fully competitive pricing will, in the long run, bring benefits to all users.

## NUMBERING

9.10 The Telecommunications Numbering and Addressing Board, on which the Committee is represented by Mr Douglas Oram, recommended to the Director General the introduction of a 10-digit numbering scheme, as put forward by both BT and Mercury. The Committee agreed with this recommendation. In view of the increasing demand for new numbers and the likelihood of additional competitive services, the Director General's subsequent decision to approve a 10-digit scheme to be implemented in 1994 was fully supported by the Committee. The introduction of a 10-digit scheme will be relatively easy to implement and will allow the current geographical codes on fixed networks, which many consumers find of some benefit, to continue.

## TELECOMMUNICATIONS ADVISORY COMMITTEES (TACS)

9.11 Our report for 1989 mentioned that the Committee had accepted a closer and more direct relationship with the TACs. Local TACs again drew several problems to the

Committee's attention during the year, including the absence of pricing information on many private payphones, and the charges introduced for Directory Enquiries, with particular reference to the circumstances under which a refund will be given by BT.

9.12 With regard to the pricing information on private payphones, the Committee was concerned at the apparently widespread practice of owners of such payphones failing to provide basic information, as required as part of the approval standard under which the payphones are operated, to enable consumers to make a reasoned decision before they decide to use the facility. We were assured that OFTEL is considering this issue carefully and we intend to keep the matter under review.

9.13 With regard to the introduction of charges for Directory Enquiry services by both BT and Mercury, the Committee accepts that it is reasonable, in general, for those who use – and *a fortiori* those who abuse – the facility to pay for it. It was important, we thought, that in the case of BT, general call charges were reduced to reflect the introduction of charges for the Directory Enquiry service. BT has also clarified its policy for refunding charges when, for example, the customer is given an incorrect telephone number by the operator. In connection with Directory Enquiry charges, the provision of reasonably up-to-date printed directories is a matter of some importance and we heard of instances where directories have not been issued in accordance with BT's normal 18 month cycle. We noted that the Director General has decided to review the provision of directory information and we welcomed this review.

9.14 In earlier reports, the Committee expressed its concern about the inadequate funding for the TACs from the Department of Trade and Industry. This continued to be the case but, nevertheless, we were pleased that it was possible once again to hold a full round of regional meetings during the year to which all TAC Chairmen and Secretaries were invited. The Committee is very conscious of

the value of the work carried out by the TACs during the year, and will continue to press for this to be more adequately recognised.

## CUSTOMER RELATIONS

9.15 The high, and rising, number of complaints to OFTEL continued to cause concern to the Committee. The re-organisation within BT – 'Project Sovereign' – was not reflected by any reduction in the number of complaints being made to OFTEL and the TACs. The majority of complaints related to billing matters and it was clear that BT was still failing to handle many of these cases with sufficient sensitivity. In this connection the Committee has received details of a new computerised system installed by OFTEL for the recording of statistics of complaints and other representations received. We hoped that this more detailed information would also enable BT to see more clearly where its performance needs to be improved.

9.16 A significant number of complaints about high telephone bills resulted from calls which have been made to premium rate information and entertainment services. Where unauthorised use of someone's telephone has been made to call a premium rate *live conversation* service there is a compensation fund, administered by the Independent Committee for the Supervision of Standards of Telephone Information Services (ICSTIS), from which payments may be made, but there is no corresponding fund for unauthorised calls to premium rate *recorded message* services. We welcomed, therefore, the opportunity to comment on a draft revised Code of Practice for such services to be issued by ICSTIS. We supported a number of the proposed changes but we were concerned that the new Code still contained no requirement for providers of recorded messages potentially able to last longer than 10 minutes to preface them with a clear statement of the cost of calls. We also expressed the view that, whilst the existence of call barring at the exchange was available for many BT customers served by modern exchanges, it was

worrying that not all customers could so benefit; in any event, we did not believe the current arrangements were sufficient to protect BT's customers. The Committee considered that it would be preferable for customers to have to "opt-in" to premium rate services and we recommended that call-barring of such numbers should be applied, where possible, at the exchange unless customers requested otherwise.

9.17 The Committee expressed in previous years its concern over the operation of BT's deposit policy, particularly in respect of new customers. We accordingly welcomed the changes to its policy which BT announced in the summer, following an investigation by the Director General. As a general rule, where a customer is asked to provide a deposit, the maximum sum which may now be required is limited to £150. In addition, BT's methods of assessing the level of deposit will no longer take into account the area in which the customer is living, nor any other non-personal data.

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

9.18 Since 1989 OFTEL has been carrying out a review of the emergency call arrangements in collaboration with the public telecommunications operators (PTOs) and the emergency authorities. The review team favours the formation of an independent Call Handling Agency to which all emergency calls would be initially rerouted, and from which calls would be forwarded to the appropriate emergency authority. In considering the subject we were conscious, on the one hand, that the current arrangements have worked well and have stood the test of time. On the other hand, the increasing number of telecommunications operators with an obligation to provide emergency call facilities could result in, at the least, an unnecessary duplication of resources and, at the worst, a less efficient and cost effective system because of the multiplicity of operators.

9.19 With some minor reservations, we accepted the broad case for a single, effective Call Handling Agency. Our reservations stemmed from the view that a Call Handling Agency was unlikely, by itself, to lead to any great improvement over the present arrangements and we hoped, therefore, that it might prove to be a useful stepping stone to a combined call handling and despatching agency, perhaps implemented on a service-by-service basis. We also expressed the view that three centres for the Call Handling Agency might not provide sufficient resilience and back-up, notwithstanding the benefits of new technology. We took the view that all potential problems needed to be fully considered before a Call Handling Agency was introduced. Given that our concerns were met, we believed that a single Call Handling Agency could provide an efficient and cost effective service to build on the good work which the current operators, particularly BT, have achieved over the years.

### **NEW POWERS FOR OFTEL**

9.20 Towards the end of the year the Government published a Bill – *The Competition and Service (Utilities) Bill* – which aimed, in general, to extend the powers of the regulator for electricity supply to the other regulators. The Bill is designed to implement proposals set out earlier in the Government's White Paper *The Citizen's Charter*. In respect of telecommunications, the Bill proposed to amend the Telecommunications Act 1984 to give powers to the Director General, in respect of designated operators, to set guaranteed service standards for individual customers and to require compensation to be paid if these standards are not met; to set, monitor and enforce overall performance standards; to ensure that operators have satisfactory procedures for handling complaints and that these are publicised; and to resolve disputes between operators and customers over guaranteed service standards and certain terms of supply. The Bill also includes power for the Government to make regulations allowing the Director General to deter-

mine disputes over the accuracy of telephone bills.

9.21 The Committee acknowledges that the Director General has achieved a great deal without the need for additional powers but nevertheless welcomes the proposals to safeguard further the consumer in areas where competition is still lacking. The Committee was disappointed that, in requiring various consultations in relation to the new powers, with bodies representing persons who would be affected, the Bill only included a tacit reference to the Advisory Committees on Telecommunications.

## **MEMBERSHIP OF ENACT**

9.22 A list of those who served on the Committee during the year follows this report. Mrs M C Taylor, who had served on the Committee since its inception, retired from membership in July. Her contribution to the work of the Committee in its formative years was greatly appreciated. The Committee has two vacancies in its membership and we hope that it will be possible for the Department of Trade and Industry to fill these early in 1992.



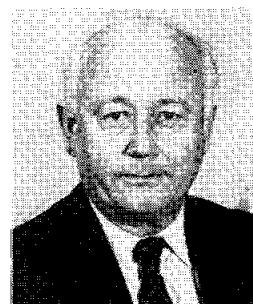
## CHAIRMAN AND MEMBERS OF THE COMMITTEE

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*Chairman*

**Mr H R Hutton**

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



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*Members*

**Professor M D I Chisholm**

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

**Mr S J Cooper**

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

**Cllr Mrs J H Fergus MBE**

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

**Cllr J D Green**

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

**Mr D O Michel OBE**

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

**Mr D R Oram**

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

**Mr A C Squires**

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

**Mrs M C Taylor**

Vice-President, and Former Chairman, National Federation of Consumer Groups; Member, Management Committee, Southend Citizens' Advice Bureau; Former Chairman, Eastern Region TACs

*Retired from membership, July 1991*



# Report of the Scottish Advisory Committee on Telecommunications for the year ending 31 December 1991

## INTRODUCTION

9.23 In membership terms 1991 was a year of considerable change, with four new appointments to the Committee and three retrials of existing members having taken place. In January we welcomed the appointment of Mr Peter Wilson from Edinburgh, and in December, the appointments of Mr Alastair Gardner (Inverness), Mr Peter Michie (Aberdeen) and Professor Howard Williams (Glasgow). Unfortunately in September we lost the services of two of our longest-serving members, Mr Alister Paterson and Mr Geoff Richards who between them contributed significantly over many years to the work of the Committee. We particularly appreciated the technical knowledge and experience which Geoff Richards brought to our discussions. In addition, in December we reluctantly accepted the resignation of Mr Ewan Marwick who was obliged to give up his position on the Committee because of other commitments. To all three we offer our sincere good wishes for the future and trust that they will continue to take an interest in our activities as we enter a new era of legislative and organisational change in the telecommunications industry, involving greater opportunities for competition in the market and an improvement in the procedures for promoting and establishing customer rights.

9.24 We also welcomed the reappointment for a further period of three of our existing Members, Lady Jane Forbes (previously Mrs Forbes-Sempill), Mrs Joan Dickson and Mr Eddie Young. We are satisfied that, earlier gaps in membership notwithstanding, we can demonstrate good geographical coverage over the whole of the Scottish mainland and the Western Isles so that local as well as national issues can more readily be identified and dealt with accordingly.

9.25 A list of the current Committee membership appears at the end of this report.

## WORK OF THE COMMITTEE

9.26 The Committee held four meetings during this year – in March, June, September and December. Meetings were held in Edinburgh (two), Glasgow and Inverness. The meeting in Glasgow (September) was kindly hosted by BT and was followed by a visit to the local Faults Reception Centre and an informal meeting with staff of BT's Disputed Accounts Group. Our December meeting took place in Inverness where we were the guests of Highlands and Islands Enterprise (HIE) for a discussion with HIE and BT staff on the

progress of the Highlands & Islands Initiative (see paragraph 9.34).

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

- in March, Miss Sarah Harrison, Assistant Secretary, Independent Committee for the Supervision of Standards of Telephone Information Services (ICSTIS);
- in June, Mr Derek Hyde, Director of Consumer and International affairs, OFTEL and Miss Claire Milne, Ovum Consultants Ltd;
- in September, Mr George Munro, Customer Service Manager, BT Personal Communications and Mr Niall Macdonald, Customer Service Manager, BT Business Communications;
- in December, Mr Colin Cook, General Manager (Customer Service), BT Business Communications (Scotland); Mr Bert Noble, Field Operations Manager (Highlands & Islands), BT (Scotland); Mr Colin Pavey, Marketing Specialist, BT Scotland; Mr Robin Lingard, Director of Training and Social Development, Highlands and Islands Enterprise; Mr David Henderson, Head of Industrial Development, HIE; Mr John Lough, Telecommunications Consultant, HIE; and Mrs Sue Harrison, Consumer Affairs Division, Department of Trade and Industry.

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

- the Duopoly Review
- reorganisation of BT ('Project Sovereign')
- presentation on the work of ICSTIS
- progress on BT/HIE Highlands & Islands Initiative
- BT's disconnection policy
- payment of telephone bills: withdrawal of standing order facility
- free call barring on premium-rated services

9.29 In addition the Committee was consulted in regard to the following OFTEL discussion and information papers:

- review of '999' emergency call arrangements
- proposed modifications of BT's and Mercury's licence conditions
- draft EC Directive on Data Protection in Telecommunications
- numbering for telephony services into the 21st century
- PTO meter approval scheme
- BT price changes
- Competition and Service (Utilities) Bill

## THE DUOPOLY REVIEW

9.30 In common with other Advisory Committees as well as a range of outside interests, we were consulted in November 1990 both by OFTEL and the Department of Trade and Industry on the Government's proposals for ending the duopoly of BT and Mercury Communications and increasing competition in the UK telecommunications market. Subsequently, in January 1991, we submitted our formal response to the consultation document which in essence welcomed the concept of greater competition but highlighted a number of areas of particular concern for Scottish interests.

9.31 When the Government's White Paper announcing its conclusions in the wake of the Duopoly Review was published in March, we noted with some disappointment that the White Paper did not take account of all the concerns expressed in our formal submission: equally, however, it must be said that the White Paper did not contain any proposals which could be regarded as unduly detrimental to the development of Scottish telecommunications in the longer term.

9.32 That said, we continue to believe most strongly that without the initiative of Government or the European Community, many parts of Scotland will not be classified as 'less favoured regions' of the EC and fall

well behind those currently in receipt of EC funding under the Special Telecommunications Action for Regional Development (STAR) programme. Advanced telecommunications services are vital to the development of the country as a whole, and if Scotland is not to be disadvantaged within the EC it is essential that due regard must be paid to the policies of the Council of European Communities in relation to telecommunications development, through Government stimulus if necessary.

9.33 Industry and the public must be made aware of the potential value of a truly modern telecommunications system, with the necessary education leading to stimulation of demand. We fully intend therefore to continue to address how Scotland can best achieve a modern telecommunications system in the new competitive environment.

## **BT/HIE AND HIGHLANDS & ISLANDS INITIATIVE**

9.34 This Initiative is a unique partnership between Highlands and Islands Enterprise (HIE) and BT, who have entered into a joint investment programme to establish an advanced telecommunications network in the Highlands & Islands of Scotland. The Initiative, which received Government approval in 1989, is designed to help develop existing businesses in the area and open up new investment opportunities, and proposes (among other things) the completion of an Integrated Services Digital Network (ISDN) by 1992 which involves the replacement of 43 local exchanges and the upgrading of the network connecting them.

9.35 We have followed the progress of the Initiative with interest. It was therefore with some concern that we noted press reports late in the year which suggested that customer interest in the Initiative was not as great as had been anticipated, and in December we held a joint meeting in Inverness with HIE and BT in order to establish the latest position for ourselves. The Committee was given

detailed information on the progress of the Initiative and on the problems experienced to date, in which connection it must be stressed that the problems which have arisen relate not to technological matters but rather to the slow take-up of the facilities now being made available. In discussion it emerged that the marketing of the Initiative has now been as successful as HIE and BT had hoped, and both parties now recognise the importance of trying to 'sell' the Initiative not so much in terms of the benefits which it will bring to telecommunications in the Highlands & Islands but by emphasising instead the social and economic benefits likely to result from such a programme of development. In this respect we very much welcome the proposal by HIE to involve Local Enterprise Companies in promoting the Initiative and to assist in helping potential customers to identify their own particular needs.

9.36 We intend to maintain a keen interest in telecommunications development in the Highlands & Islands, since the success or otherwise of the BT/HIE Initiative could potentially influence decision makers, particularly at Government level, in whose hands lies the future of telecommunications development in other parts of the country.

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

9.37 This review, which is being carried out under the auspices of OFTEL in collaboration with telecommunications and emergency authority interests, was started in June 1989 following expressions of concern from the emergency authorities about certain aspects of the present service. At our meeting in September we considered the draft report of the Review Group which has been studying the future organisation of '999' emergency call arrangements, and in noting the Review Group's favoured option for the future, ie the formation of independent Call Handling Agencies (CHAs) to which all '999' calls would be initially routed from all telephone networks and from which they would then be

forwarded to the appropriate emergency authority, we expressed concern *inter alia* about the ability of remote operators to understand local accents/dialects which could contribute to delay in identifying the emergency location. In this connection we have emphasised to OFTEL the need to ensure that some form of calling line identification (CLI) is built into the new call-handling procedures to remove any risk of the type of communication difficulty referred to above arising. We also feel that the introduction of the proposed CHA arrangements should be subject to rigid controls from the point of view of monitoring standards of service, and that long-term funding and other resource implications should be addressed at an early stage. In particular we would reject any proposal that funding arrangements for the CHAs should involve the introduction of charges to callers making '999' emergency calls.

9.38 We have advised OFTEL that we agree in principle with the suggestion that CHAs should be set up to deal with all 999 call traffic in future, but have stressed that we would wish to be assured that quality of service to customers would remain at least at the same level as exists under the present arrangements. We will await further developments with interest.

## REORGANISATION OF BT

9.39 1991 saw the emergence of a new, slimmer BT following a major reorganisation of the company ('Project Sovereign'), designed to improve the level of service to customers whilst at the same time reducing operational costs. Scotland is now (in BT terms) one of a number of UK 'Regions' which themselves have been split into two main areas of responsibility – *personal communications*, dealing with all aspects of residential service in the region and *business communications*, to handle business customer requirements.

9.40 Since the reorganisation took place in April, we have been pleased to note that – with a few exceptions – customers have not

experienced any difficulty in adjusting to the new arrangements and, in some areas of the company, service to customers has improved. It is with regret, however, that we have to report that cases are still being brought to our attention where the customer-friendliness of some junior members of BT accounts staff has left something to be desired, and we intend to work closely with the company to ensure that such 'black spots' in BT's day-to-day dealings with its customers are eradicated.

## MERCURY COMMUNICATIONS LTD

9.41 Mercury, having invested some £200 million in Scotland to date, continued its market penetration north of the border during 1991 with a 56% increase in the number of business lines installed over 1990. This was well in line with company objectives, and is reflected in the fact that 49 of the top 50 companies in Scotland are now Mercury customers.

9.42 Other specific achievements during 1991 included:

- the opening in July by the Secretary of State for Scotland of Mercury's new Earth Station at Brechin which offers digital services to the North Sea oil industry and leased services to Europe for other Scottish customers;
- the announcement in October of the proposed construction of a new Divisional Headquarters building, costing some £6,500,000 to be located at the new Strathclyde Business Park in Lanarkshire. In addition, Mercury opened a new Service Centre at the South Gyle Business Park in Edinburgh;
- the introduction in November of a new System X switch in Glasgow, offering enhanced features within Scotland previously available only from a switch in England. Also, Mercury announced that, with the proposal to bring Northern Ireland into their network, a fibre cable from Glasgow to Belfast, thence to

Liverpool, would provide a further route to their main network in the South.

9.43 The Chairman and Secretary of the Committee met informally with Mercury staff in Scotland at various times throughout the year for discussions on a range of topics of mutual interest, and we will continue to monitor the company's development during the coming 12 months.

## **OTHER MATTERS**

### **Competition and Service (Utilities) Bill**

9.44 We very much welcome the Government's introduction of this Bill which follows on from their White Paper on 'The Citizen's Charter'. Specifically, we are pleased to note that the Bill will amend the Telecommunications Act 1984 to give the Director General of Telecommunications greater powers, in relation to designated operators, in respect of residential customers and also business customers served by a single exchange line. At this stage it is not clear how far any of these increased powers would be delegated to the National Advisory Committees. However, we expect to be consulted on the detailed application of the Director General's new powers after the passage of the Bill.

### **Free Call-barring for Premium Rate Services**

9.45 The introduction by BT in February 1991 of free call barring for premium rate services (eg Chatlines) was a most welcome development. The new facility has brought peace of mind for many customers in Scotland who in the past have been faced with large telephone bills as a result of unauthorised calls to such services made from their home or business lines. We note with some regret, however, that the facility is available only to customers served by digital exchanges and therefore there will be parts of Scotland where free call barring may not be provided until the local

exchanges are modernised. We recognise, though, that call barring will steadily become available to more customers as BT's modernisation programme in Scotland – currently progressing at the rate of approximately one exchange every week – continues. In the meantime we hope to see a reduction in the number of complaints involving disputed calls to premium rate services as the call-barring facility becomes more widely available, since such complaints are unquestionably the most demanding on our limited resources and are often the most difficult to resolve to the customer's satisfaction.

### **Telecommunications Advisory Committees (TACs)**

9.46 We continued to maintain close links with the Scottish TACs – now numbering 14 – which represent customer interests at a local level in many parts of Scotland, from the Western Isles to the Scottish Borders. These occur through exchanges of minutes and correspondence and by attendance of the Chairman and the Secretary at selected TAC meetings. In addition it is no coincidence that many of our members are also represented in some way on the TAC in their area (nearly two-thirds of the present membership either chair their local TAC or serve on the TAC in some capacity), since this greatly helps the flow of information to and from the national and local committees. This has done much to strengthen our understanding of, and support for, customer concerns on a wide range of telecommunications issues, particularly those involving service in rural areas of Scotland.

9.47 In April we were pleased to be able to invite representatives from each of our TACs to the first Conference of Scottish Postal and Telecommunications Advisory Committees (PATACs) held in conjunction with the Post Office Users' Council for Scotland. The conference spanned two days and was held in Edinburgh with the assistance of BT and the Scottish Post Office Board. One day was spent on telecommunications matters and included discussion on a range of topics but for the most part concentrated on the benefits

likely to arise in Scotland from increased competition in the telecommunications market following the Duopoly Review. Delegate reaction to this first conference was largely favourable, although with hindsight we feel that the conference would have benefitted from presentations by other network operators as well as BT in order to present a more comprehensive view of current telecommunications developments for Scottish interests. We intend to address this particular aspect when we hold our next conference, in 1993.

### Payphone Service

9.48 BT's payphone service continued to improve during the year, with the number of payphones in Scotland (at 31 December 1991) standing at 8,749. Mercury also continued to expand in the payphone market and Mercury payphones can now be found at various

public locations in Glasgow, Edinburgh, Aberdeen, Dunfermline and Dundee. The precise figure for Mercury's payphone population in Scotland has not been obtained but installations run to several hundred.

### COMPLAINTS AND OTHER REPRESENTATIONS

9.49 A summary of representations received during the year under report in respect of telephone service in Scotland is given below with figures for 1990 shown in brackets for comparison. As in previous years, we would like to record our thanks to the staff of BT and Mercury in Scotland, and of OFTEL in London, for their help in enabling the Secretariat to deal with these representations as efficiently as possible.

#### Summary of Representations Received During 1991 (written and telephoned)

<i>Category of Complaint</i>	1991	(1990)
Disputed accounts	1,404	(938)
Provision of service	241	(156)
Charges/rentals and billing	638	(224)
Other standards of service	143	(56)
Deposits	169	(32)
Operator/directory services	56	(63)
Payphones	28	(38)
International services	13	(6)
Phonebooks/Yellow Pages	45	(20)
Text transmission	19	(14)
Wiring	29	(21)
Tariff increases	39	(33)
Fault repair service	81	(74)
Value-added services	10	(16)
Apparatus	43	(58)
Compensation scheme	103	(35)
Miscellaneous	280	(214)
<b>TOTAL</b>	<b>3,341</b>	<b>(1,998)</b>



## CHAIRMAN AND MEMBERS OF THE COMMITTEE

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*Chairman*

**Mr W K Begg OBE**

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

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*Members*

**Mrs J M Dickson**

Deputy Officer of a residential home for the elderly, Perth

**Lady Jane Forbes**

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

**Mr D A Gardner**

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

**Mrs C J Jones BSc ARSM**

Oil exploration consultant (part-time); Secretary, Kyle and Sutherland Heritage Society; Executive Committee Member, East Sutherland Council of Social Service; Sub-Committee Member, Sutherland Local Health Council

**Mr E Marwick MA**

Secretary and Chief Executive, Glasgow Chamber of Commerce; Secretary, Glasgow Post and Telecommunications Advisory Committees

Resigned from membership, December 1991

**Mr P Michie**

Consultant in Total Quality Management and Quality Assurance

**Mrs I E McGowran MBE**

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

**Mr A J Paterson**

Principal Administrator, Highland Regional Council; Member, Post Office Users' Council for Scotland; Chairman, Highland Post and Telecommunications Advisory Committees  
*Retired from membership, September 1991*

**Mr J Purvis CBE (Hons)**

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

**Mr G J Richards BSc ARCS**

Member, Post Office Users' Council for Scotland; Member, Central Post and Telecommunications Advisory Committees.  
*Retired from membership, September 1991*

**Mrs K Scott DA**

Bureau Manager, Citizens' Advice Bureau, Dundee; Member, Policy and Resources Committee, Citizens' Advice Scotland

**Mr J G Watson MBE JP MBIM**

Business counsellor; Member, Post Office Users' Council for Scotland; Chairman, Argyll & Bute Post and Telecommunications Advisory Committees; Scottish Panel Member, Gas Consumer Council; Member of Justices Committee for Argyll & Bute

**Professor H Williams**

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

**Mr P Wilson JP**

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

**Mr E Young MA**

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

*Secretariat*

**Mr R L L King**

*Secretary*

**Miss A M Logan**

**Mrs J Glancy**

Assistant Secretaries



# Report of the Welsh Advisory Committee on Telecommunications for the year ending 31 December 1991

## THE COMMITTEE

9.50 The Committee met on four occasions during the year – in March at Cardiff; in June at Bangor, when the meeting was addressed by Professor John O'Reilly who demonstrated the videoconferencing facilities at the University of Wales; in September in Llandudno, when Mr Derek Hyde (Director of Consumer and International Affairs, OFTEL) and Mrs Sue Harrison of DTI were present; and in December in Cardiff, when Sir Bryan Carsberg, Director General of Telecommunications, addressed the meeting and Mr David Willmets and Mr Andrew Morris of OFTEL were also present.

9.51 The Annual Conference of the Committee with representatives from the Telecommunications Advisory Committees (TACs) was held in Llandudno in September. The guest speakers were Mr Tim LeGood and Mr David Milford, who are responsible, respectively, for BT's personal and business telecommunications services in Wales. The other guest speaker was Mr Roy Doughty who is Marketing Director of Mercury PCN Ltd and who outlined his company's plans to provide telecommunications services over the next few years.

9.52 Mr Martin Sykes retired from the Committee in May at the expiration of his term of office and Mr Peter Davies and Professor Phillip Witting resigned during the year due to other pressures on their time. The Committee wishes to place on record its deep appreciation of the valuable work which these members have done over a number of years on behalf of the people of Wales.

9.53 In August, Mr Brychan Lewis retired after some six years of service as Secretary of the Committee. The Committee owes a great deal to the hard work and sound advice which he has given over that period. He and his wife were the guests of the Committee and of the Post Office Users' Council for Wales at a dinner in September and the Committee extends its best wishes to them in retirement. Mr Gordon Mackenzie has succeeded him as Secretary of the Committee and of the Council.

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

9.55 The Committee has maintained close contact with the other National Advisory Committees, with other consumer bodies in Wales and with the TACs. In March the

Secretary attended the Pan European Tele-net Conference in Belfast and in April the Chairman and Secretary attended the Scottish Advisory Committee on Telecommunications Conference in Edinburgh.

9.56 In September, the Chairman and Secretary met the newly appointed Chairman of the Welsh Consumer Council, Ms Beata Brookes, together with the Council's Director, Ms Katherine Hughes.

9.57 The Committee is convinced that its work would be enhanced if there was a greater awareness on the part of users of telecommunications services in Wales of the existence of the Committee and its functions. In 1992 the Committee will be considering what further steps it can take to promote a better knowledge and understanding of these matters.

## **TELECOMMUNICATIONS INFRASTRUCTURE IN WALES**

9.58 The economic and social well-being of the people of Wales depends, to some degree, on the extent and quality of telecommunications services. One of the Committee's concerns is that existing services should be, and remain, comparable with those available in other parts of the United Kingdom and, more importantly, that the necessary capital expenditure should be incurred by the Public Telecommunications Operators (PTOs) so as to ensure that the improvements which will emerge in the next few years are available in Wales as elsewhere.

9.59 So far as existing services are concerned, the understandable decision of Mercury to establish competition first in the more densely populated areas of Wales means that, subject to what is said in paragraph 9.77, effectively BT remains a monopoly provider of services in many parts of the country. Although BT's services are generally of a high standard, there are areas where the standards

of service are below those available elsewhere. This matter is touched on in the next section.

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

9.61 PTOs, including BT, are entitled to a reasonable rate of return on their investments and are, perhaps, unwilling to expend substantial sums without reasonable assurance that the services will be used to a commercial extent. On the other hand, a lengthy delay in providing services when they are needed will lead to lost opportunities. The Committee will be examining these issues in greater detail in 1992.

## **EMERGENCY CALL ARRANGEMENTS**

9.62 During the year the Committee considered proposals to rationalise the '999' service by providing a small number of national centres to handle such calls and route them to the emergency services.

9.63 There has been some concern in Wales in recent years about BT's policy of reducing the number of emergency operator centres and much of this concern has related to the knowledge which the operator would have of local geography and, in some areas, of the Welsh language.

9.64 Since the function of the operator is to connect the caller to the emergency service, it is only necessary to establish where the call is

coming from. Local knowledge is needed by the emergency service providers.

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

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

## BT REORGANISATION

9.67 In April the planned reorganisation of BT's structure took place and two of the guest speakers at the Committee's Annual Conference in September were able to indicate the new arrangements and the reasons underlying them. The obvious difference in the structure is that previously one person was in overall command of BT's services in Wales (and the Marches) whereas, under the new arrangements, responsibility is much more diffuse.

9.68 BT's structure is, of course, a matter for BT. The Committee's interest is in seeing that the people of Wales receive an appropriate level of service at the present time and that steps are taken to ensure that future services will be available at an appropriate standard. The Committee was encouraged by what Messrs LeGood and Milford had to say at the Annual Conference but remains concerned that the programme of digitalisation of exchanges and networks should proceed in Wales at the same rate as in the rest of the United Kingdom. There are signs that some of the benefits of digitalisation, at the very least in terms of the opportunity of itemised billing and premium service call barring, may

be denied in some parts of Wales longer than elsewhere and this is a matter which will be high on the Committee's priorities in 1992.

## REPRESENTATIONS

9.69 The number of representations received about PTOs services is given below.

9.70 There has been a substantial increase in the number of representations received. Some of this increase is due to the way in which BT implemented the higher rate of VAT; this gave rise to a number of representations when the bills were sent out, another batch when the next quarter's bills went out without a rebate and a further number when the small size of the rebate was appreciated.

9.71 Disputed accounts continue to be the major cause of representations. Although the provision of itemised bills can help to persuade doubting customers that the bill is correct, it can also convince some customers that the bill is wrong by listing numbers which the customer is quite sure he has not dialled. In some cases the available evidence is such that an independent arbiter would probably conclude on a balance of probabilities that the bill is wrong and it is difficult for the customer to know how best to proceed, especially if threatened with disconnection for non payment. In a situation where all the technical evidence is exclusively in the possession of the PTO, arbitration may well be considered a dubious solution. The Committee are hopeful that, if the provisions of the *Competition and Service (Utilities) Bill* are enacted, the Director General will be enabled to find a satisfactory way of solving such problems.

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

## **TELECOMMUNICATIONS ADVISORY COMMITTEES (TACS)**

9.73 The re-establishment of TACs for the Wrexham area and for Mid and South Glamorgan has still not taken place although there are grounds for believing that it will happen in 1992. The practice of holding regional meetings of Chairmen and Secretaries of TACs continues.

## **BT WALES**

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

## **BT'S DEVELOPING BILINGUAL POLICY IN WALES**

9.75 BT continues to recognise the importance of the Welsh language and its position in everyday life in Wales. Their policy is that any customer wishing to conduct business with BT in Welsh should be able to do so.

## **BILINGUAL TELEPHONE KIOSKS**

9.76 July 1991 saw the start of the refurbishment of BT's telephone kiosks with a new bilingual livery. By February 1992 every modern Welsh BT kiosk should have a bilingual identity and the traditional red phone boxes will all have bilingual instructions. There are, approximately, 5,500 BT public payphones in Wales.

## **MERCURY COMMUNICATIONS LTD**

9.77 Mercury has 155 public call boxes situated in city and town centres and other locations throughout Wales. Since 1989 business customers from Bristol to Swansea have been able to access the Mercury network. In August 1991 the Cardiff cable scheme was installed to enable access for customers in key business areas within the city centre. Mercury tells us that this service will be extended in South Wales over the next three years with the landing of an international cable near Swansea and that businesses throughout Wales can be provided with a comprehensive range of systems and equipment. Residential customers can also access Mercury in a number of exchange code areas in Wales.

### Summary of Representations Received During 1991

Nature of representation	Written		Telephoned	
	1991	1990	1991	1990
Disputed accounts	413	449	338	284
Provision of service	21	5	22	14
Charges/rentals/other billing matters	181	121	413	102
Other standard of service	47	68	31	39
Operator/Directory services	15	15	37	23
Deposits	27	3	73	2
Payphones	12	9	9	10
Miscellaneous	33	14	64	35
International services	1	3	2	1
Phonebooks/Yellow Pages	11	6	27	8
Text transmission	1	3	-	1
Wiring	9	5	12	13
Tariff increases	3	-	2	-
Fault Repair service	26	31	35	41
Compensation scheme	15	24	12	15
Voice value added services	1	4	9	4
Apparatus	1	7	16	11
Telecom Code	-	-	-	1
<b>TOTAL</b>	<b>802#</b>	<b>767</b>	<b>1102#</b>	<b>604*</b>
<b>GRAND TOTAL</b>	<b>1904#</b>	<b>1371\$</b>		

Notes:

\* includes calls for advice

\$ plus one representation relating to Mercury about conditions of service and one representation relating to mobile phones

# the latter part of the year may be short as the enquiries were not recorded. Only one entry for each complainant is shown if there were several follow ups

## CHAIRMAN AND MEMBERS OF THE COMMITTEE

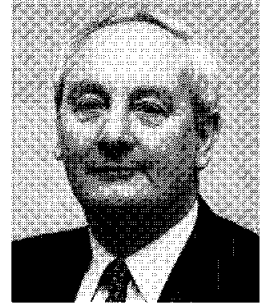
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*Chairman*

**Mr T D Lynch LLB**

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

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*Members*

**Mrs P J Blackwell**

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

**Mr D P L Davies FCA**

Director, N M Rothschild & Sons (Wales) Ltd; Director, Principality Building Society; Honorary Treasurer, University of Wales; Member, Post Office Users' Council for Wales  
*Resigned from membership, March 1991*

**Mr D R Dutton JP**

Member, Post Office Users' Council for Wales

**Mr G S Hall**

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

**Mrs R R Hayes JP**

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

**Mr D T Jones**

Principal Tutor, North East Wales Institute of Higher Education; Financial consultant

**Mr J C Maynard BSc CEng MBCS**

Information Technology Manager, Welsh Water plc



**Mr L C Murphy JP**

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

**Cllr L G Owen**

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

**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

Retired from Membership May 1991

**Professor M D Tedd MA CEng MBCS**

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

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

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

**Professor P A Witting BSC MTEch CEng FIEE**

Head of Department of Electronics and Information Technology, Polytechnic of Wales  
*Resigned September 1991*

*Secretariat*

**Mr G J Mackenzie**

Secretary

**Mrs G M Rich**

Assistant Secretary



# Report of the Northern Ireland Advisory Committee on Telecommunications for the year ending 31 December 1991

## INTRODUCTION

9.78 The Committee met on four occasions during the year – in February, June, August and November.

9.79 During the year the Chairman was pleased to welcome a number of visitors to the Province when presentations were made to members on issues of importance. In particular, Sir Bryan Carsberg, the Director General of Telecommunications, who was a guest speaker at the Pan European Tele-Net Conference, which was hosted at the Dunadry Inn Hotel, Antrim on 20 March (see paragraphs 9.107 to 9.112) and Mr Fernando Toledano from the European Commission. The Committee was also pleased to receive an address by Mr Derek Hyde, Director of the Consumer and International Affairs Branch of OFTEL, during the year.

9.80 Close contact continues to be maintained with Mr Doug Riley, Chief Executive of BT Northern Ireland, who has been of great assistance to the work of the Committee. Mr Peter Howell Davies, Managing Director of Mercury, used the occasion of the conference to announce the company's plans to extend its network services into Northern Ireland to offer competition with BT.

9.81 A new Chairman was appointed in October – Mr J L C Thompson, who succeeded Mr J J Eccles in the post for the November meeting. The retirement of three members from the Committee was announced at the August meeting – Mrs O Craig, Mrs E F Glover and Mr W J Whitley. The Committee would like to pay tribute to the retiring members who were all energetic contributors to the work of NIACT and provided valuable regional input which is vital if the committee is to give a truly Province-wide representation. Particular mention must be made of the outstanding contribution to the committee may by the outgoing Chairman, Mr Jim Eccles. He has spear-headed the efforts of the Committee in a most diligent and efficient manner and his organisation of telecommunication seminars gave the Committee a high profile in the community and an invaluable forum to ensure that telecommunications developments in the Province are kept in the foreground.

## WORK OF THE COMMITTEE

9.82 The Committee continued to devote much of its time to the review and preparation of submissions on consultative papers and discussion documents resulting from continuing developments in telecommunica-

tions. At the February meeting the main item on the Agenda was the completion of a submission on the Duopoly Review.

9.83 Mr D Hyde addressed the Committee at this meeting, providing an overview of the operation of OFTEL. The address covered developments in metering, payphones, call barring, deposits, apparatus approval and international affairs.

9.84 Discussion then took place on the developments which members felt were relevant to Northern Ireland. Although the level of complaints was not as high as in other parts of the United Kingdom, it was hoped that, with the introduction of competitive services in the Province by Mercury, there would be continuing effort by BT and Mercury to ensure that Northern Ireland remains top of the respective customer satisfaction leagues.

9.85 The role of ICSTIS was also discussed by members, who supported OFTEL's view that the strengthening of the powers and independence of this body was appropriate.

9.86 Members were informed that ICSTIS complaints were being handled centrally by BT and that the Secretariat was confident that these were being processed efficiently.

9.87 Arrangements for the Committee's annual telecommunications conference in Northern Ireland were tabled and members were informed that upwards of 200 leading business people, particularly those involved in the industry, had indicated that they would be in attendance.

9.88 The June meeting considered a report from the National Consumer Council *Out of Court – a consumers view of three low-cost arbitration schemes*. A summary paper prepared by Committee member, Mr W J Whitley, was tabled for discussion. It pointed out that BT's scheme was unusual because the company was effectively the monopoly supplier in Northern Ireland, so the scheme dealt with complaints against one company only. Members were invited to consider if such

arbitration was really needed in Northern Ireland (it has rarely been used); if BT's contract should be reformed as some of the contractual terms were unreasonable; and if independent evidence should be allowed in the case of billing disputes. The Committee felt that an independent person to examine the BT meter would merit consideration.

9.89 Members were informed that Mercury had contacted the Committee to discuss procedures for the handling of complaints when the company introduces its services to consumers in Northern Ireland (see also paragraphs 9.127 to 9.129).

9.90 The Committee also agreed to recommend to OFTEL that research be undertaken into the difficulties which have arisen from the liberalisation of payphones about compliance with the requirement that details of call costs should be displayed on privately operated payphones made available for public use.

9.91 Concern was expressed over evidence that domestic users were still able to buy telephones which did not have formal approval. Problems resulted over after-sales service not given by BT. It was felt that confusion resulted from the Director General's lack of powers over equipment suppliers.

9.92 The June meeting also considered complaints about BT's deposit scheme and it was agreed that any excessive deposits should be reported to the Secretariat.

9.93 A report by Committee member, Mr F C Barter, on the draft Directive on Data Protection in Telecommunications was tabled for discussion.

9.94 In addition, members received copies of the Codes of Practice issued by the Telecommunications Industry Association.

9.95 The ENACT document on premium rate services was reviewed and consideration given to a complaint about caller identification apparatus.

9.96 Following complaints from Omagh TAC, members expressed concern over the impact of BT's decision to charge for Directory Enquiry calls. It was agreed to urge greater publicity over the special facilities available on application by elderly and disabled people. The Committee felt it to be unfair that charges would be made in regard to new and changed numbers where these were not listed in current phone books.

9.97 The OFTEL consultative document on the handling of calls to emergency services was tabled and agreement reached on the appointment of a working group, consisting of Mr F C Barter, Mr J A Kerr and Mr J O McDonald, to consider its implications for Northern Ireland.

9.98 The main issue on the agenda of the August meeting was a report from Mr F C Barter on OFTEL's discussion paper on the handling of emergency calls. In presenting his report, Mr Barter explained that he had consulted the agencies currently providing emergency services – RUC/Mountain Rescue; Fire Service; Ambulance Service; HM Coastguard; BT(NI); Mercury Communications; and the Emergency Planning Branch of the Northern Ireland Office.

9.99 Emergency services had a particular importance in Northern Ireland because of the Province's continuing security problems. Mr Barter pointed out that the existing providers in the Province favoured the continuation of the present system because it had proved its effectiveness and efficiency during the past 20 years.

9.100 In addition, it was suggested that Vodafone and Cellnet emergency calls should be handled within Northern Ireland by means of a node located in the Province. The emergency services also favoured Mercury routing these calls to BT in Northern Ireland as part of BT's '999' service.

9.101 It was the unanimous view of existing emergency service providers that Call

Handling Agencies (CHAs) based in Great Britain were not a safe basis for processing Northern Ireland emergency calls.

9.102 The Committee unanimously approved the recommendation that preference be given to BT continuing to provide the emergency calls services, or in the event of a Call Handling Agency being appointed, such a body should be located in Northern Ireland.

9.103 The new Chairman, Mr Courtenay Thompson, was welcomed at the November meeting of the Committee which had five vacancies pending the announcement of new appointments by the Department of Trade and Industry. The Committee again discussed the provision of emergency call services and it was agreed that OFTEL be informed that any new provision must be as good as if not better than the present system. It was agreed that a risk analysis should be undertaken to support any change from the present system. Members also discussed and gave their support, in general, to the Citizen's Charter.

9.104 Tabled for the information of members was the representation from the Welsh ACT to OFTEL over the question of charges for the connection and takeover of a telephone service. The Committee also considered several specific complaints from consumers, including the replacing of the prefix '00' for calls from Northern Ireland to the Irish Republic by the International code '010 353'. The Committee was reassured that call charges within the whole of Ireland were charged at each country's internal rates and not at the UK-Ireland international rates.

9.105 The Committee also considered the new BT low user scheme concluding that the incentive offered is limited and confusing for older people. It was recommended that in future schemes should be explained in a simpler manner.

9.106 It was agreed that OFTEL should consider referring the level of BT's profit, which

members felt to be excessive, to the Monopolies and Mergers Commission.

## **PAN EUROPEAN TELE-NET CONFERENCE**

9.107 A Pan European Tele-Net Conference was held at the Dunadry Inn Hotel, Antrim on March 20 by the Committee. An audience of 200 people was drawn from a wide spectrum of local telecommunications users, Government and included many representatives from TACs in the Province.

9.108 The guest speakers included Mr Fernando Toledano of the European Directorate on Telecommunications; Sir Bryan Carsberg, Director General OFTEL; Mr Douglas Riley, Chief Executive of BT Northern Ireland; and Mr Peter Howell Davies, Managing Director of Mercury Communications.

9.109 The conference was held to focus on telecommunications developments within the European Community and highlight how Northern Ireland might benefit from them.

9.110 Mr Howell Davies announced that Mercury planned to extend its services to Northern Ireland during 1992. Two submarine cables would be laid across the Irish Sea to enable Mercury to develop its services to consumers. Mercury would provide competitive tariffs to Northern Ireland users.

9.111 Mr Doug Riley announced a further investment in services provided by BT in Northern Ireland and detailed the implementation of services under the £100 million STAR programme which was nearing completion. He emphasised the importance of the STAR system which had provided Northern Ireland with one of the most advanced

telecommunications networks in Europe. Mr Toledano explained developments which were taking place with the STAR (Special Telecommunications Action for Regional Development) and Telematique programmes to assist regions on the periphery of the Community. The Director General provided insight on many of the major telecommunications issues, including the BT/Mercury Duopoly Review exercise.

9.112 Following the success of this conference the Committee proposes to hold a further one in March 1992 which will continue the focus on developments within the telecommunications industry.

## **REPRESENTATIONS ABOUT TELEPHONE SERVICES**

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

9.114 Throughout the year under review, close liaison was maintained with BT staff in the Province, who were particularly helpful in responding to queries and complaints which had been referred to the Committee.

9.115 NIACT wishes to place on record its appreciation of the very considerable guidance and assistance which it has received from the Secretariat. Without this, the task of the Northern Ireland Committee would have been much more difficult.

9.116 Written representations about telephone services received in the period 1 January to 31 December 1991 were as detailed below.

### Written Representations for 1991

	1989	1990	1991
Accounts	141	82	61
Provision of service	16	4	4
Charges	17	19	18
Quality of services	25	19	17
Deposits	3	13	13
Directory Enquiry service	1	6	4
Payphones (public services)	2	4	-
Miscellaneous	3	4	10
Compensation scheme	4	5	1
Phone Book and Yellow Pages	4	1	10
Fault repair service	-	4	1
Wiring	-	1	-
Tariff increases	-	-	2
Apparatus	-	-	1
<b>TOTAL</b>	<b>216</b>	<b>162</b>	<b>142</b>

## PROVISION OF SERVICE

9.117 The demand for telephone service in Northern Ireland remained healthy during 1991 growing at an annual rate of 4%.

## NETWORK MODERNISATION

9.118 Network modernisation continued during 1991. A total of 53% of customers in Northern Ireland are now connected to digital exchanges and a further 23% are connected to electronic exchanges which have enhanced capability. In Belfast electro-mechanical exchanges have been completely replaced and all telephone customers are now connected to digital or enhanced electronic exchanges. All trunk traffic in Northern Ireland has been carried in digital form since June 1990. These improvements contributed to a significant reduction in the level of faults and considerably improved the quality of service. This was confirmed both by BT internal measurement and customer satisfaction surveys carried out for BT by external market research agencies. Availability of advanced services improved considerably during the year with completion of the STAR project work on Integrated Services Digital Network

(ISDN) and Kilostream. Cost-effectiveness of the Packet Switching Service (PSS) was improved for provincial customers when universal local fee access was made available throughout Northern Ireland.

## DIRECTORIES

9.119 In June 1991 the Northern Ireland Phone Book was published and the 1991 Yellow Pages followed in October.

## PAYPHONES

9.120 During 1991 the Northern Ireland public payphone population grew to 2435, an increase of 7% over the previous year. In addition to replacing the old (red) kiosks with the modern housing – which now represent 73% of Northern Ireland's public payphones – the new BT livery was introduced. Serviceability in Northern Ireland was 96.9% at the year end and continued to lead the UK in terms of customers' satisfaction and of Payphone Service.

## REPAIR SERVICE

9.121 As part of the 'putting the customer first' initiative an improved repair appointment scheme was introduced. BT Northern Ireland is currently making appointments to visit over 45% of residential customers who report faults with their telephone service. Where a visit was not necessary or possible, 88% of business customers' faults were cleared within 5 hours and 88% of residential customers' faults within 9 hours.

## OPERATOR SERVICES

9.122 The quality of service in Directory Enquiry and operator assistance service continues to improve and Northern Ireland remains the leader in performance rating.

9.123 Operator assistance traffic was fully digitalised with the transfer of '999' calls onto the BT Operator Services System in March 1991.

9.124 Charging for Directory Enquiry calls was introduced in April 1991 with a resultant fall in the number of calls handled.

## BILLING AND RECEPTION

9.125 Call itemisation is now available to 399,000 customers which represents approximately 72% of the total number of BT Northern Ireland customers. Just over 24% of customers have asked for itemised bills.

9.126 During the course of the year the BT Northern Ireland Customer Reception Unit made and received over 700,000 calls.

## MERCURY COMMUNICATIONS

9.127 Mercury has announced its plans for an initial investment of £41 million to bring its all-digital network to Northern Ireland.

9.128 Two cables will link Northern Ireland with Great Britain and initially there will be a cable scheme for providing direct service to customers in central Belfast, with microwave distribution being used to serve customers off the scheme.

9.129 It is anticipated that service will be available from September 1992 and over 60% of the Northern Ireland population will have access to the Mercury network.

### Summary of Performance Statistics – Northern Ireland

	1988	1989	1990	1991
Working exchange connections - % increase over previous year	4.6	4.0	4.0	4.0
Number as at 31 December	507,560	527,946	545,317	567,725
% of customer orders completed within two weeks	90	90	93	95
Number of telephone kiosks	2,037	2,183	2,280	2,435
Number of vandalism attacks	1,500	1,350	1,250	1,250
% of network faults per Exchange connection	0.14	0.12	0.12	0.112
% of faults cleared by end of next working day	95	96	97	99

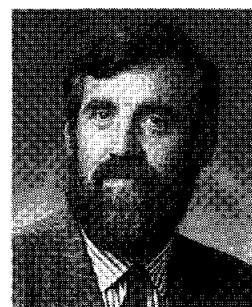
## CHAIRMAN AND MEMBERS OF THE COMMITTEE

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*Chairman*

**Mr J L C Thompson BA BBS**

Company Director; Past President, Belfast Junior Chamber of Commerce; Past Convenor of the Transport Group, General Consumer Council for Northern Ireland; Vice President and Chairman of the Finance Committee, Royal Ulster Agricultural Society; Member of the Advisory Committee, Royal Agricultural Society of the Commonwealth  
*Appointed with effect from 1 September 1991*



**Mr J J Eccles OBE JP**

Past Chairman, NI Lay Magistrates Association; Member, Local Enterprise Development Unit; Member, Eastern Health & Social Services Board; Chairman, Post Office Users' Council for Northern Ireland  
*Retired 31 August 1991*

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*Members*

**Mr F C Barter**

Past Chairman of the Liquid Petroleum Gas Technical Committee, IDA; Past Member, IDAG Committee (NI)

**Mrs O Craig**

Past Vice Chairman, Federation of Women's Institutes; Chairman, Coleraine Ballymoney, Moyle Health Committee  
*Retired from membership August 1991*

**Mrs E F Glover JP**

Company Director; Juvenile Court Member for Tyrone and Fermanagh  
*Retired from membership August 1991*

**Mrs M Jefferson MBE**

Member, James Butcher Housing Association; Local Government Staff Commissioner

**Mr J A Kerr**

Telephone Supervisor, Royal Group of Hospitals, Belfast

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

Local Government Officer



**Mrs O M Marshall**

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

**Mr G E Mills BSc**

Building Society Manager; Member of Standing Committee, Convocation of Queens University; Member, General Consumer Council for Northern Ireland; Convenor, Transport Group of General Consumer Council for Northern Ireland; Director, Aisling Films (NI) Ltd; Member of European Movement (NI Council)

**Mrs M K Mooney**

Barrister

*Resigned from membership August 1991*

**Mrs M Noble**

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

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

Solicitor and Notary Public; HM Coroner for South Down; Part-time Chairman, Medical, Social Security and Disability Appeal Tribunals; Chairman, Southern Health and Social Services Board; Member, Historic Buildings Council; Patron, Newry Hospice

**Mr W J Whitley JP MBA DipHE**

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

*Retired from membership August 1991*


*Secretariat*

**Mr R T Jordan MBE JP**

Secretary

**Mrs V McCrory**

Assistant Secretary



## Report of the Advisory Committee on Telecommunications for Disabled and Elderly People (DIEL) for the year ending 31 December 1991

9.130 The Committee met four times during the year. We were pleased to welcome the Director General to one of our meetings. We lost the services of two long serving members during the year, Ann Spokes and Chris Croft, both of whom had served on the Committee since its formation in 1985 and had made many valuable contributions to its work. We would like to take this opportunity to offer our grateful thanks to them both. We welcomed one new member – Shiela Porter – who joined the Committee in January 1991. A full list of the membership of the Committee, as at 31 December 1991, follows this report.

### THE DUOPOLY REVIEW

9.131 In our previous report, we outlined our reactions to the Government Consultation Document *Competition and Choice: Telecommunications Policy for the 1990s* which was published towards the end of 1990. In particular, we supported the primary proposal that more operators should be permitted to enter the telecommunications market to compete with BT and Mercury but, at the same time, we felt it was necessary to put some social obligation into licences of new operators to ensure they provide service to disabled and elderly telephone users.

9.132 When the Government's White Paper subsequently appeared, we were disappointed to note the absence of any mention of how disabled and elderly people, in particular, might expect to benefit from the proposed changes. We accept that the advent of new services and greater choice of suppliers will bring benefits for consumers generally and that this will include some elderly or disabled people. However, we were concerned that many people who could not afford telephone service at present, or who required special technical aids which could not be provided on a commercial basis, would continue to remain unable to gain access to telephone networks without formal obligations to provide service.

9.133 We sought a meeting with the Director General to discuss our views on this subject where we were reassured to learn that he took the view that the results of the Government review did not restrict the prospects of developing more accessible services for disabled or elderly people in the foreseeable future. He indicated that the review had focussed primarily on general issues of competition policy and that there was scope in its wake to look more closely at more specific issues such as the provision of special services for disabled people. On one such issue, the development of a national

relay service for profoundly deaf people ('Typetalk'), he had already declared a commitment to ensuring its long term funding.

### **NATIONAL RELAY SERVICE FOR DEAF AND SPEECH IMPAIRED PEOPLE (TYPETALK)**

9.134 We were pleased to see that further steps were taken during 1991 towards getting a genuinely national relay service for deaf and speech impaired people fully operational. In 1990 BT had agreed with the RNID to finance the expansion of the Telephone Exchange for the Deaf into a national relay service over three years. This service, now called Typetalk, opened in June 1991 from special custom built premises in Liverpool. It enables deaf, deafened, deaf/blind, hard of hearing and speech impaired users of text telephones anywhere in the UK to communicate with hearing people over the public telephone network. At present Typetalk is operating on an extended trial basis with about 500 disabled customers, but it is expected to become fully operational early in 1992.

9.135 In September several members of the Committee visited Typetalk in order to get a first hand impression of the facility and to observe the service offered to text users in operation. We were very impressed by what we saw and the obvious enthusiasm and dedication of the staff. However, we recognise the expansion of the service is dependent on the establishment of longer term funding arrangements and we have impressed on the Director General the importance of this. He has assured us that he will be looking towards securing such arrangements when the present controls which regulate BT's price changes are reviewed in 1992.

### **SUPPORTLINE**

9.136 For several years BT has operated a Low Users Rebate Scheme through which

anyone using less than 120 units a quarter automatically receives a rebate on their line rental. Although one of the original purposes behind this scheme was to benefit elderly or disabled telephone users on low incomes, in practice, it has been awarded indiscriminately to any low user, irrespective of need. We have criticised the way in which the scheme operated in the past and, in our last report, we suggested it should be developed into a Low Income Tariff.

9.137 Supportline, which BT introduced in September 1991, is an optional low user tariff which BT intends should eventually replace the Low User Rebate Scheme. Customers registering under Supportline pay a line rental which is half the normal rate. They receive the first 30 units used each quarter free of any charge. They then pay more than the standard tariff for each additional unit used, up to 150 units, when the charge returns to the normal level. Supportline is designed to break-even with the Low User Rebate Scheme at 120 units and a penalty 'overshoot' of higher call unit charges applies, up to 150 units, in order to deter customers from registering whose usage regularly exceeds 120 units a quarter. In order that Supportline should be better targeted than the Low User Rebate Scheme, it is not available to anyone with an incoming calls only service (see further comments below), with a telephone in a second home, with a telephone line attached to a burglar alarm or who uses a BT line in order to access other telephone operators' networks.

9.138 Our reactions to Supportline are mixed. We welcome the principle and motives behind this alternative tariff. On one hand it offers low users a significantly reduced line rental and some free call units and, by restricting its availability amongst residential customers, it helps to reduce the 'wastage' endemic with the Low User Rebate Scheme. On the other hand, we feel it is too complicated to be readily understood by the average telephone user. In particular, the user has no means of knowing when the quarterly allowance of free units has been used up and he or she will start to incur call charges or,

moreover, when the figure of 120 units is exceeded and the user in effect starts to pay a premium (up to a maximum of about £3.50p at 150 units) over the normal tariff. Indeed, we feel that the level of the premium paid by Supportline customers who may unwittingly exceed 120 units a quarter has been set too high. We also feel that it is desirable for BT to instigate a system whereby those customers that regularly overshoot this level are advised to consider changing back to the standard tariff.

9.139 As the preceding paragraph indicates, we accept and, indeed, welcome the fact that BT is excluding some residential customers from registering for Supportline. Because of the character of their telephone service it would be unfair for them to be subsidised by other users. We recognise that these exclusions are, in general, a reasonable attempt to ensure that the benefits offered by Supportline go exclusively to those for whom the scheme is intended. However, we do not feel that the exclusion of customers with incoming service only can be reasonably justified. We consider it is likely that a number of customers who might have difficulty in affording telephone service will opt for incoming only lines in order to protect themselves from the danger of running up chargeable calls on their bills. The advantage of the telephone to enable them to keep in touch with other people is still present, just that the onus is placed on other people to ring them rather than the reverse and BT gains the benefit of call revenue in this way. We can see there is an argument for informing such customers that it would be advantageous for them to have outgoing call service (to obtain the 30 free call units and, indeed, the ability to dial freephone numbers). However, if the customer still chooses not to use the facility for making free calls – either by not using the telephone to make outgoing calls or by having an incoming calls only line – that should be entirely the customer's choice. We do not see any grounds for penalising those customers who make that choice by opting for incoming calls only lines by automatically excluding them from Supportline.

9.140 We have made our reservations about Supportline known to OFTEL, which has taken up many of our concerns with BT with the aim of improving its potential benefits to the many vulnerable members of the community whose limited incomes make it difficult for them to continue to have telephone service in their homes.

## **OTHER TELEPHONE CHARGES MATTERS**

9.141 In the previous section we discussed the importance of developing an optional tariff for the benefit of those on limited incomes who make relatively little use of the telephone. There are, of course, others who are socially isolated or housebound for a variety of reasons. The quality of their lives is also greatly enhanced by the use of the telephone. As a result, they are often the recipients of high telephone bills which they find difficulty in paying. This is a difficult area and often BT is accused of taking an unsympathetic attitude towards such customers. There are times when such accusations may be justified where, for example, an elderly or disabled person has been disconnected before all reasonable steps have been taken to find a solution to an outstanding debt. But BT is not a social welfare agency and there are limits to what it can be reasonably expected to do in such circumstances without being seen to be unfair to its other elderly or disabled customers.

9.142 We do not profess to offer any satisfactory solution to this problem. It continues to be a subject of major concern to us. BT's introduction of automatic discounts on call charges to very high telephone users does not offer a real answer although we have noted with interest its plans to launch a further Customer Option in 1992 which will give many other residential customers the opportunity to obtain discounts on standard call charges in return for the payment of a fixed quarterly charge.

9.143 The initial cost of providing customers with a telephone line, is another area of continuing concern. It often prevents people on low incomes from considering the possibility of their own telephone service. In some instances, local authorities are able to provide assistance in the form of payment of initial connection charges. In even more limited circumstances, a few registered charities may be able to offer help towards meeting these costs. We were, therefore, pleased to learn of BT's plans to introduce a scheme in 1992 in which this cost can be spread over several bills. Full details of this scheme were still awaited while this report was being prepared.

9.144 We were pleased to note the announcement by BT of a change in its policy requiring deposits from new customers. This resulted from discussions with OFTEL. Under this new policy, the maximum deposit which BT might seek from new customers, after credit vetting, will be limited to £150. However, we continue to be concerned that some elderly or disabled customers might still be asked to provide security deposits because BT is unable to get sufficient information through the usual financial channels on which to base a credit rating. We understand that OFTEL is continuing to hold discussions with BT on the operation of its deposits policy and we hope that it will be possible to resolve our remaining concerns.

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

9.145 In common with other interested parties, we were invited to offer comments on the report of the OFTEL 999 Review Group before it was finally submitted to the Director General of Telecommunications. In general, we welcomed the Review Group's recommendation in favour of the formation of Call Handling Agencies which would receive calls from all telecommunications networks and route them to the appropriate emergency services, although there was some support for

BT's minority report which advocated an immediate move towards the establishment of a fully integrated call-and-response emergency call handling service.

9.146 We particularly welcomed the recognition by the Review Group of the need to make suitable arrangements to enable deaf and other disabled users of text terminals to make emergency calls. We pointed out that the rapid growth in the use of such terminals by disabled people was leading to an increasing sense of frustration amongst users who were being denied access to services which the rest of the community took for granted. It was imperative that such arrangements were brought into operation as soon as possible. We also stressed that whatever service was to be set up, must be accessible from any type of text terminal in common use by deaf and speech impaired people.

### **DIRECTORY ENQUIRY SERVICES**

9.147 In our last report, we described the steps BT was taking to ensure that blind and other disabled people who were unable to use Phone Books would continue to have a free Directory Enquiry service when charges were introduced to other customers from April 1991. We said that we would be monitoring the effectiveness of BT's campaign to publicise its special service on '195' for disabled customers.

9.148 Although the service received a great deal of publicity in the period leading up to the introduction of charges and subsequently, we were disappointed to discover from BT that a total of less than 80,000 customers had registered to use the '195' service by the end of September 1991, six months after charges for the normal DQ service were first introduced. BT has since advised us that it intends to relaunch its promotional campaign for the free service for disabled customers in 1992. In the meantime it will be maintaining existing publicity in its various publications to customers.

9.149 Several difficulties came to light during the early stages of the launch of the service which we were able to resolve satisfactorily with BT. In particular, following complaints from some blind people, it was agreed that those registered as blind with local authorities could submit copies of their certificates in place of having to get a responsible third party to verify their disability for registration purposes. It was also agreed that DQ operators should take care to ensure that disabled customers who suffered from impaired hearing (which is not in itself a qualifying disability for free calls) were given every assistance in recording details of numbers. This followed complaints, received from several hearing impaired people, that they could not understand the voice recordings normally used to give out numbers to callers after operators have carried out a search.

9.150 We also received several complaints from blind people who thought that they should be able to get addresses, as well as phone numbers, from the DQ operator. We were not entirely convinced that this was an appropriate use of the Directory Enquiry service. It could create delays in answering other enquirers' and some telephone subscribers might feel that this was an unreasonable invasion of their privacy – even although their addresses might appear in local Phone Books. Nonetheless, we gather that BT conducted a short trial to assess the feasibility of disclosing the addresses of business customers during the latter part of 1991, although it is not part of the company's policy to disclose addresses.

9.151 Towards the end of the year, Kingston Communications (Hull) followed BT and Mercury Communications in introducing charges for calls to its Directory Enquiry service. In Kingston's case the company restricted its charges to enquiries for telephone numbers outside the Hull area and, like BT and Mercury, all DQ calls made from its public payphones remain free. Before introducing charges for its service, Kingston agreed with us on suitable arrangements to ensure that its customers who are unable to

read telephone directories continue to be able to make free DQ calls from any telephone.

### **FREE EMERGENCY TELEPHONE FAULT REPAIR ARRANGEMENTS**

9.152 Arrangements in which BT offers a free priority fault repair service to chronically sick and seriously disabled customers whose lives depend on having constant telephone access to outside medical help remains high on our agenda. Following representations, which we made to BT, the company agreed to give a higher profile to these arrangements amongst Local Authority Directors of Social Service and to improve the insensitive wording of letters to existing customers designed to check on their continued eligibility.

9.153 We also met with a representative of the National Consumer Council (NCC) to discuss a number of criticisms of the scheme which it had made to BT. We shared a number of the NCC's concerns. These included the wording of BT's letters to customers checking on their continued entitlement to the special arrangements – although we did not feel that it was unreasonable for BT to conduct such checks at annual intervals. There were grounds for re-examining the qualifying criteria to remove a certain degree of uncertainty and confusion about who was eligible. We recognise that it was difficult to achieve a satisfactory balance between those whose lives were in constant peril and other elderly or disabled people who could be described as housebound and 'at risk'. We propose to pursue the issues raised in this matter further in the coming year.

### **MERCURY COMMUNICATIONS**

9.154 Towards the end of the year, we met with the Manager of Mercury's Special Needs Programme in order to discuss what progress the company was making towards providing access to its services for those people whose

interests we exist to promote. Whilst noting the degree to which the company had made its public payphones convenient to use by disabled people and provided a free Directory Enquiries service for blind and certain other disabled people – both of which it was legally required to do by its Licence – we expressed disappointment that the company had not yet done more to promote access to its network by elderly or disabled people as customers in their own homes. We were given details of a number of initiatives which the company has in preparation but which for commercial reasons we were not at liberty to disclose at the time that this report was in preparation. We look forward to their launch, in the not too distant future, so that by the time we come to prepare our next report we can confirm that Mercury is offering a competitive service to BT for many more disabled or elderly customers than it is doing at present.

## TELEPHONE FEATURES

9.155 During the year, we also invited a wide range of organisations representing disabled and elderly people to present their views on the priorities which they would give to different telephone features. The response to our survey was high, with over 100 replies received, and we would like to take this opportunity of thanking those organisations which took the time to complete our questionnaire.

9.156 The results revealed that collectively five features were given the most priority: large and well-spaced buttons, incoming speech amplification, inductive couplers (for the benefit of hearing aid users) and easy to hold handsets. We conveyed the results of this survey to each of the Public Communications Network (PCN) operators who are in the process of establishing their networks and by the end of the period covered by this report our Secretaries had met with one of them to discuss this matter further.

## OTHER MATTERS

9.1577 We continued to maintain regular contacts with OFTEL and with the PTOs. Apart from the matters mentioned elsewhere in this report, we had two meetings with BT's Action for Disabled Customers Unit (BTADC) in order to keep abreast of the work undertaken by the company to develop or adapt telecommunications services and products to satisfy the particular needs of disabled customers. We were especially impressed by an advance demonstration of a multifacility telephone which BT intends to put on the market early in 1992. This combines many of the facilities needed by disabled people which have not previously been made available in one telephone.

9.158 We also continued to keep in close touch with the Director General's Working Group for the Hearing Impaired (WGHI)(see paragraphs 4.71–4.78). The Chairman attended two of our meetings. We welcomed the insights on some technical issues which he gave us.

9.159 At the end of the period covered by this report we had started to conduct a reassessment of the nature of our meetings with BT, Mercury and other representatives of the telecommunications industry. This was in part prompted by the prospects of a greatly expanded number of players in the telecommunications market opened up by the Government's White Paper on telecommunications policy in the 1990s.

9.160 Another subject which we had started to address as the period covered by this report came to a close was the need for the telecommunications industry to take more positive steps to identify customers with special needs. A common initiative was starting to emerge from the other utility services – gas, electricity and water – by which suppliers had begun to launch major publicity campaigns in order to compile confidential 'care' registers of customers with special needs. These initiatives resulted, in part, from the legislative obligations placed on these

suppliers to provide services to elderly or disabled customers. Whilst BT and other telephone operators are in a slightly different position, in this regard, nonetheless, we feel that they could learn some useful lessons from this approach which we intend to pursue further in the coming year.

*9.161* As in previous years, we continued to seek opportunities to raise public awareness of our role and activities. We have been particularly pleased with the public response to the information pack on telephone services and facilities for disabled and elderly people

which was first issued towards the close of 1990. Demand for copies from care organisations and individual members of the public has been so high that it has had to be reprinted four times since its launch. It has also been necessary to revise the pack to take account of several new services and facilities and changes to several existing ones.

*9.162* In closing this report we would like to take the opportunity of expressing our appreciation of the work undertaken by the Secretariat of the Committee in the past year on our behalf.



## CHAIRMAN AND MEMBERS OF THE COMMITTEE

---

*Chairman*

**Mr D Hobman CBE**

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



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*Members*

**Mrs S Barrows**

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

**Mr G Busby**

Project Director, IT Support for Disabled People

**Mr C R Croft**

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

*Resigned from membership, June 1991*

**Mr M Godfrey**

Manager, Friends of The Royal Botanic Gardens, Kew

**Mr D Hyslop**

National Director, Breakthrough Trust

**Mr C M Low**

Director, London Boroughs Disability Resource Team; Vice- President, Royal National Institute for the Blind

**Mr M C Martin OBE**

Chief Scientist, Royal National Institute for the Deaf

**Dr E C Midwinter**

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

**Mrs S A Porter**


Principal Social Services Officer, West Glamorgan County Council

*Appointed January 1991*

**Miss A H Spokes**

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

*Retired from membership, February 1991*



# Report of the Advisory Committee on Telecommunications for Small Businesses (BACT) for the year ending 31 December 1991

9.163 The Committee met on four occasions during the year. We welcomed the Deputy Director General to one of our meetings. One member, Tom Nichol, came to the end of his period of office during the course of the year and two members, Peter Agnew and Edward Roberts resigned due to pressure of other commitments. We would like to take this opportunity to thank them for their contribution to the work of the Committee over several years. A full list of the membership as at 31 December 1991 appears after this report.

9.164 The Committee offered views and comments to the Director General and others on several issues during the year.

## **The Duopoly Review**

9.165 During 1990 the Department of Trade and Industry published its consultative document *Competition and Choice: Telecommunications Policy for the 1990s*. We endorsed the main proposal that the duopoly of BT and Mercury should be brought to an end and new licences considered in respect of local, trunk and international networks. The Government's decision to end the duopoly was announced in March and, on the whole, we considered that this was good news for small businesses. We noted, however, that, as part of the agreement with BT, the price cap

on increases in exchange line rentals and connection charges would remain at RPI+2 for residential and single-line businesses but was increased to RPI+5 for other customers. Particularly with the increasing use of fax machines, many small businesses will have a need for at least two lines and would face any additional increase which BT might implement, although such businesses should gain under the call charging arrangements and this might well be more than any loss resulting from the increased RPI price cap.

9.166 We registered our concern with the Director General but we also hoped that BT would not see the need to increase its exchange line rental charge for multi-line businesses by the maximum allowed under the price cap and we are pleased that BT did indeed restrict the increase to RPI+2 when it made changes to its charges in September. We also welcomed the subsequent modifications to BT's licence which ensured that new competitors to the market did not have to pay any access deficit contributions to BT until such time as they had achieved a reasonable market share.

## **Charges for telephone services**

9.167 With regard to telephone charges in general, we welcomed the introduction of

more flexible pricing by both BT and Mercury which we see as a positive benefit from the competitive situation in telecommunications. From September BT's standard business call charges included a unit fee which declines with volume usage and BT introduced new packages offering customer options – where, for a quarterly fee, further savings over the standard call rates are available – with one which is likely to be of particular interest to a number of small businesses. In September Mercury initiated changes to its prices and introduced a frequent caller programme which, for a quarterly fee, offers discounts on the company's standard rates for calls.

9.168 Following the change in the rate of VAT earlier in the year, BT applied the new rate to bills issued after 1 April, even for calls which were made from January to March. The imposition of VAT on calls made before April was of concern to us, given that a significant number of small businesses would not be registered for VAT and would not be able to reclaim the increased VAT from HM Customs and Excise. Following the considerable public outcry over this decision, BT did, however, agree to refund the increased VAT applied to calls before April and businesses were sent an application form to enable them to apply for a refund from BT where the business was VAT exempt, partially exempt, or not registered for VAT. Mercury also requested any business customer who was unable to reclaim their VAT from Customs and Excise to contact the company.

### **Premium Rate Telephone Services**

9.169 We have been very concerned about the continuing problems resulting from the exploitation of premium rate telephone and entertainment services. We commented in detail on the revised Code of Practice which was issued by ICSTIS (The Independent Committee for the Supervision of Standards of Telephone Information Services) at the end of the year. We welcomed many of the changes to strengthen the Code but we continue to believe that the Code could go fur-

ther in controlling such services. We also acknowledged the introduction by BT, in February, of a free call-barring facility for all such premium rate numbers for any customer connected to a digital exchange and the subsequent decision to refine the call barring to allow customers to receive general information and family entertainment services whilst barring calls to other services. Although some businesses have PBX systems which incorporate a facility to call-bar such numbers, many small businesses might previously have had difficulty in easily preventing employees or visitors from accessing premium rate numbers. We were, however, very concerned at the lack of publicity which BT gave to this facility and it was only towards the end of the year that BT started to include information about call barring with its bills.

### **Meeting with BT**

9.170 We met with representatives of BT's senior management towards the end of the year to discuss a number of issues of importance to small businesses. These included BT's customer guarantee scheme, the provision of changed number announcements, chargecards, and the format of BT's bills.

9.171 We raised with BT the operation of its customer guarantee scheme, with particular reference to the suspension of the scheme under the 'force majeure' clause. We were concerned at how this operates in practice and whether or not a rental rebate is appropriate when the scheme is suspended. BT assured us that it was actively considering the matter and intended the scheme to be applied consistently throughout the country. We also drew to BT's attention the problems when, as has happened on rare occasions, during BT's modernisation programme an exchange number has to be changed but a changed number announcement has not been provided for callers dialling the 'old' exchange number. BT indicated that, generally speaking, it was its policy to provide changed number announcements and the instances drawn to its attention were being

investigated. BT gave us an assurance, however, that if, for technical reasons, it was not possible to provide the changed number announcement, BT would endeavour to inform customers in advance.

9.172 We discussed with BT the problem of calls wrongly dialled to numbers used for fax machines. Whilst accepting that most misdialling was not the fault of BT, we felt that BT could do more to publicise the need for businesses to be sure that telephone numbers used for fax machines are not recorded, for example, as the 'first' number on BT's Directory Enquiry database. BT agreed to look further at this matter and we hope that it will take steps to publicise this potential problem when, through a lack of appreciation of the position, businesses may be losing customers who find themselves telephoning a fax number. We also suggested to BT that they could, at the same time, look to see if more publicity could be given to the need to consider carefully the use of a fax machine for sending sensitive material.

9.173 We are concerned about the format of BT's bills for businesses, considering that BT, unlike virtually all other businesses, treats its customers differently in its request for payment by combining current charges with unpaid charges on bills. We considered that most businesses would prefer to receive an invoice type statement. This was raised with BT during the year who responded that other similar comments had been made but it would not be possible to include this in the first phase of the redesign of bills. We were very disappointed at this response and we raised the matter when we met with BT. We have been informed that the production of a separate statement of account would in effect be a major change which could not be implemented in the current redesign but it is being considered as a future enhancement. Whilst we welcome a more customer-friendly bill format, which we see as long overdue, we are concerned that BT has been considering major changes in its billing format for the benefit of its customers but has, apparently, failed to consult customers about their

requirements until it is too late to make changes during the current redesign.

9.174 In the past year we have also been considering the potential misuse of telephone chargecards. Whilst recognising that chargecards are a useful business tool, we have become concerned at the potential for misuse if a card is lost or if the card details are otherwise obtained by third parties. We were concerned that BT should draw the attention of chargecard holders to the potential for abuse in its literature. We were pleased that BT has indicated its intention to alert users of the possibility of abuse by modifying its chargecard leaflet.

## Numbering

9.175 During the year we considered a report to OFTEL by Ovum Ltd on the subject of numbering for telephony services into the 21st century. In general we were supportive of the recommendations; including the view that OFTEL should, as a matter of urgency, seek agreement with the industry on a ten-digit scheme with an additional leading digit. Subsequently, in September the Director General announced his agreement in principle to the proposal for a new ten-digit numbering plan for the United Kingdom to come into effect during the Easter weekend in 1994. In view of the increasing demand for new numbers we are satisfied that this is the best solution but we will be looking to OFTEL and the public telecommunications operators (PTOs) to continue to give publicity to the changeover so that small businesses are fully aware of the change and the need to plan ahead so as to minimise the costs of new stationary and other changes which businesses may wish or need to make.

## Publicity and Publications

9.176 We have over the years produced in co-operation with OFTEL some basic guides to telecommunications equipment and services for businesses. During the past year we issued the first two issues of a regular, brief newsletter – *BusinessLine* – as a means of

disseminating relevant topical information about telecommunications matters to small businesses. Topics covered included the cost of premium rate information and entertainment numbers and the possibilities for call-barring such numbers; whether BT's Directory Enquiries service has the right number for businesses; and the use of fax machines for sensitive material.

9.177 We welcome any enquiries and comments from small businesses about their telecommunications needs and problems. We also welcome any suggestions for relevant topics which could be included in future editions of *BusinessLine*.

9.178 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 M J Ashton LIM, AIMF**

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

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### *Members*

#### **Mr P F Agnew**

Chief Executive, Lanarkshire Industrial Field Executive (LIFE)

*Resigned from membership, September 1991*

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

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

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

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

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

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

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

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

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

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

#### **Mr M Jordan AWCB MBIM MInstM**

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

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

Managing Director, Concourse Electronics; Chartered Engineering and Management Consultant; National Councillor and National Executive, Union of Independent Companies (UIC); UIC Member, EUROPMI (European Group for SME's, Brussels)

**Mr T W Nichol**

Director, Carefree Travel

*Retired from membership, January 1991*

**Mrs P G Parker**

Managing Director, AEC Ltd (Project Procurement, specialising in Middle East and West Africa); Transport Projects Consultancy Co; Letting and Purchasing Property Co

**Mr E J Roberts**

Chairman and Chief Executive, Heath Springs Ltd

*Resigned from membership, May 1991*

**Mr M E G Taylor FCIT**

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

**Mr G Thorpe**

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





# Appendices





# 1

## Representations about PTO licensing and related issues for the period 1 January to 31 December 1991

BT#	
Tariffs and charges	96
Installation, maintenance, ownership of wiring and equipment	105
Emergency Services	49
Apparatus	11
Anti/Competition practices	62
Other*	203
Mercury	94
Kingston Communications (Hull)	16
Radiopaging/mobile radio	
Paging	106
Cellular	1228
Band III PMR	5
Telepoint	5
Cable	18
Satellite services	2
Other licensing issues	27
<hr/>	
TOTAL	2027

**Notes:**

\* This category includes representations received on the Duopoly Review/licence modifications, numbering, Directory Enquiry services, quality of service and other miscellaneous topics.

# The figures in this section cannot be directly compared with the figures shown on page 99 of the 1990 OFTEL Annual Report due to the reorganisation of branches 1 and 2.



# 2

## Representations about PTO services received by OFTEL and ENACT for the period 1 January to 31 December 1991

Disputed telephone accounts	10,263
Charges/rentals and other billing matte	7,438
Fault repair service	1,410
Provision of service	2,560
Standard of service	1,466
Compensation scheme	1,081
Deposits	1,664
Payphones	377
Operator/directory services	886
Other matters	14,248
<hr/> TOTAL	<hr/> 41,393



# 3

## A selection of information on the UK telecommunications industry as a background to the Report

### 1 AWARENESS OF OFTEL

#### 1.1 Percentage of people who have heard of OFTEL 1985-1991 Great Britain

	<i>Percentages</i>
August 1985	9
August 1986	12
August 1987	13
August 1988	30
August 1989	29
August 1990	31
August 1991	35

*Source:* 1985-1988 NOP (Market Research) face-to-face Random Omnibus Surveys (size of base sample varies from year to year); 1989-1991 RSGB

## 2 TELEPHONE PENETRATION RATES

### 2.1 Percentage of households with a telephone

1972, 1980-1990 Great Britain

	<i>Percentages</i>
1972	42
1980	72
1981	75
1982	76
1983	77
1984	78
1985	81
1986	83
1987	83
1988	85
1989	87
1990	88

*Source:* OPCS – General Household Survey

## 3 BT'S EXCHANGE CONNECTIONS AND CALLS

### 3.1 BT's exchange connections in service by type of subscriber

1980-1991 United Kingdom

<i>Year (at 31 March)</i>	<i>Total exchange connections (000s)</i>	<i>Residential subscribers (000s)</i>	<i>Business subscribers (000s)</i>
1980	17,353	13,937	3,416
1981	18,174	14,671	3,503
1982	18,727	15,159	3,568
1983	19,186	15,546	3,640
1984	19,812	16,044	3,768
1985	20,528	16,596	3,932
1986	21,261	17,120	4,141
1987	21,908	17,549	4,359
1988	22,857	18,145	4,712
1989	23,946	18,737	5,209
1990	25,013	19,281	5,732
1991	25,488	19,609	5,879

*Source:* BT

### 3.2 BT's public and private rented payphones in service

1980, 1984, 1986-1991

<i>Year (at 31 March)</i>	<i>Public payphones (000s)</i>	<i>Private rented payphones (000s)</i>
1980	77	286
1984	77	286
1986	77	296
1987	78	306
1988	—	—
1989	86	358
1990	90	286
1991	96	260

**Note:**

The private payphone market was liberalised in April 1988. Information available from other sources suggests that the total installed base at 31 March 1991 was of the order of 500,000, implying that BT's share of the installed base had fallen to around 50%.

Source: BT

### 3.3 The number, and annual percentage growth, of effective BT telephone calls by type

1980-1991 United Kingdom

<i>Year ending 31 March</i>	<i>Inland</i>		<i>International</i>	
	<i>Total (millions)</i>	<i>% growth over previous year</i>	<i>Total (millions)</i>	<i>% growth over previous year</i>
1980	19,857	6	106	22
1981	20,175	2	117	13
1982	20,806	3	132	14
1983	21,403	3	148	11
1984*	22,686	6	173	12
1985	n/a	8	n/a	14
1986	n/a	7	n/a	11
1987	n/a	7	n/a	11
1988	n/a	8	n/a	14
1989	n/a	11	n/a	13
1990	n/a	10	n/a	13
1991	n/a	4	n/a	6

**Notes:**

\* The 1984 figure is the basis of percentage increases in call volumes in subsequent years.

n/a not available

Source: BT

## 4 BT'S ITEMISED BILLING PROGRAMME

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

1989-1991

	<i>Position as at end of quarter</i>											
	1989				1990				1991			
	<i>1st</i>	<i>2nd</i>	<i>3rd</i>	<i>4th</i>	<i>1st</i>	<i>2nd</i>	<i>3rd</i>	<i>4th</i>	<i>1st</i>	<i>2nd</i>	<i>3rd</i>	<i>4th</i>
No. of exchanges	105	416	n/a	1202	1796	n/a	n/a	n/a	n/a	n/a	n/a	4193
No. of working lines (millions)	0.9	1.9	3.1	5.6	9.4	11.3	13.4	17.7	19.2	19.7	20.1	20.6
<i>Penetration (%)</i>												
National	3.8	7.9	12.4	22.4	37.0	44.4	51.9	68.0	73.9	75.5	76.8	78.6
London & South East	6.3	10.9	15.7	24.4	36.7	44.4	57.4	80.0	86.3	88.7	84.8*	87.0*
Central & South West England and Wales	2.3	4.8	8.3	18.8	32.1	37.4	40.6	57.6	64.0	67.6	67.0*	68.1*
North of England, Northern Ireland and Scotland	3.6	9.0	14.2	24.8	43.0	52.6	60.5	70.1	75.0	73.9	75.3	77.1

**Notes:**

\* As from 1st July 1991 the boundaries for these territories were expanded.

n/a not available

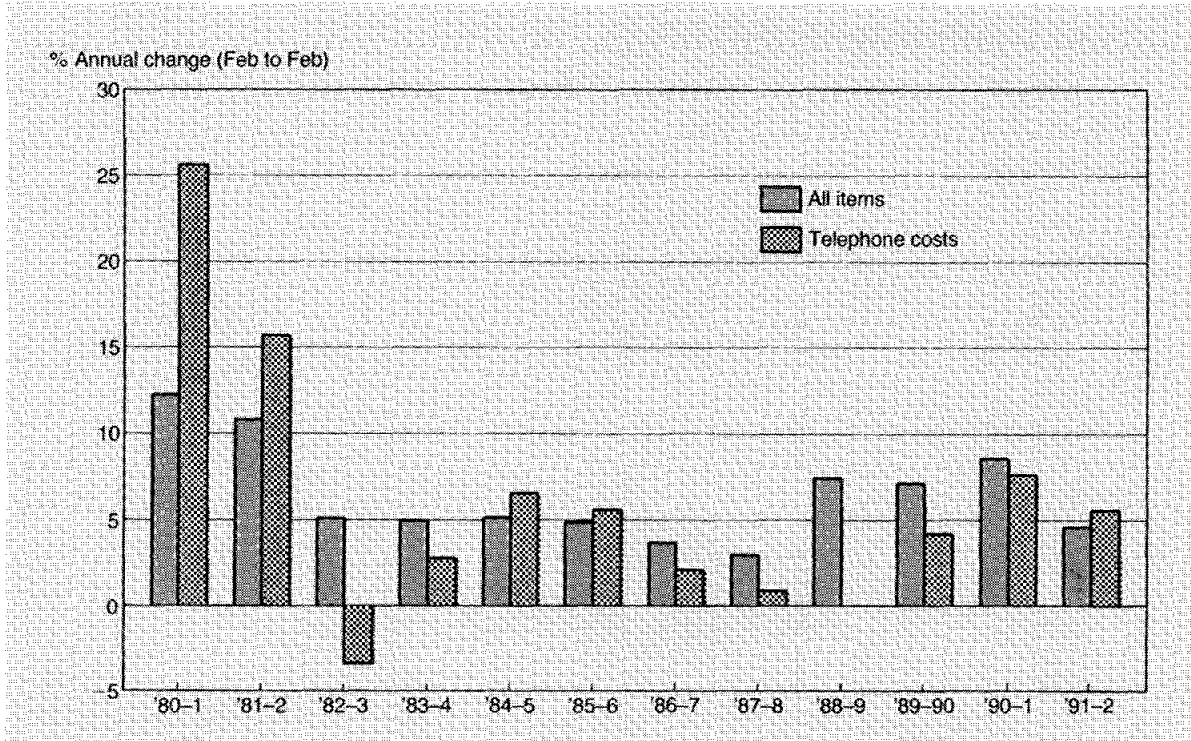
Source: BT



## 5 BRITISH TELECOM'S PRICES

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

1981-1992 United Kingdom



Source: Department of Employment and CSO

## 5.2 Summary of BT price changes controlled by its licence (Condition 24 & 24A) 1984-1991

	Nov'84	Nov'85	Nov'86	Nov'87	Nov'88	Sep'89	Sep'90/ Apr'91	Sep'91
	%	%	%	%	%	%	%	%
Change in RPI in base period	+5.1	+7.0	+2.5	+4.2	+4.6	+8.3	+9.8	+5.8
RPI minus X: *	+2.1	+4.0	-0.5	+1.2	+1.6	+3.8	+5.3	-0.4
Permitted increase **	+2.1	+4.1	-0.1	+1.3	+2.8	+3.8	+5.5	-0.2
Changes in price of exchange line rental: ^								
domestic	+7.1	+8.5	+3.7	0.0	0.0	+10.0	+11.6	+7.8
business	+6.8	+8.8	+3.9	0.0 <sup>@</sup>	0.0	+10.1	+11.8	+7.7
Change in the effective price of:								
Local calls								
peak	+6.8	+6.4	+18.9	0.0	0.0	0.0	-4.5	+3.5
standard	+6.8	+6.4	+6.4	0.0	0.0	+4.3	-4.5	+4.7
cheap	+6.8	+6.4	-3.6	0.0	0.0	+3.7	+10.1	+4.6
National 'a'								
peak	+6.8	+6.4	+1.6	0.0	0.0	0.0	-8.8	0.0
standard	+6.8	+18.3	+1.1	0.0	0.0	0.0	-9.0	0.0
cheap	+23.1	+6.4	+2.7	0.0	0.0	+3.6	+6.0	+4.9
National 'b1' <sup>\$</sup>								
peak	-10.3	-14.0	-12.0	0.0	0.0	0.0	-9.9	0.0
standard	-10.2	-13.8	-12.0	0.0	0.0	0.0	-10.0	0.0
cheap	+6.8	+6.4	-12.0	0.0	0.0	0.0	+7.1	+4.9
National 'b'								
peak	-14.0	-6.2	-16.0~	0.0	0.0	0.0~	-10.2	0.0
standard	-13.9	-4.9	-17.0~	0.0	0.0	0.0~	-10.1	0.0
cheap	+6.8	+6.4	-6.2~	0.0	0.0	0.0~	+7.0	+4.9
International calls	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-9.6
Weighted average	+2.0	+3.7	-0.3	0.0	0.0	+3.2#	+5.3	+2.1

### Notes:

<sup>^</sup> Exchange line with a base telephone instrument in November 1984; exchange line excluding telephone instrument thereafter.

<sup>@</sup> No increase in standard business line rental, but rental for low loss exchange lines increased.

<sup>\$</sup> In computing the weighted average price in 1986, an adjustment has been made for the effect of transferring routes from 'b' to 'b1'.

\* 1984-1988, RPI minus 3; 1989-1991, RPI minus 4.5; Sep 1991, RPI minus 6.25

~ In 1989, 87 routes were transferred from 'b' to 'b1'. Allowances were made for this in computing the weighted average.

\*\* After allowing for carry-over of unused allowances from previous years.

# The total weighted average for the year was 3.5% due to a reduction in the number of concessionary days.

n/a not available

Source: OFTEL

### 5.3 Summary of BT private circuit price changes controlled by its licence (Condition 24A)

1989-91

	Sept 1989 %	Sept 1990 %	Sept 1991 %
Change in RPI in base period	8.3	9.8	5.8
RPI*	11.3	9.8	5.8
Permitted increase #	11.3	9.8	7.8
Change in the price of private circuits:			
Megastream:			
connection	2.9	-2.2	-15.7
rental	21.7	-3.7	-0.1
Kilostream:			
connection	0.0	9.3	9.8
rental	0.0	-2.0	-1.7
Analogue:			
connection	13.8	14.7	28.1
rental	11.9	11.1	10.6
Weighted average	11.3	7.6	7.3

**Notes:**  
\* The price constraint for the first year was the increase in RPI over 16 months.  
# After allowing for carry-over of unused allowances from previous years.

Source: OFTEL

## 6 BT's QUALITY OF SERVICE FIGURES

### 6.1 Network reliability

1983-1991

<i>Year to 31 March</i>	<i>Local calls failed*</i> %	<i>STD calls failed*</i> %	<i>Customer premises equipment and network faults per line per annum</i> %	<i>Network only faults per line per annum</i> %
1983	2.7	5.9	0.55	n/a
1984	2.4	5.1	0.54	n/a
1985	2.0	4.4	0.53\$	n/a
1986	1.7	4.1	0.48	0.20
1987 Mar#	2.2	5.4	0.54	0.25
1987 Sep#	2.2	4.3	0.43	0.20
1988 Mar#	1.9	3.6	n/a	0.22
1988 Sep#	1.7	3.5	n/a	0.19
1989 Mar#	1.4	2.4	n/a	0.21
1989 Sep#	1.1	1.7	n/a	0.17
1990 Mar#	1.0	1.2	n/a	0.25
1990 Sep#	0.6	0.7	n/a	0.16
1991 Mar#	0.4	0.5	n/a	0.20
1991 Sep#	0.4	0.4	n/a	0.15

**Notes:**

\* Failed because of defective equipment or congestion.

# Figures for 1987 onwards are for the months of March and September only.  
Figures for the year to 31 March are not available.

\$ Change in the definition from 'fault reports' to 'faults'.

n/a not available

Source: BT

## 6.2 Fault repair service

1983-1991

<i>Year to 31 March</i>	<i>Percentage of faults cleared:</i>	
	<i>By end of next working day*</i>	<i>Within two working days*</i>
1983	85.1	n/a
1984	85.7	n/a
1985	89.9	n/a
1986	87.1	n/a
1987 Mar#	n/a	73.9
1987 Sep#	n/a	86.5
1988 Mar#	n/a	90.2
1988 Sep#	n/a	91.6
1989 Mar#	80.8	94.6
1989 Sep#	86.3	96.2
1990 Mar#	77.5	90.1
1990 Sep#	91.4	97.9
1991 Mar#	88.8	97.1
1991 Sep#	94.8	99.3

**Notes:**

\* Basis for calculation changed in 1987.

# Figures for 1987 onwards are for the months of March and September only.

n/a not available

Source: BT

### 6.3 Operator service and Directory Enquiries

1983-1991

Year to 31 March	Operator calls answered in 15 secs %	Directory Enquiries:*	
		answered in 25 secs %	answered in 15 secs %
1983	86.8	82.5	n/a
1984	86.0	80.5	n/a
1985	84.6	80.0	n/a
1986	85.6	83.7	74.0
1987 Mar#	83.5	n/a	77.0
1987 Sep#	79.4	n/a	75.1
1988 Mar#	86.7	n/a	81.2
1988 Sep#	80.5	n/a	81.3
1989 Mar#	86.1	n/a	85.1
1989 Sep#	80.6	n/a	82.6
1990 Mar#	87.7	n/a	86.4
1990 Sep#	85.1	n/a	86.0
1991 Mar#	89.2	n/a	88.1
1991 Sep#	89.9	n/a	91.8

**Notes:**  
 \* Basis changed from 25 to 15 seconds in 1987. Comparable figure for 1986 included.  
 # Figures for 1987 onwards are for the months of March and September only.  
 n/a not available

Source: BT

## 7 MERCURY'S QUALITY OF SERVICE

### 7.1 Availability of service

1987-1991

Year and quarter	Average availability of all circuits:		Circuits with availability more than 99.5%:	
	Mercury faults only* %	All outages %	Mercury faults only* %	All outages %
1987				
fourth	99.9	99.7	96.9	94.7
1988				
first	99.9	99.9	96.8	94.9
second	99.9	99.8	98.3	97.1
third	99.9	99.8	98.0	94.1
fourth	99.9	99.8	98.5	94.5
1989				
first	99.9	99.9	98.4	96.6
second	99.9	99.8	96.6	90.8
third	99.9	99.8	97.1	90.6
fourth	99.9	99.8	96.7	93.9
1990				
first	99.9	99.8	96.3	93.0
second	99.9	99.8	96.9	92.2
third	99.9	99.8	96.2	91.6
fourth	99.9	99.8	95.9	93.9
1991				
first	99.9	99.8	97.2	95.5
second	99.9	99.8	97.9	96.2
third	99.9	99.6	98.5	93.9
fourth	99.9	99.8	96.0	94.5

**Notes:**  
Table shows availability of each directly-connected customer circuit.  
\* Excluding planned outages (normally arranged to minimise the effect on customers) and those due to other administrations.

Source: Mercury



## 7.2 Incidence of faults and service restoration time

1988-1991

Year and quarter	Faults per line* %	Faults per circuit\$ %	Faults attended within 4 hours %	Faults attended within:		
				4 hours %	6 hours %	48 hours %
1988						
first	0.038	0.038	86.5	n/a	79.7	96.9
second	0.038	0.028	84.2	n/a	81.9	98.4
third	0.028	0.026	88.1	n/a	83.4	98.9
fourth	0.029	0.019	90.4	n/a	78.8	98.0
1989						
first	0.032	0.022	#	n/a	78.4	97.3
second	0.029	0.018	#	n/a	73.7	96.6
third	0.027	0.019	#	n/a	76.5	96.3
fourth	0.020	0.015	81.5	n/a	75.1	95.3
1990						
first	0.023	0.014	79.8	67.5	n/a	94.8
second	0.019	0.012	82.0	66.6	n/a	95.2
third	0.018	0.014	77.9	62.9	n/a	93.2
fourth	0.017	0.012	81.7	60.5	n/a	91.8
1991						
first	0.019	0.014	80.3	62.4	n/a	95.1
second	0.016	0.013	76.7	63.7	n/a	93.8
third	0.016	0.011	78.8	64.5	n/a	93.3
fourth	0.016	0.010	77.5	66.5	n/a	93.6

### Notes:

1 The figures previously published for faults attended and service restoration were based on samples. These have been recalculated.

2 Mercury 2100 switched telephone service, national and international leased services and Mercury 2110 Centrex services except where otherwise indicated.

\* Direct switched 2100 service.

\$ National private leased.

# Data not consistent with other periods.

n/a not available

Source: Mercury



### 7.3 Directory Enquiries service

1989-1991

<i>Year and quarter</i>	<i>Percentage answered in 15 secs*</i>
1989	
first	83.4
second	85.2
third	78.8
fourth	82.7
1990	
first	97.0
second	93.7
third	85.7
fourth	79.3
1991	
first	83.7
second	96.6
third	92.6
fourth	92.6

Note:  
\* Of all calls answered, percentage of calls which were answered within 15 seconds.

Source: Mercury

### 7.4 Provision of service and test call failure rate

1990-1991

<i>Year and quarter</i>	<i>Installations completed on time %*</i>
1990	
first	66.0
second	74.7
third	79.0
fourth	81.3
1991	
first	78.5
second	83.9
third	84.4
fourth	83.4

Note:  
\* Direct services combined.

Source: Mercury

## 7.5 Test call failure rate

1990-1991

<i>Year and quarter</i>	<i>Test call failure %</i>
1990	
first	2.8
second	2.9
third	3.4
fourth	2.3
1991	
first	2.6
second	1.9
third	2.0
fourth	2.4

**Note:**  
Test call program is designed to be reflective of customer calling patterns and is performed throughout the day/week during high traffic periods.

*Source:* Mercury

## 7.6 Payphones

<i>Year and quarter</i>	<i>Overall service availability %</i>
1991	
first	99.5
second	97.9
third	98.3
fourth	98.6

*Source:* Mercury

## 8 TELEX AND FACSIMILE SERVICES

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

1980-1991 United Kingdom

<i>Year at 31 March</i>	<i>Number of exchange connections (000s)</i>
1980	85.8
1981	87.9
1982	90.4
1983	90.6
1984	92.9
1985	97.0
1986	104.3
1987	111.5
1988	116.2
1989	111.1
1990	98.6
1991	62.1

*Source: BT*

### 8.2 Estimated numbers of facsimile terminals

1986-1991

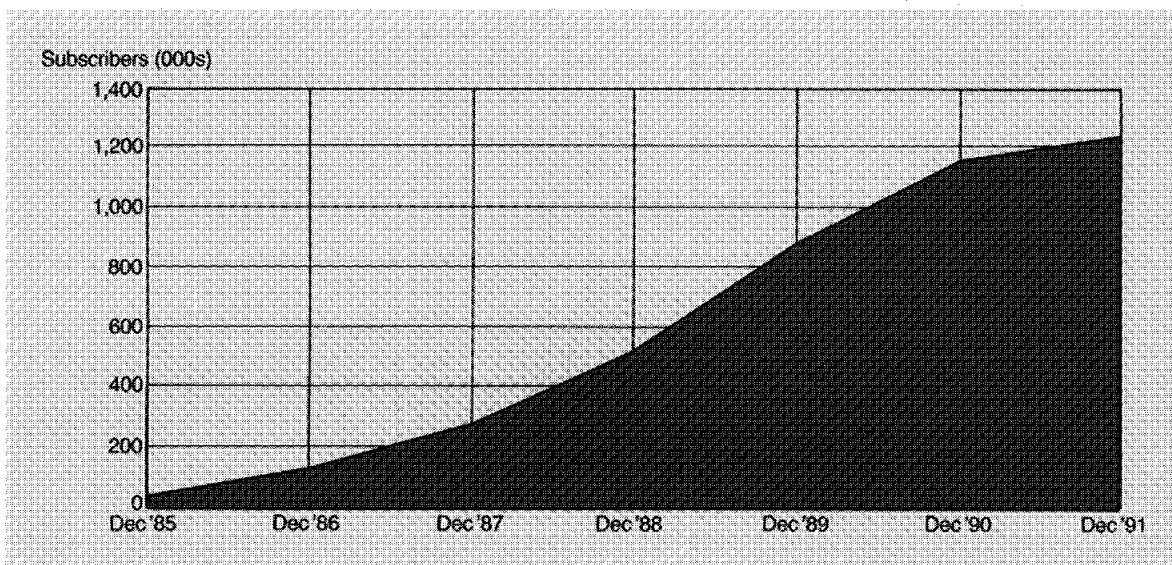
	<i>Number (000s)</i>
December 1986	86
December 1987	173
December 1988	370
December 1989	556
December 1990	750
December 1991	900

*Source: British Facsimile Industry Consultative Committee (BFICC)*

## 9 MOBILE SERVICES

### 9.1 Estimated number of cellular radio subscribers

1985-1991 United Kingdom



**Note:**

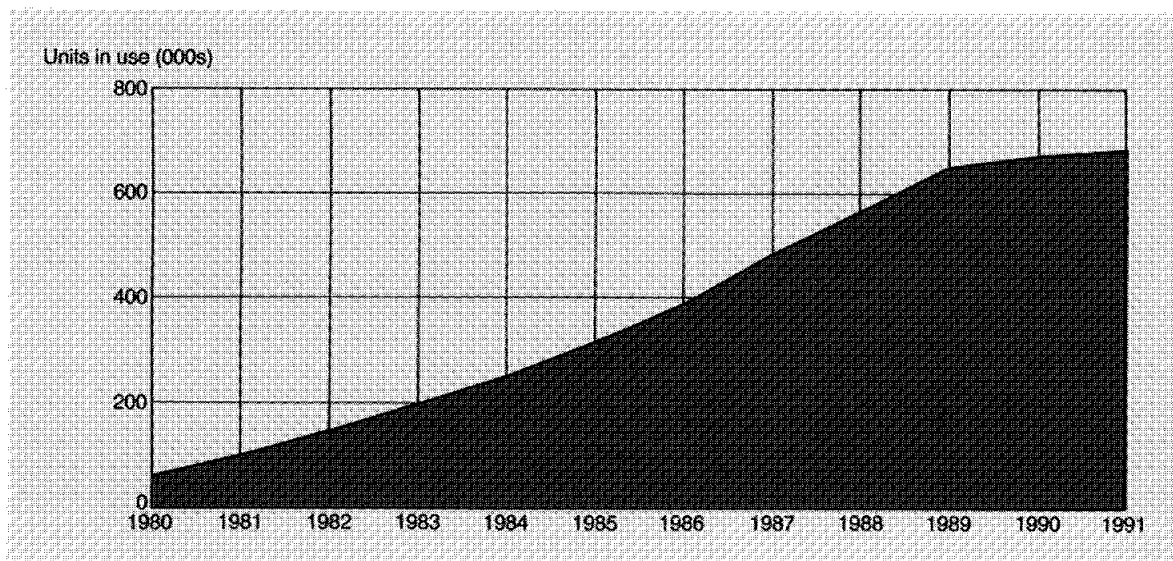
Cellular radio services commenced in January 1985.

*Source:* CIT Research and other sources.

1991 figure obtained from Fintech 30 Jan

### 9.2 Estimated number of wide area radiopagers in use

1980-1991 United Kingdom



*Source:* CIT Research and other sources

## 10 TELEGRAPH AND TELECOMMUNICATIONS EQUIPMENT INDUSTRY DATA

### 10.1 Proportion of new PABXs and key systems supplied by British Telecom (based on number of extension lines supplied) by size of system

1980-1990

<i>Year to 31 March</i>	<i>Small systems %</i>	<i>Medium systems %</i>	<i>Large systems %</i>	<i>Total systems %</i>
1980-1981	99	87	0	83
1981-1982	100	92	0	81
1982-1983	97	85	1	74
1983-1984	95	80	17	76
1984-1985	95	75	48	75
1985-1986	84	63	52	69
1986-1987	78	50	37	58
1987*	68	43	38	52
1988*\$	65	45	37	51
1989*	59	43	37	47
1990*	50	35	38	40

**Notes:**  
 Small systems - up to 16 lines.  
 Medium systems - 17 to 500 lines.  
 Large systems - over 500 lines.  
 \* Figures for the years from 1987 onwards are January to December figures.  
 \$ Revised figures.

*Source:* 1981-1985: The Monopolies and Mergers Commission, BT and Mitel Corporation, a report on the proposed merger, HMSO 1986 (Cmnd 9715)  
 1986-1990: MZA Consultants

**10.2 Proportion of new telephones and telephone answering machines supplied by BT (ex manufacturers' deliveries)**  
1984-1990

<i>Year to 31 March</i>	<i>Telephones %</i>	<i>Telephone answering machines %</i>
1984-1985	83	n/a
1985-1986	79	25
1986-1987	66	25
1987*	54	25
1988*	51	30
1989*	50	40
1990*	53	29

**Notes:**

\* Figures for the years 1987 onwards are January to December figures as data for the year to 31 March are no longer available.

n/a not available

Source: MZA Consultants



## 11 MERCURY GROWTH STATISTICS

### 11.1 Mercury capital investment and network growth

1984-1991

	<i>Cumulative capital investment* (£m)</i>	<i>Towns with one or more Mercury node\$</i>	<i>Mercury access areas~</i>
March 1984	10	-	-
March 1985	90	6	-
March 1986	140	25	-
March 1987	295	38	66
March 1988	498	51	103
March 1989	785	67	118
December 1989	n/a	76	231#
March 1990	1082	85	231
September 1990	n/a	85	258
March 1991	1427	85	278
September 1991	1633	85	300

**Notes:**

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

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

~ Mercury access areas are STD code areas in which choice of Mercury network routing is available from BT exchange lines.

# Increase reflects extension of interconnect arrangements to provide full local extended ingress.

n/a not available

Source: Mercury

## 11.2 Mercury traffic volume\*

1987-1991

	<i>Volume (millions)</i>
March 1987	0.05
March 1988	0.3
March 1989	1.3
September 1989	2.1
March 1990	2.9
September 1990	3.7
March 1991	5.2
September 1991	6.8

**Note:**

\* Telephone call volume (outgoing paid PSTN calls) per working day.

Source: Mercury

## 11.3 Ordered PSTN lines\* by type of Mercury service

1987-1991

	<i>Numbers of lines:</i>		
	2100\$ (000s)	2200# (000s)	2300~ (000s)
March 1987	5	2	-
March 1988	26	12	6
March 1989	58	52	15
December 1989	89	100	28
March 1990	98	128	35
September 1990	119	201	53
March 1991	133	247	84
September 1991	142	366	138

**Notes:**

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

\$ Directly connected service for larger businesses.

# Directly connected service for small and medium sized businesses.

~ Indirectly connected service for single line residential and small business customers.

Source: Mercury



## 11.4 Mercury payphones

1989-1991

	<i>Number of payphones*</i>
March 1989	200
March 1990	600
September 1990	3200
March 1991	4495
September	4697

**Note:**  
\* Cumulative installations.

*Source:* Mercury



# 4

## Non-PTO licences issued during 1991 under the Telecommunications Act 1984

<i>Title</i>	<i>Period</i>	<i>Date of Issue</i>
Class licence to run cable systems situated in single buildings and adjacent dwelling houses for the provision of television programme and sound broadcasting services	12 years	1/1
Class licence to run broadcast relay systems carrying terrestrial channels only	12 years	1/1
Renewal of temporary licence granted to the Northern Lighthouse Board	1 year	2/1
Class licence to run broadcast relay systems covering no more than 1,000 homes and providing services provided by the systems on 31 December 1990	12 years	8/1
Temporary licence granted to Cognito Group Ltd to run telecommunication systems for the provision of mobile radio data services	6 months	9/1
Renewal of temporary licence granted to Immingham Storage Company to run a mobile radio telecommunications system	1 year	10/1
Licence granted to Maxwell Satellite Communications Ltd to run telecommunication systems for the provision of satellite telecommunication services	6 months	10/1
Class licence to run broadcast relay systems providing services provided by the system on 31 December 1990 where these included less than five satellite television channels	12 years	15/1
Class licence to run broadcast relay systems covering no more than 1,000 homes for the provision of all types of broadcast service	10 years	15/1

<i>Title</i>	<i>Period</i>	<i>Date of Issue</i>
Class licence for the running of telecommunication systems by Broadcasters to receive messages from earth orbiting apparatus	12 years	15/1
Class licence for the running of telecommunication systems by Specialised Satellite Services Operators to receive messages from earth orbiting apparatus	12 years	15/1
Temporary licence granted to Trunked Radio Networks Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services within that areabounded by the M25 motorway	6 months	15/1
Temporary licence granted to Radionet Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services within that area bounded by the M25 motorway	6 months	15/1
Temporary licence granted to Mercantile Radio Services Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services within that area bounded by the M25 motorway	6 months	15/1
Temporary licence granted to CBS News Inc. for the running of outside broadcast links	6 months	18/1
Renewal of temporary licence granted to Phonepoint Ltd to run telecommunication systems for the provision of short range radio telecommunication services	6 months	22/1
Renewal of Class licence for the running of portable apparatus connected to short range radio telecommunication systems (Phonepoint Ltd systems)	6 months	22/1
Renewal of temporary licence granted to Ferranti Creditphone Ltd to run telecommunication systems for the provision of short range radio telecommunication services	6 months	22/1
Renewal of Class licence for the running of portable apparatus connected to short range radio telecommunication systems (Ferranti Creditphone Ltd systems)	6 months	22/1
Renewal of temporary licence granted to National Mobile Radio Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services within that area bounded by the M25 motorway	6 months	25/1
Renewal of temporary licence granted to National Mobile Radio Ltd to run tele communication systems for the provision of private mobile radio telecommunication services in the Manchester and Merseyside areas	6 months	25/1
Renewal of temporary licence granted to National Mobile Radio Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services in Birmingham, Rugby, Great Malvern and the surrounding area	6 months	25/1

<i>Title</i>	<i>Period</i>	<i>Date of Issue</i>
Temporary licence granted to Portsmouth City Council to run a mobile radio telecommunications system	1 year	2/2
Licence granted to National Transcommunications Ltd to run telecommunication systems for the provision of outside broadcast services by means of satellite systems	25 years	7/2
Licence granted to National Transcommunications Ltd to run fixed links by wireless telegraphy	25 years	7/2
Renewal of temporary licence granted to London Band III Network Company Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services within that area bounded by the M25 motorway	6 months	7/2
Renewal of temporary licence granted to Dartford River Crossing Ltd to run a mobile radio telecommunications system	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	1 year	20/2
Temporary licence granted to Swale Borough Council to run a mobile radio telecommunications system	1 year	25/2
Temporary Licence granted to British Airways PLC to run a mobile radio telecommunications system	1 year	25/2
Renewal of temporary licence granted to Roger Wadsworth & Co (Holdings) Ltd to run a mobile radio telecommunications system	1 year	28/2
Renewal of temporary licence granted to Leicester City Council to run a mobile radio telecommunications system	1 year	28/2
Renewal of temporary licence granted to Kingston Communications (Hull) PLC to run telecommunication systems for the provision of satellite telecommunication services	6 months	6/3
Renewal of temporary licence granted to London Radio Networks Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services within that area bounded by the M25 motorway	6 months	8/3
Renewal of licence granted to the British Broadcasting Corporation for the running of outside broadcast links	6 months	9/3
Renewal of temporary licence granted to the Borough of Poole to run a mobile radio telecommunications system	1 year	9/3
Renewal of temporary licence granted to Manchester City Council to run a mobile radio telecommunications systems	1 year	12/3
Renewal of temporary licence granted to Kingston Communications (Hull) PLC to run telecommunication systems for the provision of private mobile radio telecommunication services in the Humberside area	6 months	15/3

<i>Title</i>	<i>Period</i>	<i>Date of Issue</i>
Renewal of temporary licence granted to Staffordshire Housing Association to run telecommunication systems for the purpose of providing assistance to elderly and infirm people in an emergency	1 year	19/3
Renewal of 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	1 year	21/3
Renewal of 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	1 year	21/3
Temporary licence granted to Telesat Canada to transmit certain messages to earth orbiting apparatus for the purposes of telemetry, tracking and control	1 year	1/4
Temporary licence granted to Wealden District Council to run a mobile radio telecommunications system	1 year	1/4
Temporary licence granted to the City of Wakefield M.B.C to run a mobile radio telecommunications system	1 year	1/4
Temporary licence granted to Bradford Metropolitan Council to run a mobile radio telecommunications system	1 year	1/4
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	1 year	1/4
Renewal of temporary licence granted to the Electricity Association Member Companies	1 year	5/4
Temporary licence granted to the British Broadcasting Corporation to run privately provided radio links between Gortin Hill and Brougher Mountain	6 months	8/4
Temporary licence granted to the British Broadcasting Corporation to run privately provided radio links between Whitehawk Hill (Brighton), Findon and Rowbridge; Barton Hill and Pebble Mill (Birmingham); Mold, Moel-y-Parc, Llanddona and Bangor	6 months	8/4
Renewal of temporary licence granted to the Borough of Crewe & Nantwich to run telecommunication systems for the purpose of providing assistance to elderly and infirm people in an emergency	1 year	11/4
Temporary licence granted to Clyde Port Authority to run a mobile radio telecommunications system	1 year	11/4
Renewal of temporary licence granted to National Mobile Radio Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services in the Edinburgh, Glasgow and Aberdeen areas	6 months	18/4

<i>Title</i>	<i>Period</i>	<i>Date of Issue</i>
Temporary licence granted to Southampton City Council to run a mobile radio telecommunications system	1 year	23/4
Temporary licence granted to Phillips Petroleum (UK) Ltd to run a radio link between Rig SEDCO 712 and Albuskjell 1/6A Platform	1 year	23/4
Temporary licence granted to National Transcommunications Ltd to run a telecommunications system for the provision of radiopaging services in the London area	4 months	23/4
Renewal of licence granted to British Aerospace Communications Ltd for the running of Inmarsat A terminals	6 months	27/4
Temporary licence granted to Broads Authority to run a mobile radio telecommunications system	1 year	30/4
Renewal of licence granted to Euromessage Ltd to run telecommunication systems for the provision of radiopaging services	6 months	30/4
Licence granted to the Institutions of the University of Cambridge to University of Cambridge to run telecommunication systems	12 years	2/5
Renewal of temporary licence granted to Vale Royal Borough Council to Vale Royal Borough Council to run a mobile radio telecommunications system	1 year	3/5
Licence granted to Lloyd's to run telecommunication systems to facilitate the carrying out of the objects of Lloyd's	1 year	3/5
Renewal of temporary licence granted to BP Exploration	1 year	4/5
Temporary licence granted to Cherwell Direct Services to run a mobile radio telecommunications system	1 year	8/5
Temporary licence granted to The All England Lawn Tennis & Croquet Club Wimbledon to run a mobile radio telecommunications system	1 year	8/5
Temporary licence granted to the Borough of Hove to run a mobile radio telecommunications system	1 year	9/5
Renewal of temporary licence granted to Broadland District Council to run a mobile radio telecommunications system	1 year	12/5
Temporary licence granted to Boothferry Borough Council to run a mobile radio telecommunications system	1 year	12/5
Renewal of licence granted to Mercury Callpoint Ltd to run telecommunication systems for the provision of short range radio telecommunication services	6 months	13/5
Renewal of Class licence for the running of portable apparatus connected to short range radio telecommunication systems (Mercury Callpoint Ltd systems)	6 months	13/5

<i>Title</i>	<i>Period</i>	<i>Date of Issue</i>
Temporary licence granted to National Transcommunications Ltd to run telecommunication systems for the provision of broadcasting services other than for general reception	3 months	15/5
Renewal of temporary licence granted to Suffolk Coastal District Council to run a mobile radio telecommunications system	1 year	17/5
Renewal of temporary licence granted to Knowsley Metropolitan Borough Council to run a mobile radio telecommunications system	1 year	17/5
Temporary licence granted to Lilburn Estate Farming Partnership to run a mobile radio telecommunications system	1 year	17/5
Renewal of licence granted to Satellite Information Services Ltd to run telecommunication systems for the provision of Satellite telecommunication services	6 months	17/5
Renewal of licence granted to British Aerospace Communications Ltd to run telecommunications systems for the provision of satellite telecommunication services	6 months	22/5
Temporary licence granted to Hutchison Personal Communications Ltd to run telecommunication systems for the provision of short range radio telecommunication services	6 months	22/5
Class licence for the running of portable apparatus connected to short range radio telecommunication systems (Hutchison Personal Communications Ltd systems)	6 months	22/5
Temporary licence granted to Hutchison Mobile Data Ltd to run telecommunication systems for the provision of mobile radio data services	6 months	30/5
Temporary licence granted to RAM Mobile Data Ltd to run telecommunication systems for the provision of mobile radio data services	6 months	30/5
Renewal of temporary licence granted to Dacorum Borough Council to run a mobile radio telecommunications system	1 year	4/6
Renewal of temporary licence granted to the British Waterways Board to run a mobile radio telecommunications system	1 year	5/6
Renewal of licence granted to Satellite Information Services Ltd to run telecommunications systems for the provision of satellite telecommunication services	6 months	6/6
Renewal of temporary licence granted to Sevenoaks District Council to run a mobile radio telecommunications system	1 year	8/6
Renewal of temporary licence granted to Redditch Borough Council to run a mobile radio telecommunications system	1 year	8/6

<i>Title</i>	<i>Period</i>	<i>Date of Issue</i>
Revised Class licence to run Broadcast Relay Systems covering no more than 1,000 homes for the provision of all types of broadcast service	10 years	10/6
Temporary licence granted to EB Communications (Great Britain) Ltd to transmit messages to earth orbiting apparatus	1 week	11/6
Renewal of temporary licence granted to the Royal County of Berkshire to run a mobile radio telecommunications system	1 year	11/6
Renewal of temporary licence granted to Alton Communications Engineers Ltd to run a telecommunications system for the provision of private mobile radio services	6 months	14/6
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	18/6
Renewal of temporary licence granted to Liverpool Health Authority to run a mobile radio telecommunications system	1 year	27/6
Renewal of temporary licence granted to Zycall Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services in the East Midlands	6 months	27/6
Renewal of temporary licence granted to RT Radiophones Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services in Lincolnshire, Humberside and Yorkshire	6 months	27/6
Temporary licence granted to Trak-Sat Communications Ltd for the running of land mobile earth stations	2 months	3/7
Renewal of temporary licence granted to Conoco Ltd to run a mobile radio telecommunications system	1 year	6/7
Temporary licence granted to Dyfed County Council to run a mobile radio telecommunications system	1 year	8/7
Temporary licence granted to Dyfed Powys Police to run a telecommunications system	1 year	8/7
Temporary licence granted to Dyfed Powys Police to run a mobile radio telecommunications system	1 year	9/7
Renewal of temporary licence granted to Phillips Petroleum Company (UK) Ltd	1 year	9/7
Temporary licence granted to Dyfed County Council to run a telecommunications system	1 year	9/7
Renewal of temporary licence granted to Cognito Group Ltd to run telecommunication systems for the provision of mobile radio data services	6 months	9/7



<i>Title</i>	<i>Period</i>	<i>Date of Issue</i>
Renewal of temporary licence granted to Maxwell Satellite Communications Ltd to run telecommunication systems for the provision of satellite telecommunication services	6 months	10/7
Renewal of Class licence for portable apparatus connected to short range radio telecommunication systems (Phonepoint Ltd systems)	6 months	24/7
Renewal of temporary licence granted to Zycall Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services in the East Midlands	6 months	26/7
Renewal of temporary licence granted to RT Radiophones Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services in Lincolnshire, Humberside and Yorkshire	6 months	26/7
Renewal of temporary licence granted to Mercantile Radio Services Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services within that area bounded by the M25 motorway	6 months	26/7
Renewal of temporary licence granted to Trunked Radio Networks Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services within that area bounded by the M25 motorway	6 months	26/7
Renewal of temporary licence granted to London Band III Network Company Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services within that area bounded by the M25 motorway	6 months	26/7
Renewal of temporary licence granted to Radionet Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services within that area bounded by the M25 motorway	6 months	26/7
Renewal of temporary licence granted to National Mobile Radio Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services in the Edinburgh, Glasgow and Aberdeen areas	6 months	26/7
Renewal of temporary licence granted to National Mobile Radio Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services within that area bounded by the M25 motorway	6 months	26/7
Renewal of temporary licence granted to National Mobile Radio Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services in the Manchester and Merseyside areas	6 months	26/7

<i>Title</i>	<i>Period</i>	<i>Date of Issue</i>
Renewal of temporary licence granted to National Mobile Radio Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services in the Birmingham, Rugby Great Malvern and surrounding areas	6 months	26/7
Temporary licence granted to Motorola-Storno Airtime Services Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services within that area bounded by the M25 motorway	6 months	26/7
Renewal of temporary licence granted to Phonepoint Ltd to run telecommunication systems for the provision of short range radio telecommunication services	6 months	29/7
Class licence for the running of self provided telecommunication systems	25 years	2/8
Class licence to run telecommunication systems for the provision of satellite telecommunication services	25 years	2/8
Class licence for the running of outside broadcast links	12 years	9/8
Temporary licence granted to Wessex Radio Networks Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services in the Southampton and Portsmouth areas	6 months	19/9
Renewal of temporary licence granted to Euromessage Ltd to run telecommunication systems for the provision of radiopaging services	6 months	29/10
Renewal of temporary licence granted to London Radio Networks Ltd to run telecommunication systems for the provision of private mobile radio telecommunication services within that area bounded by the M25 motorway	6 months	8/11
Temporary licence granted to BP Exploration to run certain telecommunication systems	1 year	11/11
Renewal of temporary licence granted to Hutchison Personal Communications Ltd to run telecommunication systems for the provision of short range telecommunication services	6 months	21/11
Renewal of temporary licence granted to RAM Mobile Data Ltd to run telecommunication systems for the provision of mobile radio data services	6 months	29/11
Renewal of temporary licence granted to Hutchison Personal Communications Ltd to run telecommunication systems for the provision of mobile radio data services	6 months	29/11
Class licence granted for the running of telecommunication systems for the provision of radio alarm services	12 years	6/12
Class licence granted to run radio transmission systems for the purposes of controlling and monitoring television and radio cable relay systems	12 years	12/12

<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 two-way satellite telecommunication services	12 years	18/12
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



# 5

## Broadband cable operators licensed as PTOs under section 7 of the Telecommunications Act 1984 during 1991

<i>Cable Operator</i>	<i>Franchise area</i>	<i>Period</i>	<i>Date licensed</i>
Telecable of Calderdale Ltd	Halifax	15 years	7/1
Cablevision North Bedfordshire Ltd	Bedford	15 years	9/1
Telecable of Harrow Ltd	Harrow	15 years	9/1
Cablevision Communications Co of Hertfordshire Ltd	East Herts	15 years	11/1
Alphavision Communications Grim-Clee Ltd	Grimsby & Cleethorpes	23 years	16/1
Britannia Cablesystems Wirral Ltd	Wirral	15 years	16/1
Broadland Cablevision Ltd	Great Yarmouth & Lowestoft	15 years	17/1
Tayside Cable Systems Ltd	Perth	15 years	17/1
Tayside Cable Systems Ltd	Dundee	15 years	17/1
Alphavision Communications Lincoln Ltd	Lincoln	23 years	17/1
Newport Cablevision Ltd	Newport	23 years	23/1
East London Telecommunications Ltd	Havering	15 years	23/1
West Midlands Cable Communications Ltd	Black Country	23 years	25/1
Cheshire Cable Ltd	North Cheshire	15 years	31/1
Clyde Cablevision	Greater Glasgow	23 years	29/1

<i>Cable Operator</i>	<i>Franchise area</i>	<i>Period</i>	<i>Date licensed</i>
Clyde Cablevision	Paisley & Renfrew	23 years	29/1
Clyde Cablevision	Bearsden & Milngavie	23 years	29/1
Clyde Cablevision	Inverclyde	23 years	29/1
Wakefield Cable Ltd	Wakefield	15 years	7/2
Telecommunications Network Ltd	Bromley	15 years	7/2
Wessex Cable Ltd	Salisbury	15 years	7/2
Middlesex Cable Ltd	Hillingdon and Hounslow	23 years	15/2
Jones Cable Group of Aylesbury and Chiltern Ltd	Aylesbury and Amersham	15 years	18/2
Diamond Cable (Mansfield) Ltd	Mansfield	23 years	20/2
Britannia Cablesystems Teesside Ltd	Teesside	15 years	21/2
Britannia Cablesystems Surrey Ltd	North and North East Surrey	15 years	6/3
Greater Manchester Cablevision Ltd	Central Manchester	15 years	18/3
Britannia Cablesystems Darlington Ltd	Darlington	15 years	18/3
Diamond Cable (Newark) Ltd	Newark	23 years	27/3
Diamond Cable (Melton Mowbray) Ltd	Melton Mowbray	23 years	27/3
Diamond Cable (Grantham) Ltd	Grantham	23 years	27/3
Northampton Cable Television Ltd	N. E. Northants	15 years	27/3
Britannia Cablesystems Solent Ltd	Portsmouth	15 years	9/4
Telford Telecommunications Ltd	Telford	23 years	12/4
Kingdom Cablevision Ltd	Glenrothes & Kirkcaldy	15 years	18/4
Videotron South Ltd	Winchester	15 years	22/4
Oxford Cable Ltd	Oxford	15 years	22/5
Videotron Thamesmead Ltd	Thamesmead	15 years	6/6



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## OFTEL publications in 1991

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### GENERAL

The Wiring Code Part 1

The Wiring Code Part 2

The Cost of BT's Telephone Calls

Telephones and Services Consumer Guide

A Guide to Cellular Radio

The Regulation of BT's Prices cons doc.

BT's Cost of Capital cons doc.

Review of The 999 Call Connection Service

Telephone Service in 1991

OFTEL Library Guide to Services

Numbering (HMSO) Numbering for Telephony Services into the 21st Century

Guide to OFTEL

Marketing and Advertising Telecommunication Apparatus

BT Licence Guidelines: Guidelines for Calculating the Efficiency Standard

BT Licence Guidelines: Guidelines on Differential Charging

## **NEWSLETTERS**

BusinessLine No 1

BusinessLine No 2

OFTEL NEWS No 17

OFTEL NEWS No 18

Newsline 26, 27, 28, 29

Statistical Note - International Comparisons of Telephone Charges (March 91)

DIEL Information Pack (updated)

## **UPDATES**

Removal of Restrictions on Carriage of PSTN Traffic in Private Telecommunications Networks (SA48)

Approval of Apparatus Used in Broadcasting for Connection to Telecommunications Systems (SA49)

Safety Standard for Telecommunications Equipment Approval (SA50)

Approval of Cable, Wire and Wiring Accessories for Connections Between Certain Digital Telecommunications Apparatus (SA51)

Customer Premises Wiring (SA52)

General Approval for Apparatus Within the Fixed Part of a Licensed Band III Private Mobile Radio Network (SA53)

The Liberalisation of Connection Arrangements for Call Routing Apparatus (SA54)

Safety Requirements for Satellite Master Antenna Television (SMATV) Systems (SA55)

The Wiring Code (SA56)

Approval of Apparatus Used in Broadcasting for Connection to Telecommunication Systems (SA57)

## **STATEMENTS**

Competition and Choice: Telecommunications Policy for the 1990s (March 91)

Proposed Modification to the Licences of British Telecommunications plc and Mercury Communications Ltd (May 91)

Proposed Licence Modifications to Implement Duopoly Review Conclusions (July 91)

Licence Modification Proposals to Implement Duopoly Review Conclusions (July 91)

Numbering for Telephony Services in the UK approval in principle for new BT and Mercury 10-digit numbering plan to come into effect at Easter 1994 (September 1991)

Value Added Services on Cellular Networks (September 91)

BT's Deposit Policy: Residential Customers (September 91)

Modifications to the Conditions of the Licences of British Telecommunications plc and Mercury Communications Ltd (September 91)

BT's September 1991 Price Changes (November 91)

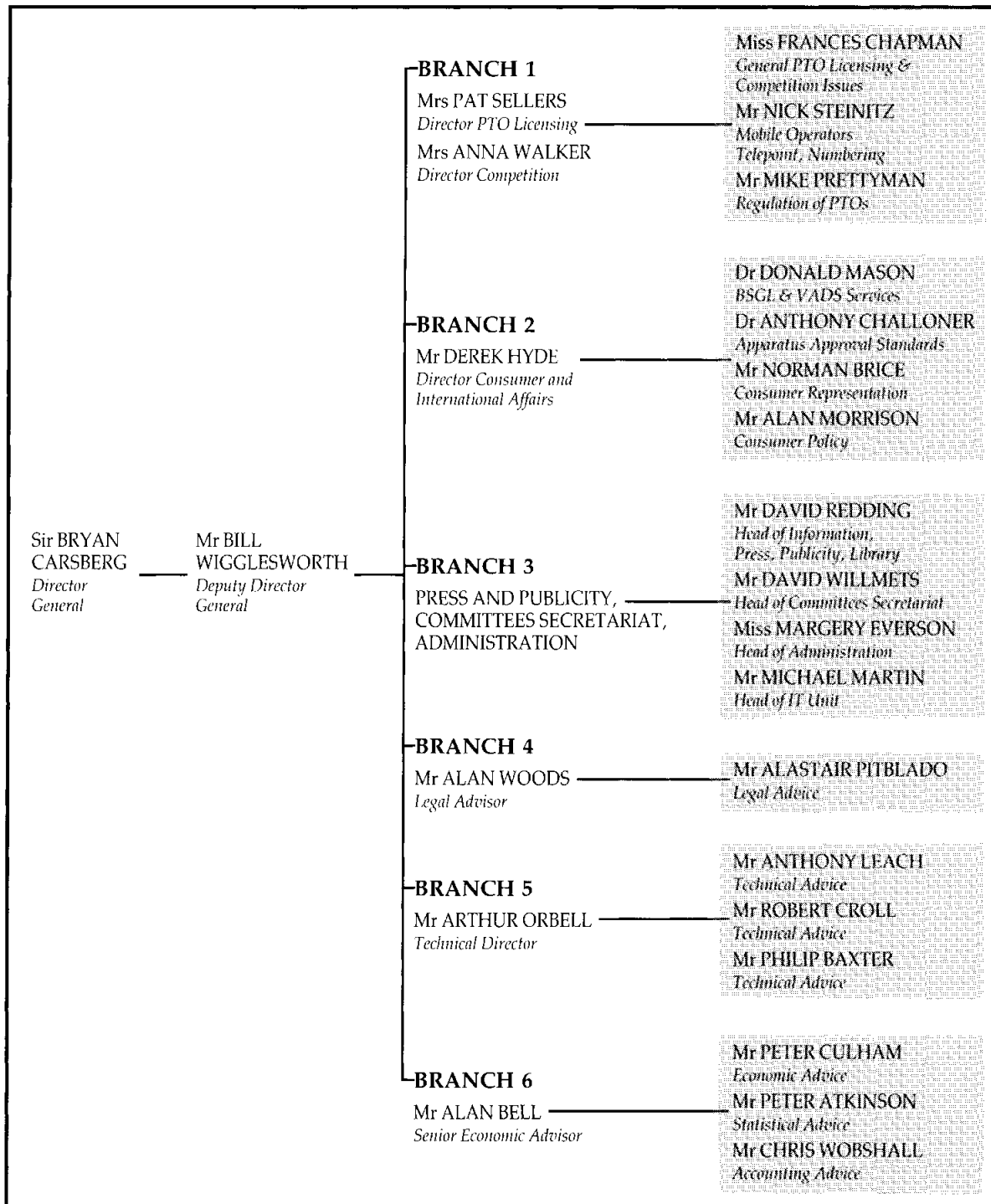
BT's Apparatus Supply Business (December 91)

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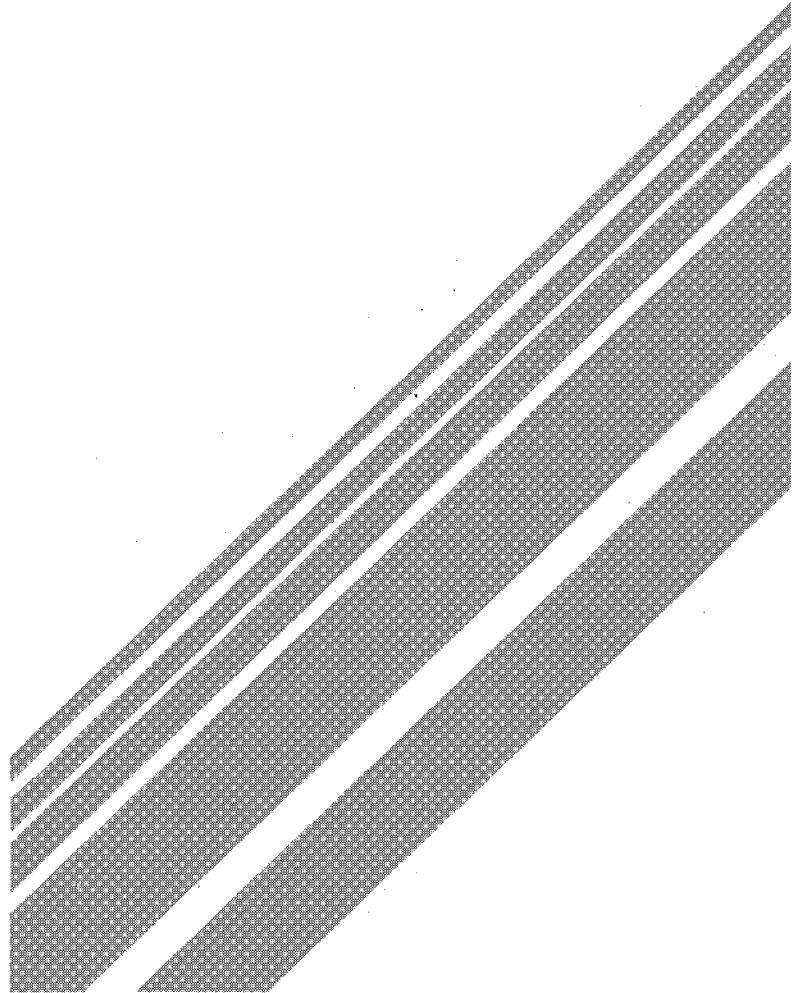
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## OFTEL organisation chart









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